

From: [Bohl, James](#)
To: [Lee, Chris](#)
Subject: FW: File No. 161565 - Discount sales of city-owned properties to city employees
Date: Tuesday, May 23, 2017 8:24:59 AM

From: h giese [mailto:hgiese@ameritech.net]
Sent: Monday, May 22, 2017 3:52 PM
To: Bohl, James; Coggs, Milele; Kovac, Nik; Murphy, Michael (Alderman); Rainey, Khalif; Stamper II, Russell
Cc: Mike Maistelman; AASEW Advisors; Hamilton, Ashanti; Johnson, Cavalier
Subject: File No. 161565 - Discount sales of city-owned properties to city employees

To: Members of the Zoning, Neighborhoods & Development Committee

I am a lobbyist for the Apartment Association of Southeastern Wisconsin, Inc.

I write to express concerns about the above proposed ordinance being sponsored by Ald Johnson.

Now there is a Substitute B version which has the following changed language (emphasis mine):

4. DEED RESTRICTION. a. A conveyance to a city employee under this section at a discount shall be subject to a deed restriction requiring the buyer to reside in the neighborhood property as the buyer's primary residence for 5 years from the date of city conveyance. Those 5 years shall include, as a permissible exception from actual residency, a period to be determined by the department, based on the s. 304-49-2-b-1 rehabilitation or restoration plan, to allow the buyer to undertake rehabilitation so that conditions are adequate for residential occupancy.

*b. If the city employee breaches the deed restriction on or before the 5-year anniversary of the city conveyance to that employee, the breaching employee shall pay the city 100% of the discount. **However, no payment is required when the breaching employee establishes he or she conveyed to another person who will owner-occupy the property for the remainder of the 5-year period.***

This is a huge loophole. A city employee could buy a city-owned property, live in it for one month and then sell it to his brother (not a city employee) who is going to live in it as owner-occupant. An example: List price on the property is \$30,000; city employee buys it for \$15,000 (50% discount); employee sells it to his brother for \$25,000, pocketing a quick \$10,000 profit and also giving the brother a \$5000 reduction in what he would otherwise have had to pay.

Some general objections:

- 1) The 50% discount is too high (should be maybe 20%?)
- 2) The discount should only be offered AFTER the City has exposed the property to the market.

An example: DCD's list price is \$30,000. Per current practice only owner-occupant bids should be accepted for, say, 30 days, with no employee discount offered during this time. Thereafter property is open to all bids, including investors, and city employee discount buyers. If no bid of at least 90% of list price is received within 60 days, then any employee discount bids would be considered.

Such a sales procedure would work to get City-owned and harder-to-sell property out of inventory and yet be fair to non-employee City residents and investors.

--Heiner Giese
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