

Date: October 7, 2014

To: Zoning, Neighborhoods & Development Committee

From: Apartment Association of Southeastern Wisconsin, Inc. (AASEW)

Re: File No.140935 (Communication from DNS relating to Residential Rental Inspection Program)

File No. 140909 (Ordinance relating to the city's residential rental certificate program)

The AASEW adopts as its position on the above two matters the following communication which was submitted via email by AASEW board member Tim Ballering, owner of Affordable Rentals, to several aldermen on October 6, 2014:

Good morning

On the October 7th ZND calendar is a proposal to expand and extend the Residential Rental Inspection program to include properties in your district. (attached is Mr Dahlberg's presentation if you have not read it yet) The initial expansion is the area surrounding Basilica of St. Josaphat. Clarke Square is on the list of future expansion. We were told that the Aldermen whose Districts the areas are located are supportive of the expansion. I hope this is not the case.

This is yet another proposal where the Apartment Association of S.E. Wis was not invited to be part of the process. What is particularly disturbing is the Association had Mr Dahlberg as its guest at a March 26th lunch meeting. At this meeting his constant theme was "there needs to be better communication between DNS and Landlords."

We became aware by looking at the calendar which was published a couple of days prior to the public hearing. The continuation or expansion of the RRI ordinance cannot go into effect until January 1st, 2015 and therefore there is no legitimate reason in rushing this to the Council without input from those affected.

I am asking that this proposal be tabled, at least long enough for a meaningful discussion. In the meantime I would urge you to ask for documentation of the numbers Mr. Dahlberg has presented to you as facts to support the proposal. We have found those we checked to be materially incorrect.

Using the most recent build of the MPROP file and querying using the map provided in Mr. Dahlberg's proposed presentation we find significantly different numbers:

- 1004 residential properties containing 1854 units in the area (owner occupants and

rentals)

- 477 non owner occupied residential properties containing 1036 units
- Rentals are 56% and therefore lower, not higher as stated by Mr Dahlberg, than the city average of 58%

Mr Dahlberg states "*Rental housing is more likely to be substandard than owner-occupied housing*", however:

- Testifying under oath, Mary Hennen, Senior Property Appraiser, City of Milwaukee Assessor's Office, states the worst properties she has seen are owner occupied as tenants demand things get repaired. 57 second MP3 audio of this portion of the hearing is attached below.
- Ask DNS for documentation of the source of "complaints" on the rental housing. We have sought some of this information via Open Records but so far have been stonewalled by DNS.

Is this proposal about housing code enforcement or a reaction to a neighborhood with an influx of Black residents, who tend to be tenants?

- There are a large number of owner-occupied homes in the proposed area with serious code violations such as bad porches, missing rails, outdated electric services as evidenced by the 60 AMP meters and roofs that are so worn you can see the sheathing.
- Many owner-occupied properties have not been issued orders even when pointed out to DNS, or have had their orders dismissed without any meaningful repairs. I have attached a picture below of an owner occupied property after an inspector found it compliant. I have dozens of similarly documented owner occupied properties. If DNS is enforcing codes rather than trying to act as a social/racial gateway to the neighborhood, then codes must be enforced on all properties regardless of ownership or occupancy. See <http://cultureofhatred.com> for some examples.

What will be the impact of this proposal on tax delinquencies and mortgage foreclosures?

- 12% of the residential properties (owner-occupied and rental) in the selected area are currently tax delinquent. Will this proposal increase that number as owners struggle or give up?
- It would be good to have the tax delinquency and foreclosure numbers from older homes in Lindsay Heights as a reference.
- A year ago Mayor Barrett, President Murphy and Commissioner Dahlberg identified three areas as being hardest hit by the foreclosure crisis. These are three

of the areas that Mr. Dahlberg now wishes to expand the RRI into. An aggressive program in these areas will exacerbate the problems and increase the tax foreclosures.

City officials estimate \$3 billion worth of assessed value to homes and other properties has been lost. Within the Washington Park, Amani and Metcalfe Park neighborhoods, 49% of the vacant buildings and raze candidates were subject to a lender foreclosure action in the past five years. Source: Milwaukee Journal, 02/14/2013 http://bit.ly/jsonline_mke_foreclose

At the end of Mr. Dahlberg's term, Richmond VA held the dubious distinction of the nation's highest percentage of rental vacancies. Will this lead to the same in Milwaukee, and if so what impact will this have on tax delinquencies and boarded structures?

The national rental vacancy rate now stands at 10.1%, up from 9.6% a year ago; homeowner vacancy has edged up from 2.8% to 2.9%. Richmond, Va.'s rental vacancy rate of 23.7% is the worst in America,

Source: Forbes, 02/12/ 2009 http://www.forbes.com/2009/02/12/cities-ten-top-lifestyle-real-estate_0212_cities.html

Milwaukee commissioned the UW LaFollette Institute to study a similar proposal (findings attached below). They concluded:

Our analysis finds that rental unit licensing has very uncertain benefits and can create negative effects on housing markets and the availability of affordable housing. Those negative effects would be likely to occur were rental unit licensing implemented in Milwaukee. We conclude that Milwaukee should not implement licensing because the policy would be expensive, meet strong political opposition, and cause more problems for Milwaukee's rental markets than it would solve.

It would be important to know what percentage of residential properties in the selected area are in foreclosure or delinquent in their mortgage payments.

Creating an atmosphere that encourages people to invest their time and money in Milwaukee is the only thing that can save many neighborhoods. This will only occur with reasonable rules and regulations meant to support those efforts instead of discouraging people from coming into the city.

As you know, I am heavily invested in Milwaukee. For my own benefit I want Milwaukee to succeed. My company employes 26 people who support their families with the wages they earn at Affordable. All live in Milwaukee with all but two living in the 8th, 12th and 14th Districts. Also, the Apartment Association always wants to and should be a part of any discussion that involves housing regulation and opportunities.

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[Document submitted by Atty Heiner Giese, Lobbyist for the AASEW]

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