

Reply to Common Council File No. 160162  
From DOA-Budget and Management Division

June 2, 2016

Ref: 16010

Common Council File 160162 contains an ordinance sponsored by Ald. Bohl to repeal and amend various provisions of City ordinances in order to comply with changes in State statutes recently enacted through 2015 Wisconsin Act 176.

2015 Wisconsin Act 176 was enacted on February 29, 2016. This State legislation made significant changes in Wisconsin statutes, including various limitations and prohibitions on the authority of local governments regarding residential rental properties. Specific changes affecting the City of Milwaukee's current ordinances and inspection and enforcement activities include:

- Limitations on when local governments can inspect rental properties
- Limitations on the amount of any inspection fee charged to rental properties
- Limitations on the registration of rental properties
- Prohibits local governments from charging an occupancy or transfer of tenancy fee on a rental unit
- Prohibits local governments from requiring residential rental property owners to be registered, certified or licensed unless the requirement applies to all rental properties, including owner occupied properties, and only if registration is limited to the information specifically allowed in State statutes.
- Prohibits local governments from imposing time-of-sale, purchase, or occupancy requirements and fees.

Other provisions of Act 176 enact new statutory provisions regarding terminating tenancy for criminal activity or drug-related criminal activity, terminating tenancy for breaches other than failure to pay rent, disposition of personal property left in rental properties, preexisting sprinkler ordinances that are stricter than the multifamily dwelling code, towing vehicles illegally parked on private property, and limitations on the authority of political subdivisions to regulate historic properties.

In order to comply with the newly enacted State statutes in 2015 Wisconsin Act 176, the City must significantly amend its ordinances. File 160162 makes numerous ordinance changes intended to ensure that the City complies with the new State statutes governing residential rental properties. The changes also maintain the City's capacity to use, to a limited extent, progressive financial sanctions that provide an incentive for regulatory compliance. These ordinance changes include:

- Repealing the Residential Rental Certificate program and fees
- Repealing the Certificate of Code Compliance program and fees
- Repealing the Chronic Code Violation Nuisance program and fees
- Modifying the Property Recording Program
- Changing the property registration information collected through the Vacant Building Registration and Registration of Residential Properties Pending Foreclosure programs
- Changing the Reinspection Fee schedule and amounts

Reinspection Fees are currently charged by the Department of Neighborhood Services (DNS) to compensate for inspection and administrative costs to determine compliance with orders to correct various violations of the City's code. Reinspection Fees are only charged when a property owner is in non-compliance with orders to correct violations. The fee schedule and amounts are currently: \$60 for a first reinspection, \$75 for a second reinspection, \$200 for a third reinspection, and \$350 for all subsequent reinspections. File 160162 changes the fee schedule and amounts to \$100 for a first reinspection and \$200 for each subsequent reinspection, which are consistent with newly-enacted statutory limits pertaining to reinspection fees.

The ordinance changes made in File 160162 in order to comply with State statutes will result in an estimated revenue loss of \$1.51 million in 2016. The revenue loss results from eliminating several fees and reducing reinspection fees. The estimated annual revenue loss in 2017 is \$2.64 million. If no change is made to the Reinspection Fee, the total revenue loss as a result of the limitations imposed on the City by 2015 Wisconsin Act 176 is estimated to be \$5 million. For reference, the current 2017 revenue estimate for the Reinspection Fee is \$3.2 million. If File 160162 is adopted, the estimated 2017 revenue for the Reinspection Fee will increase to \$5.53 million, a \$2.33 million increase. The City of Milwaukee's 2017 budget will likely include other adjustments to DNS in response to 2015 Wisconsin Act 176.

**RECOMMENDATION: ADOPT COMMON COUNCIL FILE NUMBER  
160162**



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