

Reply to Common Council File No. 100862  
From DOA-Budget and Management Division

November 1, 2010

Ref: 11 BF

Common Council File Number 100862 contains a resolution to modify the internal protocol for initiating the use of *In Rem* foreclosure actions and authorizing four regular foreclosure filings during 2011 for tax-delinquent properties.

The economic downturn has resulted in an increased number of vacant or abandoned residential properties in Milwaukee, including those in mortgage foreclosure. There were an estimated 6,075 open foreclosure filings as of July, 2010, an increase of 1,585 or 35.3% from April, 2009. Vacant and abandoned properties are likely to generate blight and crime in neighborhoods.

In 2009, the Mayor and Common Council adopted Common Council File Number 091517, which modified the internal protocol for initiating *In Rem* foreclosure actions. CCFN 100862 further modifies this internal protocol in order to advance community preservation and improvement objectives in a manner that is administratively practical and cost effective.

CCFN 100862 provides for expedited *In Rem* foreclosure action against tax delinquent vacant or abandoned residential properties by authorizing four regular foreclosure filings in 2011. These filings are estimated to include 1,700 parcels, including filings against properties that the Common Council and city departments identify as the most critical to blight prevention and redevelopment objectives.

The resolution provides that:

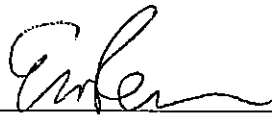
- Tax delinquent residential properties determined to be vacant or abandoned be placed in *In Rem* foreclosure filings on a regular and expedited basis through four foreclosure filings during 2011;
- The Department of Neighborhood Services, the Department of City Development, and Common Council members coordinate efforts to identify tax-delinquent residential properties that are also vacant or abandoned and where appropriate refer these properties to the City Treasurer and the City Attorney for *In Rem* foreclosure proceedings;
- The City Treasurer and City Attorney commence such foreclosure action as soon as feasible within the framework of four scheduled foreclosure filings during 2011.

CCFN 100862 has a fiscal impact by increasing the cost of foreclosure actions and the cost of monitoring city owned properties acquired through foreclosure. Modifying the *In Rem* process as directed by CCFN 100862 will cost \$229,000 in 2011, with \$114,000 funded in the City Treasurer's operating budget and \$115,000 funded through the NSP 3 grant. Separate Common Council action will be needed to allocate the NSP 3 grant funding. A total of 2.55 FTEs are added in 2011 to the City Treasurer's budget to support this process, including a new Tax Enforcement Specialist position, two

part time Customer Service Representative II positions, and increased temporary Customer Service Representative I staff.

The 2011 budget also includes funding for the increased cost of maintaining properties acquired by the city through foreclosure. This funding includes a \$150,000 increase for DCD Land Management, \$300,000 in the Housing Infrastructure Preservation Fund, and \$200,000 in the *In Rem* Property Program. The Administration's intent is to also propose allocation of NSP 3 grant funding to DPW for vacant lot maintenance and to DNS for demolition, increasing the available funding for these activities.

**RECOMMENDATION: ADOPT COMMON COUNCIL FILE NUMBER  
100862.**



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Eric C. Pearson  
Budget and Policy Manager

ECP:dmr

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