Milwaukee's property inventory: Responding to a growing challenge

Presented to Steering and Rules Committee

November 11, 2010

Unpaid property taxes

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Unsuccessful collection efforts

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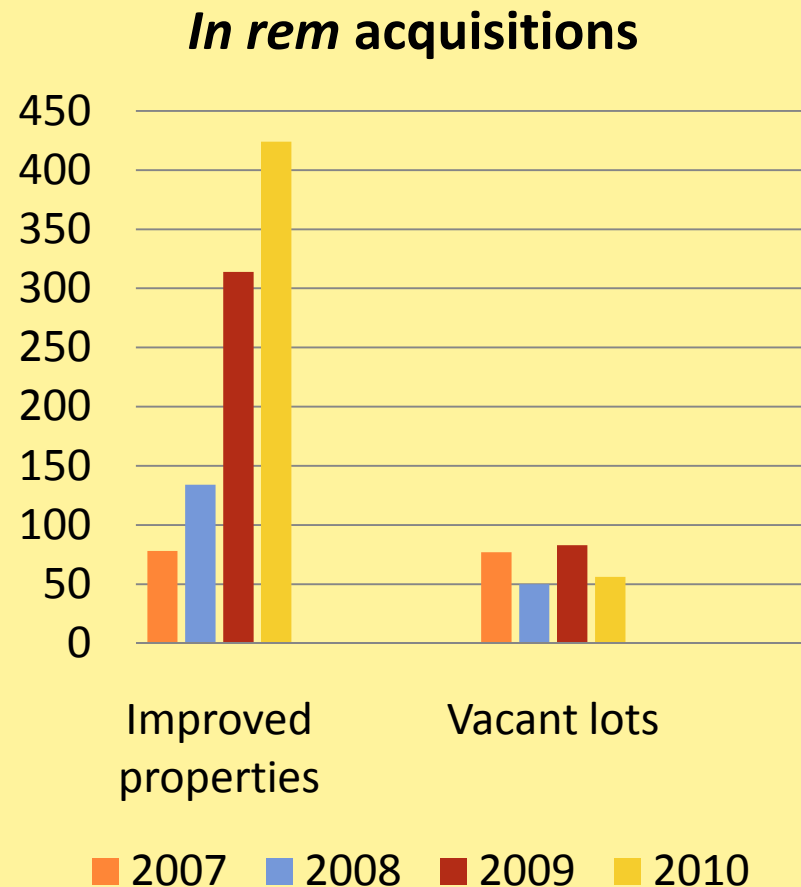Foreclosure judgment

↓

City takes title

↓

90-day redemption period

The problem: Inventory growth

- Increased tax foreclosure = spike in City property inventory (*in rem* properties)
- Low rate of redemption by owners
- More properties to:
  - Manage
  - Market
  - Demolish

In rem acquisitions

Legend: 2007, 2008, 2009, 2010

The problem: Depressed market

- Slow in rem sales
  - Wide choices available to prospective buyers
  - Less attractive product
  - Credit not available
- Longer period of City ownership
  - Increased maintenance and management responsibilities
  - Higher costs

In rem **sales**

	2007
	2008
	2009
	2010 YTD
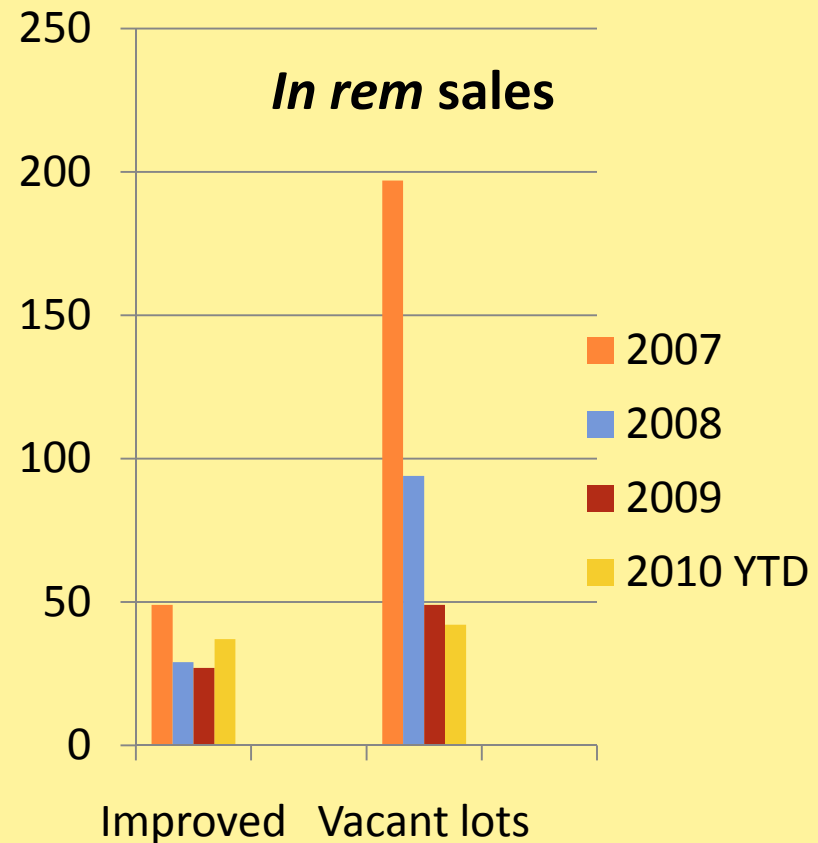
Goals and strategy

- Create in rem team; appoint coordinator
- Maintain high standards of property management and preservation
- Reduce inventory
  - Invigorate marketing activity
  - Demolition
- Collaborate with NSP

Tactics: Manage/preserve

- Vacant properties
  - Reduce negative impact of vacant properties on neighborhood
  - Boarding, grass and snow, prompt response to neighbor complaints

- Occupied properties
  - Responsible landlord
  - Repairs, prompt response to tenant calls

Action plan

- Increase administrative support

- Third-party vendor for after-hours calls

- Enlist help of neighborhood groups as "eyes and ears"

- Property management software

Tactics: Invigorate marketing

- Enlarge the sales force for City-owned homes

- Make the product more competitive

- Broaden the buyer pool

Action plan

- Bigger sales force
  - Neighbors, brokers, home-buyer counselors
  - Finder's fees
- More competitive product
  - Package houses with rehab grants and loans
  - Pricing strategy

Cost of repairs:
$81,500
Assessed value:
$80,000

|						
Chimney	n/a	☐	Yes	☒		$ 1,500.00
Shingles: repair	n/a	☐	Yes	☐		$
Shingles: Roof over existing	n/a	☐	Yes	☐		$
Shingles: Tear off & re-roof	n/a	☐	Yes	☒		$ 14,500.00
Gutters/downspouts	n/a	☐	Yes	☒		$ 2,500.00
Flashing	n/a	☐	Yes	☐		$
Eaves	n/a	☐	Yes	☐		$
Siding	n/a	☐	Yes	☒	Repair	$ 1,500.00
Storm Doors	n/a	☐	Yes	☐		$
Prime ("main") Doors	n/a	☐	Yes	☒		$ 1,800.00
Storm Windows	n/a	☐	Yes	☐		$

Tactics: Enlarge buyer pool

- Developers
  - Multiple property sale for redevelopment
- Investor-owners
  - Neighborhood investors
  - Responsible landlords

Tactics: Reduce inventory

- Increased demolition
  - Funds available from NSP, CDBG, City budgets
  - Prioritize demolition of City-owned property
- New uses for vacant lots
  - Short-term uses
  - Long-term uses

In rem **demolitions**
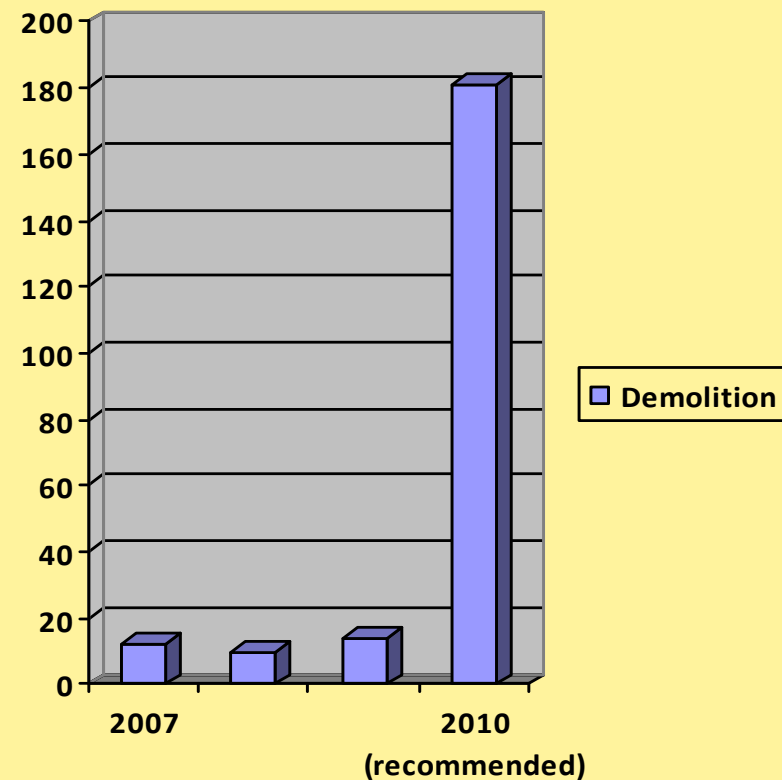
Tactics: Leverage NSP resources

- NSP funds
  - Package City properties with NSP grants
  - Fund demolition
- NSP home ownership promotion activities
  - Outreach staff
  - Homeownership fair
  - Targeted workshops
  - Take Root Milwaukee