Legislation Details (With Text)

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Title:	A substitute ordinance relating to deferred foreclosure on tax liens.		
Sponsors:	ALD. HAMILTON		
Indexes:	FORECLOSURES, PROPERTY TAXES		
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Date	Ver.	Action By	Action	Result	Tally
1/18/2017	0	COMMON COUNCIL	ASSIGNED TO		
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4/26/2017	1	JUDICIARY & LEGISLATION COMMITTEE	HEARING NOTICES SENT		
5/1/2017	1	JUDICIARY & LEGISLATION COMMITTEE	HELD TO CALL OF THE CHAIR	Pass	5:0
5/22/2017	1	JUDICIARY & LEGISLATION COMMITTEE	HELD TO CALL OF THE CHAIR	Pass	5:0
6/12/2017	1	JUDICIARY & LEGISLATION COMMITTEE	HELD TO CALL OF THE CHAIR	Pass	4:0
6/23/2017	1	JUDICIARY & LEGISLATION COMMITTEE	HEARING NOTICES SENT		
7/6/2017	1	JUDICIARY & LEGISLATION COMMITTEE	RECOMMENDED FOR PLACING ON FILE	Pass	5:0
7/11/2017	1	COMMON COUNCIL	PLACED ON FILE	Pass	15:0

161363
SUBSTITUTE 1

ALD. HAMILTON
304-39 rc
A substitute ordinance relating to deferred foreclosure on tax liens.
This ordinance amends the city’s policy on deferring foreclosures on tax liens by:

1. Limiting deferral to either a property owner who resides in the subject property or an absentee landlord owning not more than 4 properties in the city.
2. Requiring the property to be in compliance with all code requirements, or in the process of having code deficiencies corrected.
3. Requiring the property owner to pay all property taxes owed for the year of deferral and prior years.
4. Requiring the property owner to enter into a payment agreement, and be current with agreed upon payments for all other years.

5. Stipulating foreclosure shall commence immediately if the property owner defaults on payments under the payment agreement, or the property or owner becomes ineligible.

Whereas, Current Milwaukee code s. 304-39 allows the city treasurer to defer tax foreclosure on one- and 2-family, owner-occupied residential properties; and

Whereas, The common council wishes to minimize the number of properties acquired by the city as a result of *in rem* tax foreclosure, in order to minimize expenses incurred to maintain, manage and sell properties acquired through tax foreclosure; and

Whereas, The common council wishes to encourage occupancy of residential properties, because occupied residential properties promote neighborhood stability; and

Whereas, The common council wishes to encourage small-scale, private ownership of residential properties where owners are diligently addressing code and tax issues, so residential properties remain code-compliant, occupied and on the tax roll; and

Whereas, The common council recognizes that a small-scale owner of occupied residential properties, who owns not more than 4 properties in the city, whose properties are code-compliant or who is working diligently with the department of neighborhood services to correct violations that do not threaten public health, safety or welfare, and who is willing to enter into a suitable payment arrangement with the city treasurer regarding tax payment, is less likely to become an owner of nuisance properties than a large-scale owner who owns more than 4 residential properties; and

Whereas, Allowing a small-scale owner of occupied residential properties whose properties are code-compliant, or in the process of having their code violations corrected, and who enters into a treasurer -approved tax payment arrangement, to qualify for deferral of tax foreclosure under s. 304-39 will minimize acquisitions of residential properties by the city and promote neighborhood stability; now, therefore,

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 304-39 of the code is repealed and recreated to read:

304-39. Deferred Foreclosure on Tax Liens.

1. DEFINITIONS. In this section:
a “Community improvement *in rem* protocol” means fast-tracking of delinquent tax enforcement through s. 75.521, Wis. Stats. tax foreclosure as a result of the eligible property being vacant or abandoned, or as a result of a written request for fast-tracking of delinquent tax enforcement from a city official.
b. “Eligible applicant” means the owner of an eligible property, as recorded in the register of deeds office who is one of the following:
b-1. An owner-occupant who occupies the eligible property and makes it the owner’s primary residence, and who owns the eligible property personally and not through a trust, estate, corporation, partnership, limited partnership, limited liability company, unincorporated nonprofit association, limited liability partnership, cooperative or any organization recognized and existing under Wisconsin statutory law.
b-2. An investor owner who leases the eligible property to residential tenants who occupy the

property, and who owns the eligible property personally or through a trust, estate, corporation, partnership, limited partnership, limited liability company, unincorporated nonprofit association, limited liability partnership, cooperative or any organization recognized and existing under Wisconsin statutory law, provided the investor owner does not own more than 4 properties in the city, either directly or indirectly through a related entity or related entities owned, managed or controlled, in part or wholly, by the investor owner or its principal owners.

c. "Eligible property" means a currently-occupied, one- or 2-family residential property owned by an eligible applicant, which is:

c-1. Not the subject of a community improvement *in rem* protocol request at or before the time of the treasurer's decision on an application for deferred foreclosure.

c-2. Occupied and not determined to be abandoned under s. 200-22.5.

c-3. Not registered under s. 200-51.7.

c-4. Registered, if required, under s. 200-51.5.

c-5. Not subject to an unresolved order to correct a building code violation, except if the violation is determined by the commissioner of neighborhood services not to be an immediate threat to public health, safety or welfare, and the property owner is acting to correct the violation in a timely and diligent manner, as determined by the commissioner of neighborhood services.

2. APPLICATION. An eligible applicant for a deferred foreclosure may submit to the city treasurer a deferred foreclosure application, on a form prescribed by the city treasurer, not fewer than 2 weeks prior to the city's filing of an *in rem* foreclosure action against an eligible property owned by the eligible applicant where the foreclosure action pertains to the tax year for which deferred foreclosure is sought. The applicant shall specify the tax year for which a deferred foreclosure is sought, and provide proof of the eligibility of the applicant and of the eligibility of the property for deferred foreclosure.

3. DEFERRAL. The city treasurer shall forgo filing of an *in rem* foreclosure action against the eligible property and approve the deferred foreclosure application, provided the applicant:

a. Is an eligible owner and submits a timely application under this section.

b. The applicant provides sufficient evidence to the city treasurer to justify the deferral, by establishing that the applicant meets the eligibility requirements for the owner and property as required by this section, in which case the treasurer shall approve the deferred foreclosure application.

c. Pays in full all taxes, interest and penalties owed on the eligible property for the tax year for which deferred foreclosure is being sought and for all prior tax years within 3 business days of being notified of the treasurer's approval of the deferred foreclosure application.

d. Enters, within 10 business days of being notified of the treasurer's approval of the applicant's deferred foreclosure application, into a written payment plan agreement with the city treasurer for payment of all delinquent taxes, interest and penalties owed on the eligible property, whether or not the lien for those taxes is eligible for foreclosure under s. 75.521(3)(a), Wis. Stats., and remains current regarding any payment due under the payment plan agreement and regarding any subsequent taxes levied during the pendency of that agreement.

4. REVOCATION. The city treasurer shall revoke approval of a deferred foreclosure and foreclose on all delinquent property taxes eligible for foreclosure under s. 75.521, Wis. Stats., in the next tax foreclosure file if the applicant defaults on any condition of sub. 3, or if the applicant fails to timely honor all duties under any sub. 3-d. payment plan agreement, or if either the applicant or the property cease to conform to the eligibility requirements of sub. 1.

Part 2. This ordinance shall take effect January 1, 2018.

LRB

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APPROVED AS TO FORM

_____
Legislative Reference Bureau
Date: _____

Attorney
IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

_____
Office of the City Attorney
Date: _____

LRB #167504-2
Aaron Cadle
March 2, 2017