

..Number

130940

..Version

PROPOSED SUBSTITUTE B

..Reference

..Sponsor

ALD. MURPHY

..Title

A substitute resolution creating a Compliance Loan Program to be administered by the Department of Neighborhood Services.

..Analysis

This resolution creates a Compliance Loan Program for residential property owners meeting certain economic criteria to correct code violation orders issued against their properties by the Department of Neighborhood Services (DNS). The program consists of a no-interest loan payable upon transfer or conveyance of a property. DNS shall administer the program.

..Body

Whereas, Section 200-01-2 of the Code provides the Department of Neighborhood Services (DNS) the authority and duty to protect the health, safety, and welfare of persons through the enforcement of the building code, inspection of buildings and the issuance of orders to correct building code violations; and

Whereas, There are many instances where owners of residential properties fail to maintain or repair their properties as required by the Code and receive DNS-issued orders to correct code violations; and

Whereas, In these instances, the owners may be financially unable to correct the violations and as a result they experience a series of re-inspections, mounting fees and repeating orders; and

Whereas, Residential properties with uncorrected code violations are often prone to further waste, neglect and deterioration, and if left in such a declining state, may become a threat to public health, safety and welfare; and

Whereas, Residential properties with uncorrected code violations may become destabilizing and blighting influences on neighborhoods and may become abandoned, unoccupied, or tax-delinquent; and

Whereas, To promote public health, safety and welfare an affordable loan program for financially-challenged property owners with code violations may proactively mitigate the

problems associated with these types of non-code compliant residential properties; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that there is created a Compliance Loan Program to be administered by the Department of Neighborhood Services; and, be it

Further Resolved, That the Compliance Loan Program shall be in addition to other rights and remedies the City and its departments have available to them to protect public health, safety and welfare, including DNS rights under s. 200-21, Essential Services in Residential Premises; and, be it

Further Resolved, That \$65,000 of the funds allocated to the Essential Services and Compliance Program Special Purpose Account (SPA) in the 2014 Budget shall be transferred to a new Compliance Loan Program SPA account to be used for the Compliance Loan Program in 2014; and, be it

Further Resolved, That the Essential Services and Compliance Program SPA shall be renamed the Essential Services Program SPA; and, be it

Further Resolved, That all of the following criteria shall be met for the Compliance Loan program:

1. An order to correct a code violation under s. 200-12, 200-12.5 or ch. 275 has been issued to the owner by DNS.
2. The property is an owner-occupied residential property.
3. The owner of the property has a total household income at or below 50% of the county median income as determined annually by the U.S. Department of Housing and Urban Development.
4. The owner is financially unable to timely correct conditions as called for by the order.
5. The owner is current on property taxes against the property and against any other property owned by the owner in the city, or is on an approved payment plan.
6. The City does not have an outstanding judgment against the owner.
7. The owner of the property is current on the repayment of any existing mortgage on the property, if applicable, and the property is not in foreclosure.
8. The owner is not in an active bankruptcy or receivership action regarding the property.

; and, be it

Further Resolved, That if DNS determines that the estimated cost to the City to correct the code violations does not exceed \$15,000 for any one property and that the owner is willing to enter into a written loan agreement to provide the City with a mortgage against the property to secure payment to the City, then DNS may, at its discretion, and subject to fund availability, cause the City to enter into a loan agreement with the owner and to accept and record a mortgage against the owner's property; and, be it

Further Resolved, That under the loan agreement, the property owner shall:

1. Grant the City and its contractors the right to enter upon the premises to repair or cause to have repaired the code violations, which work shall be at the direction and discretion of DNS and shall be limited to the correction of the code violations giving rise to the DNS-issued order or orders to correct.
2. Agree to grant to the City a mortgage on the property to secure the owner's duty to pay the City's expense associated with the correction, including, labor, materials and a City administrative fee of \$125, with no interest due, and payable upon transfer or conveyance of the property.
3. Attest to the fact that the owner meets the eligibility requirements for participation in the Compliance Loan Program.

; and, be it

Further Resolved, That payments the City receives from owners under loans in the program shall be deposited into the Compliance Loan Program SPA and be made available for further use in the program; and, be it

Further Resolved, That DNS may impose other or additional restrictions, qualifications or conditions as reasonably required; and, be it

Further Resolved, That the appropriate City officers are authorized to take such acts as are necessary to implement the provisions and intent of this resolution, including signing and causing the City to enter appropriate loan agreements as called for herein, to be prepared by DNS in consultation with the City Attorney's Office; and, be it

Further Resolved, That when DNS makes its annual report to the Common Council regarding its activities under s. 200-21, DNS shall also include in its report its activities under this Compliance Loan Program, including the status of any loan agreements entered into under this Program.

..Requestor

..Drafter
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2/3/14
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