

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: April 20, 2018

TO: Supervisor Theodore Lipscomb, Sr., Chairman, Milwaukee County Board of Supervisors

FROM: Mary Jo Meyers, Acting Director, Department of Health and Human Services
Prepared by James Mathy, Housing Administrator, Housing Division

SUBJECT: **Report from the Acting Director, Department of Health and Human Services (DHHS), requesting approval to establish an operating capital budget in the Housing Division funded by the sale of foreclosed properties improved through the Opportunity Knocks Program**

Background

Starting in 2016, the Housing Division began improving county-owned foreclosed properties for the Opportunity Knocks Program which is designed to provide construction-trades job training for soon-to-be-released inmates from the House of Correction (HOC). Inmates rehabilitate dilapidated single family homes acquired by the County through tax-delinquent foreclosures. Once the rehabilitation is complete and the property is ready to return to the market, Housing identifies potential first-time home buyers through its programs.

Opportunity Knocks started as a pilot program between Housing, Office on African American Affairs, House of Correction, CBDP, and the Economic Development Division as described in an informational report to the County Board in October 2016 (Res. File No. 16-612).

The Housing Division has now completed its first renovation of a single family home located at 3410 S. Schauer Ave in the City of Greenfield. The three bedroom, one bath home has gone through extensive rehabilitation and served as a classroom to HOC inmates teaching them skills in plumbing, electrical, HVAC, framing and structural support, dry walling and finishing. Some statistics of note include the following:

- **16 - # of inmates who participated in the training program**
- **7,141 - total number of hours worked**
- **4 - direct hires by subcontractors of graduating members**
- **58% - increased value of house after rehabilitation**

Next Steps

Many positives were realized from this first pilot and the Housing Division believes this program has the potential to be very successful. It is the intention of Housing to continue Opportunity Knocks by rehabilitating additional county-owned foreclosed properties in the future. In order to assure the fiscal sustainability of the program, ongoing funding would be generated from the net sale proceeds achieved through the sale of newly renovated tax foreclosed homes.

In order to support Opportunity Knocks, Housing is requesting to retain the net sale proceeds realized from the sale of these tax foreclosed homes. Net proceeds is derived from the earnings remaining after paying outstanding financial obligations. These outstanding financial obligations include principal and interest for outstanding taxes owed to the Treasurer's Office as well as administrative fees owed to Corporation Counsel, Economic Development, and the Treasurer's office, and any homestead proceeds, if applicable.

The Housing Division is also proposing to use the proceeds to fund the Housing Opportunities and Minimizing Evictions for Stabilization (HOMES) Program authorized in the 2018 Budget to address the eviction crisis in Milwaukee County. HOMES will help prevent evictions by working with and educating landlords and tenants, connecting landlords and tenants with resources, increasing legal services for those facing eviction, and by providing monetary assistance through a Housing Stabilization Fund.

The Housing Division is authorized to contract with Legal Action, Inc. to expand the Milwaukee County Eviction Defense Project, which provides legal services to individuals facing eviction. The Eviction Defense Project currently operates two days a week at the Milwaukee County Courthouse and is funded by a federal grant. The additional monies are expected to increase the program to four days a week. One position of Housing Stabilization Assistant (HSA) was created in Housing's 2018 Budget to run the HOMES program. The HSA will work with landlords and tenants and develop and manage a revenue producing program to help fund the Housing Stabilization Fund.

This action report will allow the Housing Division to capture the revenue necessary to begin the HOMES program.

To accomplish this, the division is seeking authorization to establish a 2018 operating capital budget of \$200,000 to record expenses and revenues associated with Opportunity Knocks. The net proceeds from sold properties will be used as seed funding to finance future renovation projects.

Recommendation

The Acting Director, Department of Health and Human Services (DHHS), requests approval to establish an operating capital budget in the Housing Division funded by the sale of foreclosed properties improved through the Opportunity Knocks Program.

Fiscal Impact

A fiscal note form is attached.



Mary Jo Meyers, Acting Director
Department of Health and Human Services

cc: County Executive Chris Abele
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