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City of Racine, Wisconsin
COMMON COUNCIL

AGENDA BRIEFING MEMORADUM (ABM)

COMMITTEE: Finance and Personnel **LEGISLATION ITEM #:** 644-17

AGENDA DATE: July 10, 2017

DEPARTMENT:

Prepared By: Amy Connolly, Director of City Development &
 Laura Detert, Manager of Housing and Community Development

Reviewed By: James Palenick, City Administrator

SUBJECT:

Communication from the Director of City Development requesting to appear before the Finance and Personnel Committee **to discuss accepting the following property donations from Racine County for transfer to nonprofit organizations Racine Habitat for Humanity, Inc and Great Lakes Community Conservation Corp for rehabilitation: 3518 Kinzie Avenue, 1124 David Street, and 1432 Illinois Street.** Transfer will include a written agreement with the city detailing construction period, construction permits, and right of first purchase if property is disposed before construction completion.

EXECUTIVE SUMMARY:

Racine nonprofit organizations Racine Habitat for Humanity, Inc and Great Lakes Community Conservation Corps have requested the City's assistance in obtaining tax-foreclosed properties from Racine County for rehabilitation. The properties, now owned by the County and obtained through the tax foreclosure process, must first be accepted by the City of Racine and then deeded to the nonprofit organizations per Wisconsin statute. Both organizations intend to finance the rehabilitation of the properties without City funds, use volunteers or trainees to rehabilitate the houses, and sell the properties when rehabilitation is complete.

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31 **BACKGROUND & ANALYSIS:**

32 In March, 2017, the City of Racine was approached by both Racine Habitat for Humanity, Inc. and Great
33 Lakes Community Conservation Corps about requests that the organizations had made to the County
34 Treasurer’s office to receive tax foreclosed properties. The organizations were informed by the County
35 Treasurer’s office that, following State statutes, the City of Racine must first accept ownership of the
36 properties and must then donate the properties to the requested non-profits. The County is unable to
37 conduct tax-foreclosures and then donate property to individuals or organizations. City staff wrote a
38 letter of support to the organizations letting them know that we supported the projects but that the
39 Common Council is the only entity that could agree to receive and then donate tax-foreclosed
40 properties. Copies of the letters are attached.

41 The City works collaboratively with Racine County to provide an annual list of foreclosed properties each
42 January that the Department of City Development (Housing and Community Development Division)
43 would agree to obtain and rehabilitate. We anticipate that this year’s tax foreclosure property requests
44 will be available to the City in the fall.

45 However, the three properties and requests from the non-profits occurred outside of the City’s annual
46 process and the City was notified in March of the requests.

47 The properties considered for donation include:



1124 David Street: Habitat for Humanity plans to renovate 1124 David Street, a house with extensive fire and water damage. The house will be rebuilt with new plumbing, electric systems, roof, siding, and heat. The house will be sold to an eligible Habitat for Humanity participant.

The property is currently assessed as: 43 Front Feet (142.5 Deep) of land with a 2-family style building, built about 1920 , with 2 unit(s), 11 total room(s), 5 total bedroom(s), 2 total bath(s).

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3518 Kinzie Avenue: Great Lakes Community Conservation Corps will perform rehabilitation/construction for the house, which will serve as training opportunities for Corps members. The program trains traditionally disadvantaged youth and adults in the skilled trades. Great Lakes plans to sell the properties to homeowners at market rate.

The property is currently assessed as: 39 Front Feet (117.32 Deep) of land with a 2-Story style building, built about 1913 with 1 unit(s), 5 total room(s), 3 total bedroom(s), 1 total bath(s).

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1432 Illinois Street: Great Lakes Community Conservation Corps will perform rehabilitation/construction for the house, which will serve as training opportunities for Corps members. .

This property is assessed as: 80 Front Feet (135 Deep) of land with a(n) residential style building, built about 1925 , with 1 unit(s), 6 total room(s), 3 total bedroom(s), 1 total bath(s).

73 Once the City has agreed to accept and then transfer the properties to the non-profit organizations, City
74 staff will draw up purchase agreements and contracts in which the organization will be required to agree
75 to several conditions when receiving the properties:

- 76 • All work will be performed with proper building permits and the buildings will be in compliance
77 with City building codes before resale.
- 78 • The City will have the right of first refusal to purchase the property for \$1 if the nonprofit group
79 needs to dispose of the property before the construction/rehabilitation is complete or within
80 building codes.
- 81 • Certificate of occupancy (completion of construction/rehabilitation) must be obtained within
82 four years of receiving the property.

83

84 There will be no land use restrictions on the property as the non-profit organizations have their own
85 methodologies for qualifying house buyers. We anticipate that these properties will be back on the tax
86 rolls within 2-3 years.

87

88 **BUDGETARY IMPACT:**

89 Both nonprofit groups will pay any fees incurred by the City while obtaining and transferring the
90 properties from the County, including all closing costs. The City will expend staff time (salaries)
91 administrating the transfer, developing the contracts, and monitoring the project compliance.

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93 **OPTIONS/ALTERNATIVES:**

94 The Finance Committee and Common Council has the following options to consider:

- 95 1. Accepting the property from the County's tax foreclosure process and directing staff to draw up
96 contracts, with contingencies as presented, and then deed the properties to the non-profit
97 organizations.
- 98 2. Rejecting the acceptance of property from the County's tax foreclosure process.
- 99 3. Accepting the property from the County's tax foreclosure process and directing staff to keep the
100 properties and not donate the properties to the non-profit organizations.

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106 **RECOMMENDED ACTION:**

107 To recommend accepting the property from Racine County and direct staff to draw up contracts, with
108 contingencies as presented, and deed the properties to the non-profit organizations as requested.
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110 **ATTACHMENT(S):**

- 111 1. Request letter to City from Habitat for Humanity
- 112 2. Request letter to City from Great Lakes Conservation Corps
- 113 3. Letter from City to Habitat for Humanity
- 114 4. Letter from City to Great Lakes Conservation Corps
- 115 5. Letter from Racine County Treasurer's Office



We build strength, stability, self-reliance *and* shelter.

April 20, 2017

Jane F. Nikolai
730 Wisconsin Ave
Racine, WI 53403

Dear Jane,

I am writing to inform you that Racine Habitat for Humanity would like to accept title to a property at 1124 David Street. Today, our construction team inspected the house. There is extensive fire and water damage on the first floor and additional fire and water damage on the second floor. Furthermore, there is a hole in the roof that continues to damage the interior of the house. We would like to accept ownership of this house as soon as possible in order to get the roof repaired and stop further damage to the interior.

This property meets our requirements to renovate and sell to a low-income family. We would gut the interior of the house and completely rebuild it, including new plumbing, electrical and heat. Furthermore, we would take out the overgrown plants and trees on the property and remove the materials on the exterior of the house, replacing them with new siding.

Thanks to the work of Habitat for Humanity organizations in 1,400 communities across the United States, in 2015, and again in 2016, Harris Poll Interactive, part of the Nielsen Company, ranked Habitat for Humanity the number one social services brand in the United States. This year, Habitat for Humanity also earned the distinction of being named the "Most Loved" and "Most Trusted" brand in the social services category.

Future homeowners help build their own homes alongside Habitat volunteers and pay an affordable mortgage. With our help and your support, Habitat homeowners achieve the strength, stability and self-reliance they need to build a better life for themselves and their families. Homeownership boosts educational performance of children, induces higher participation in civic and volunteering activity, improves health care outcomes, lowers crime rates and lessens welfare dependency. Everyone in the family can get a better education, which leads to better job opportunities.

We have 12 families in our program, six of them matched with houses. We are in dire need of more houses, as we only have one house left for the other six families. Together, our partnership efforts have resulted in selling 86 affordable homes and collecting over \$2.25 million in added property tax revenue during the past 29 years. We hope that you will agree that this transaction would be in the best interest of the community.

Thank you for your assistance moving our request through the proper channels.

Sincerely,

A handwritten signature in blue ink that reads "LeAnn M. Launstein".

LeAnn Launstein
Executive Director

March 26, 2017



**A Member of The Corps Network
of over 150 Youth Corps**

Milwaukee County

531 South Water Street
Suite 200
Milwaukee, Wisconsin
53204

**Waukesha-Ozaukee-Washington
Counties**

W175 N11163 Stonewood Court
Suite 227
Germantown, Wisconsin
53022

**Racine-Kenosha-Walworth
Counties**

505 4 1/2 Mile Road
Racine, Wisconsin
53402

Phone
(262) 880-4811

Website
www.greatlakesccc.org

Amy Connolly
City of Racine
Department of City Development
730 Washington Avenue, Room 112
Racine, Wisconsin 53403

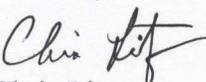
Dear Ms. Connolly:

In our effort to train, educate and employ Racine's young adults, the Great Lakes CCC has received an agreement from Racine County to donate three tax-foreclosed properties to us for repair (1124 David Street; 3518 Kinzie Avenue; and 1432 Illinois Street). We intend to train our crews of Corps members to perform the rehab and construction work. We already have our financing sources secured for these properties, and will not be using any public funds. The properties will be renovated and sold to market-rate homeowners; there will be no income restrictions.

Please accept this request for a letter from the City of Racine confirming that the City of Racine will transfer the properties to the Great Lakes CCC when they are received from Racine County. We are aware that this precedent has already been established with Habitat For Humanity, which has in the recent past received donations of tax-foreclosed properties from Racine County that were initially passed through to the City of Racine and then deeded over to the nonprofit organization. Subsequent to our request to Racine County for tax-delinquent properties, we learned that the City of Racine has established a process for a yearly bulk transfer of tax-delinquent properties. Although the properties we seek will likely transfer in May along with the group that will be transferred to the City of Racine as part of its bulk transfer, we will seek to confer in advance and coincide our future requests for property transfer to better align with the annual request initiated by the Department of City Development as one request to Racine County.

Please let me know if you have any questions regarding this request or would like additional information.

Sincerely,


Chris Litzau
President

c: Laura Detert

Mission:

Leverage resources among Great Lakes communities to train and educate disadvantaged populations for credentials that close the skills gap, improve water quality, build habitat, grow the legacy of the original Civilian Conservation Corps of the 1930s and make the region more competitive in the global economy.

Department of City Development

Amy Connolly, AICP
Director of City Development



Room 102 - City Hall
730 Washington Avenue
Racine, Wisconsin 53403
262 636-9151

May 8, 2017

LeAnn Launstein
Executive Director
Racine Habitat for Humanity
1501 Villa St.
Racine, WI 53403

Dear LeAnn,

As we discussed at our meeting today, I received a request from your organization in late April requesting a letter regarding the donation of property at 1124 David Street from Racine County. You had requested a letter from the City indicating that the City is agreeable to accepting the parcel from Racine County and that the City will transfer ownership to Habitat once we have received the property. We were only able to meet today to discuss this process.

As we also discussed today, the Department of City Development is supportive of your efforts and will present your proposal to the Common Council, once we have received the property from Racine County.

City of Racine Common Council is the only organization that can accept and transfer property from the County. While I do not have administrative authority to accept and transfer the property, I do agree to help your organization through the process of accepting the property and requesting transfer of the property from the Common Council. Additionally, we will work cooperatively with Racine County.

The City of Racine is working with Racine County to put together a formal process for the requesting and transferring of foreclosed properties. We look forward to working on this new process with your organization.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy Connolly".

Amy Connolly, AICP
Director of City Development

cc: James Palenick, City Administrator
John Dickert, Mayor

Department of City Development



Room 102 - City Hall
730 Washington Avenue
Racine, Wisconsin 53403
262 636-9151
Fax: 262 635-5347

May 24, 2017

Office of the Racine County Treasurer
Jane F. Nikolai
730 Wisconsin Ave
Racine, WI 53403

Dear Jane,

The City received a request yesterday from the Racine County Treasurer's office dated May 16, 2017 indicating that the County has committed to donate tax-foreclosed properties to Great Lakes Community Conservation Corps. The Racine properties requested are:

3518 Kinzie Ave
1432 Illinois Street

The Department of City Development is supportive of Great Lakes' efforts and will present the donation proposal to the Common Council once we have received the property donation approval from the Racine County Board.

City of Racine Common Council is the only organization that can accept and transfer property from the County. While I do not have administrative authority to accept and transfer the property, I do agree to help Great Lakes through the process of accepting the property and requesting transfer of the property from the Common Council. Additionally, we will work cooperatively with Racine County with any additional information you may need.

Sincerely,



Amy Connolly, AICP
Director of City Development

cc: Chris Litzou, Great Lakes Community Conservation Corps
James Palenick, City Administrator
John Dickert, Mayor



OFFICE OF THE RACINE COUNTY TREASURER
JANE F. NIKOLAI
730 Wisconsin Ave
Racine WI 53403-1274
(262) 636-3239

May 16, 2017

MAYOR JOHN DICKERT
730 WASHINGTON AVE
RACINE WI 53403

Greetings Mayor Dickert,

The Racine County Treasurer's Office received a donation request from the non-profit group, Great Lakes Community Conservation Corps. Great Lakes plans to repair and then sell the properties to new owners. This would help contribute to the stability of respective neighborhoods, and bring the parcels back on the tax rolls.

Great Lakes Community Conservation Corps is asking the City of Racine to agree to accept these properties by donation from Racine County, and then transfer ownership of the two tax foreclosed properties to Great Lakes Community Conservation Corps.

The properties are as follows:

3518 Kinzie Ave	parcel/tax key #: 276-000012075000
1432 Illinois Street	parcel/tax key #: 276-000022138000

Your written approval is requested, confirming your agreement to transfer, by donation, these properties to Great Lakes Community Conservation Corps.

After receiving your written approval, it is my intent to present these requests to the Racine County's Finance Committee and County Board for approval of the donations.
Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Jane Nikolai".

Jane Nikolai
Racine County Treasurer