



Legislation Text

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SUBSTITUTE 2

131479, 130222

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Substitute resolution creating and funding a pilot program to facilitate the sale of City-owned residential properties.

This resolution creates and provides \$600,000 in funding for the Re-Invest City Homes ("RICH") program as a pilot program to facilitate the sale of City-owned single-family houses and duplexes in distressed neighborhoods to qualified buyers for \$1 after rehabilitations are completed. Buyers will repay the City for the cost of property improvements in monthly installments at 1% interest for a term not to exceed 120 months as stipulated in the program sheet attached to this file.

The Neighborhood Improvement Development Corporation will qualify buyers and administer loans made through the RICH program as stipulated in the program sheet attached to this file.

Whereas, The City owned 1,106 single-family houses and duplexes as of July 14, 2014, many in the most distressed census tracts of the city with high concentration of foreclosed, vacant and distressed properties; and

Whereas, High concentrations of owner-occupied housing tend to stabilize and improve distressed neighborhoods, reduce crime and promote family stability; and

Whereas, A pilot Re-Invest City Homes ("RICH") program designed to finance and oversee rehabilitation of distressed, City-owned single-family houses and duplexes, and sell these rehabilitated properties for \$1 to pioneering buyers eager to live in and improve the neighborhood will stabilize distressed communities; and

Whereas, Funding of \$600,000 is available for this pilot program which will not affect other City services; and

Whereas, The 2014 Budget provided \$1,900,000 for the Department City Development's 2014 In Rem Property Program capital improvement project account; and

Whereas, On March 3, 2014, the Common Council adopted Common Council File Number 131479 which transferred \$1,900,000 from the In Rem Property Program capital improvement project account to 3 subaccounts, with \$900,000 allocated to the Home Buyer Assistance subaccount, \$700,000 to the Rental Rehab subaccount, and \$300,000 to the Repair-Rehab-Lease To Own subaccount; and

Whereas, It is necessary to amend Common Council File Number 131479 to reallocate the In Rem Property Program subaccount funding to provide the \$300,000 in funding for the Re-Invest City Homes pilot loan; and

Whereas, Common Council Resolution Number 130222, adopted on July 2, 12013, provided for additional funding to the 2013 HUD awards for the CDBG program; and

Whereas, The Department of City Development was allocated \$300,000 for the activity of *Housing Production: In Rem Housing-Rent to Own Project*, as provided in Attachment A of Common Council Resolution Number 130222; and

Whereas, The Department of City Development has not expended these funds; and

Whereas, Transfer of these funds to NIDC for the RICH Program would benefit distressed census tracts within Milwaukee by providing additional financing resources to city residents; and

Whereas, Establishing the RICH program promises to stabilize distressed neighborhoods which is in the best interests of the city; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the Department of City Development shall create the Re-Invest City Homes ("RICH") program as a pilot program to facilitate the sale of RICH properties, City-owned single-family or duplex residential properties in the most distressed census tracts of the city with the highest concentration of foreclosed, vacant and distressed properties; and, be it

Further Resolved, The RICH program shall facilitate the sale of RICH properties by making and administering loans for the rehabilitation of RICH properties to be sold for \$1 according to the provisions of the program sheet attached to this file; and, be it

Further Resolved, The RICH program shall be administered by the Neighborhood Improvement Development Corporation ("NIDC"); and, be it

Further Resolved, DCD and NIDC are directed to follow the property rehabilitation and loan requirements outlined in the program sheet attached to this file in making loans through the RICH program and processing loan repayments; and, be it

Further Resolved, RICH loan repayments shall be used to fund future Rich loans under the program as funds are available and the program shall continue to operate as long as funding is available and RICH loans remain outstanding; and, be it

Further Resolved, DCD shall identify clusters of RICH properties most likely to improve the neighborhood surrounding them after property rehabilitations are completed, and set as first priority the marketing of these identified clusters to potential buyers qualified for this program; and, be it

Further Resolved, This pilot program shall be funded with \$600,000 redirected from other DCD funding: \$300,000 from the DCD's 2014 in rem capital program and \$300,000 repurposed from 2013 Community Development Block Grant ("CDGB") funding for DCD's in rem rent-to-own program; and, be it

Further Resolved, That Common Council Resolution Number 131479 is amended by deleting the "Resolved" clause and inserting in lieu thereof the following:

"Resolved, By the Common Council of the City of Milwaukee, that the City Comptroller is directed to transfer \$1,900,000 from the Capital Improvements In Rem Property Program Account No. 1910-UR049140002 to be allocated to the following subaccounts: \$600,000 to the Home Buyer Assistance subaccount No.0339-1910-R999-UR049140100; \$700,000 to the Rental Rehab subaccount No.0339-1910-R999-UR049140200; and \$300,000 to the Repair-Rehab-Lease To Own subaccount No. 0339-1910-R999-UR049140300; \$300,000 to the Re-Invest City Homes subaccount No 0339-1910-R999-UR049140400;

and, be it"

;and, be it

Further Resolved, That Common Council File Number 131479 is further amended by adding the following as the last "Further Resolved" clause:

"Further Resolved, That the City Comptroller and other City officials are directed to take the steps necessary to fulfill the intent of this resolution."

;and, be it

Further Resolved, That 2013 HUD funds in amount of \$300,000 allocated to the DCD for the activity of *Housing Production: In Rem Housing-Rent to Own Project* shall be transferred to NIDC for the RICH program; and, be it

Further Resolved, That NIDC shall submit budget and activity reports in the amounts and according to any conditions approved by the Common Council and in accordance with Common Council File Number 74-92-5v, to the Community Development Grants Administration and the City Comptroller; and, be it

Further Resolved, That payments for CDBG costs incurred shall be paid in accordance with approved CDBG reimbursement policy based on approval by the Community Development Grants Administration and the City Comptroller; and, be it

Further Resolved, That except as modified by this resolution, the guidelines for handling the Community Development Block Grant Program set forth in Common Council File Number 74-92-5v are fully applicable to the 2013 Community Development Entitlement Program; and, be it

Further Resolved, The RICH program will be funded as set forth in this resolution unless DCD identifies suitable alternative funding sources totaling not less than \$600,000 to fund the RICH program, and DCD can cause any legislation needed to appropriate these alternative funding sources to be introduced before the appropriate standing committee not later than November 12, 2014 and these alternative funding sources are approved by the Common Council not later than November 25, 2014; and be it

Further Resolved, DCD and NIDC shall identify and recommend to the Common Council whatever additional procedures, restrictions, qualifications or conditions necessary to ensure the efficient operation of the RICH program in the spirit of the program sheet attached to this file as reasonably required, including collaboration and service delivery by suitable private not-for-profit organizations subject to Common Council approval; and, be it

Further Resolved, DCD and NIDC shall work with the City Attorney or other appropriate entity to draft and execute whatever legal documents or forms are needed to administer the RICH program; and, be it

Further Resolved, The appropriate City officers are authorized to take such action as necessary to implement the provisions and intent of this resolution, including signing and causing the City to enter appropriate loan agreements as called under the RICH program, to be prepared by the NIDC in consultation with the City Attorney's Office; and, be it

Further Resolved, The City Comptroller and other appropriate City officials are directed to take all action necessary to fulfill the intent of this resolution; and, be it

Further Resolved, DCD and NIDC shall submit a quarterly report to the Common Council, beginning no later

than December 31, 2014, regarding activities under the Re-Invest City Homes program, including properties sold through the program, property rehabilitations underway and the status of any loan agreements entered into under this program.

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Aaron Cadle
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