



**Milwaukee's Efforts to Respond to
the Foreclosure Crisis**

Foreclosures in Milwaukee

- Over 10,000 foreclosure filings in Milwaukee (2008-2009); more than double historical averages
 - 1,223 Milwaukee homes are currently bank owned foreclosures (REOs). An additional 275 are City owned tax foreclosed properties.
 - Almost 6,000 properties are currently subject to an open foreclosure filing – an increase of almost 20% from year end 2008.
 - Two thirds of foreclosed properties have open building code violations
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Foreclosures in Milwaukee

- **Hardest hit areas are CDBG areas; significant City investments are at risk**
 - **Subprime lending activity peaked in 2005 with over \$1 Billion of activity in Milwaukee**
 - **Subprime lending disproportionately impacted low income and minority families; 59% of 2006 loans in CDBG areas were subprime/high-cost**
 - **Over 50% of subprime lending activity consisted of refinance loans for existing homeowners.**
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Trends

- Foreclosure filings are up since last year.
 - “Second Wave” – related to economy in addition to predatory lending.
 - Number of bank owned properties is declining as prices are being slashed and more buyers are entering the market. In 2009, the average sales price of a foreclosed property was approximately \$42,000 and just over 40% of its assessed value.
 - While 60-70% of foreclosures involve owner occupied properties, less than 30% of foreclosed properties are being sold to owner occupants.
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Milwaukee's Efforts

Milwaukee Foreclosure Partnership Initiative (MFPI)

“Create a formal partnership that will formulate and implement coordinated policies and programs that effectively address the impact of the recent surge in mortgage foreclosures on our community as well as identify long term strategies and best practices that will prevent similar issues in the future.”

MFPI Steering Committee Co-chairs

Mayor Tom Barrett

City of Milwaukee

Kathryn Dunn

Helen Bader Foundation

Steve Chernof

Godfrey & Kahn

Milwaukee Foreclosure Partnership Initiative (MFPI)

Collaborative Structure:

- 22 Member Steering Committee
 - Three Workgroups
 - Prevention
 - Intervention
 - Stabilization
 - Over 100 volunteers representing a diverse array of organizations participated in this effort
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Milwaukee Foreclosure Partnership Initiative

Workgroup Charges

- Increasing foreclosure **prevention** through pre-purchase education and consumer protection
 - Developing **intervention** strategies and identifying resources to aid homeowners in the foreclosure process
 - Crafting and implementing appropriate responses to drive the **stabilization** of neighborhoods impacted by abandoned and foreclosed homes
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Prevention

Convene a **permanent homeownership consortium** for the purpose of increasing the number of purchasers/homeowners who receive a high standard of homeownership related education and services. The Consortium would develop a standard or brand that conveys integrity and respect, and would add legitimacy to those professionals that are members of the Consortium. It would also provide one place for partners to go to when sharing information and presenting new products/ideas, challenges and opportunities in homeownership.

- **Consortium launched in May of 2009**
 - **Membership includes lenders, counseling agencies, realtors, government, and others involved in homeownership delivery system**
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Intervention

Launch a Court-Based Mediation Program – to bring homeowners and lenders together to achieve a workout that would allow the homeowner to retain their home

- **Launched in July of 2009 – under a local administrative rule from the Court**
 - **Marquette University Law School Administrator of the Program**
 - **Funding from the City of Milwaukee, State Attorney General's Office and the Helen Bader Foundation**
 - **Early results promising – 400+ homeowners have applied for mediation; the mediations that have been occurred have resulted in over an 80% success rate**
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Intervention

- **A number of Milwaukee's non-profit counseling agencies help homeowners facing foreclosure – services are free of charge.**
 - **In the last year, an additional \$170,000 was raised to support their efforts and increase their capacity.**
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Stabilization

- **City received a direct allocation of \$9.2 million in Neighborhood Stabilization Program (NSP) funding to address vacant foreclosed properties in City neighborhoods**
 - **Recently received notification of additional \$25 million in NSP 2 (competitive application process)**
 - **Oversight by the Common Council Special Joint Committee on the Redevelopment of Abandoned and Foreclosed Homes**
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Neighborhood Stabilization Program (NSP)

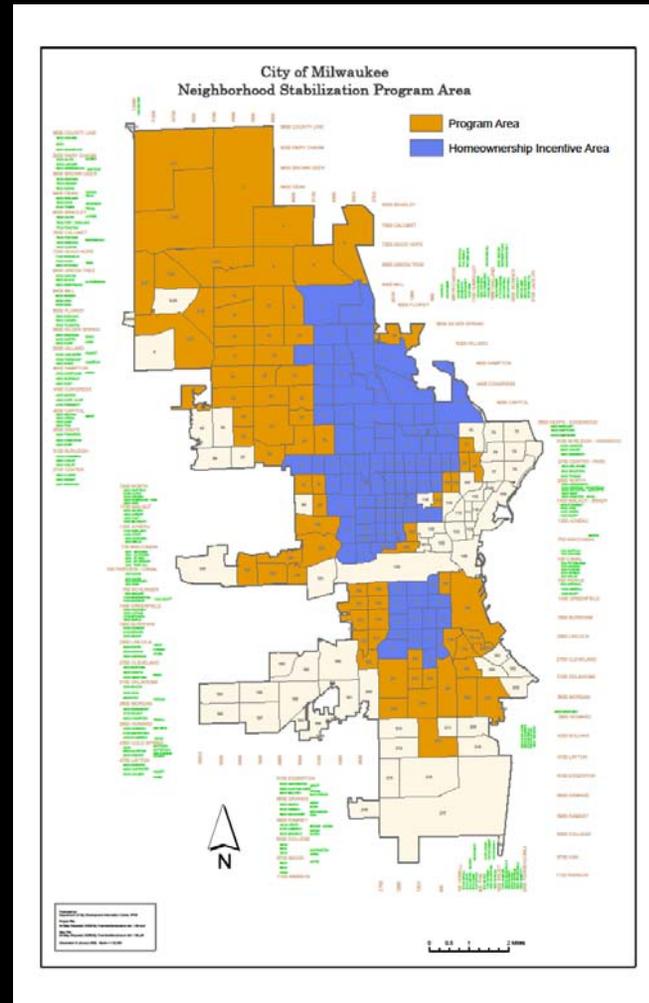
Milwaukee's NSP Plan

Program Summary

Homebuyer Assistance (80 homes)	\$1,600,000
Rental Rehabilitation (75 units)	\$1,312,500
Rental Development - Large Project (40 units)	\$1,200,000
Buy in Your Neighborhood (40 units)	\$240,000
Acquisition, Rehab, Resale (5 homes)	\$375,000
Demolition (75 properties)	\$1,312,500
Vacant Land Initiative	
Vacant Lot Reprogramming (50 properties)	\$100,000
Vacant Lot Redevelopment (40 units)	\$1,200,000
Land Bank	\$864,219

NSP 1 Target Area

Areas of Greatest Need:
NSP Eligible Census Tracts



Neighborhood Stabilization Program (NSP)

Homebuyer Assistance

Provides forgivable loans of up to \$30,000 for owner occupant purchasers of foreclosed homes

- 0% interest 2nd mortgage, forgivable after five or ten years depending on level of assistance received.
- Code compliance: Each property will be inspected to insure that it meets the minimum standards for the program. A rehabilitation specialist will prepare a scope of work, monitor the construction and perform a final inspection to insure that the property meets program standards)

Neighborhood Stabilization Program (NSP)

Rental Rehab

Provides forgivable loans to investor purchasers for the rehabilitation of foreclosed homes.

- **Up to \$17,500 per unit Funds can be used for rehab costs only and must be matched dollar for dollar by landlord.**
 - **Property must be rented to income-eligible tenants and held for a minimum of 5 years. Tenant income: < 60% AMI with priority to landlords who agree to rent to tenants with incomes < 50% AMI.**
 - **Code compliance: Each property will be inspected to insure that it meets the minimum standards for the program. A rehabilitation specialist will prepare a scope of work, monitor the construction and perform a final inspection to insure that the property meets program standards.**
 - **Participating landlords must have a responsible track record including a good record with the Department of Neighborhood Services and a history of paying their property taxes on time.**
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Neighborhood Stabilization Program (NSP)

Buy in Your Neighborhood

Provides low interest loans for investors purchasing a foreclosed home in their neighborhood.

- **3.0% interest 2nd mortgage for up to 20% of purchase cost.**
 - **Property must be located within three blocks of purchaser's primary residence.**
 - **Property must be rented to income-eligible tenants and held for a minimum of 5 years. Tenant income: < 60% AMI with priority to landlords who agree to rent to tenants with incomes < 50% AMI.**
 - **Code compliance: Each property will be inspected to insure that it meets the minimum standards for the program. A rehabilitation specialist will prepare a scope of work, monitor the construction and perform a final inspection to insure that the property meets program standards)**
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Land Bank

- City formed the Milwaukee Neighborhood Reclamation Company LLC
 - Forged partnership with National Community Stabilization Trust, as well as individual relationships with lenders
 - Targeting neighborhoods with ongoing initiatives and past and current investment activities
 - Currently acquiring Land Bank properties
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Large Project Pool

Rehabilitation and New Construction

- Resources for developers with the capacity to handle larger scale projects
 - Targeting neighborhoods with ongoing initiatives and past and current investment activities
 - Issued a “Request for Qualifications” to identify development partners
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Demolition and Reuse Funds

- Demolition of most severely blighting properties
- Where unbuildable lots result, stipends for landscaping, urban gardens, or other productive reuse

New local legislation to help address impact of foreclosures

- **Abandoned Properties in Foreclosure Ordinance**
 - **Vacant Building Registration Code**
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Website

City of Milwaukee

Department of City Development

Projects • Business Toolbox • Planning/Permits • City Real Estate • Housing Resources • Boards/Commissions • About Us • Search



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Milwaukee Responds to Rising Foreclosures

Cities across the country have been impacted by the negative effects of rapidly escalating mortgage foreclosures. The foreclosure problem is affecting both new and long-term Milwaukee homeowners. Whether it is due to a job loss, illness or unsuitable loan product, thousands of homeowners have been faced with the potential loss of their homes.



It is important for homeowners to act quickly in seeking assistance, communicating with their lender or a non-profit counseling agency as soon as possible. Often homeowners will delay reaching out for help, in turn reducing the options available for assistance. Certified homebuyer counseling agencies offer foreclosure counseling services and will act on behalf of the homeowner to assist in loan modifications or budget counseling. The key is act immediately.

www.milwaukeehousinghelp.org

Additional Resources

Foreclosure Mapping (Public)

City of Milwaukee Foreclosures

Street Name: Owner Name: Property Type: Zip Code: Aldermanic District:

Search Note: For best results, type only the first few letters of the name of the lender/trustee whose properties you want displayed.

179 of 1994 Properties Shown

2909 W CLARKE ST
Owner: US BANK NATIONAL ASSN AS TRUSTEE FOR ASSET BACKED SEC CORP HOME EQUITY ETC
Property Type: Single Family
[Property Details >>](#)

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Resources

- **NSP program information, applications, Q & A and all other foreclosure related information, including contacts for local foreclosure counseling agencies**

www.milwaukeehousinghelp.org

286-5610

Milwaukee Foreclosure Mediation Program

www.law.marquette.edu/foreclosure

288-4040

Foreclosed Property Causing Problems in Your Neighborhood?

Weeds, Tall Grass, Snow Shoveling

Call the Department of Public Works

286-8282

Trash, Litter, Debris, Boards

Removed, Code Violations, No Gas, No Electric

Call the Department of Neighborhood Services

286-2268

Non-Emergency suspected criminal activity

Call the Milwaukee Police Department

414-933-4444
