Legislation Details (With Text)

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Title:	A substitute ordinance relating to city sales of neighborhood property at a discount to employees of the city and city-related entities.		
Sponsors:	ALD. JOHNSON		
Indexes:	CITY EMPLOYEES, CITY PROPERTY, PROPERTY SALES		
Attachments:	1. Proposed Substitute A, 2. Hearing Notice List, 3. Email from Atty Heiner Giese		

Date	Ver.	Action By	Action	Result	Tally
3/1/2017	0	COMMON COUNCIL	ASSIGNED TO		
3/15/2017	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
3/15/2017	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
3/15/2017	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
3/15/2017	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
3/21/2017	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HELD TO CALL OF THE CHAIR	Pass	5:0
5/18/2017	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
5/18/2017	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
5/23/2017	2	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HELD TO CALL OF THE CHAIR	Pass	5:0
5/23/2017	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	SUBSTITUTED	Pass	5:0
5/24/2022	2	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	RECOMMENDED FOR PLACING ON FILE	Pass	5:0
6/1/2022	2	COMMON COUNCIL	PLACED ON FILE	Pass	13:0

161565
SUBSTITUTE 2
130376
ALD JOHNSON
A substitute ordinance relating to city sales of neighborhood property at a discount to employees of the city and city-related entities.
304-51 cr
This ordinance authorizes the department of city development to sell vacant, improved neighborhood property to an employee of the city or a city-related entity at a discount. Under this ordinance,

"discount" means a 50% reduction from the list price as determined by the department of city development. To receive the discount and to be entitled to conveyance, a conflict of interest form shall be submitted disclosing that the employee had no undue influence on the sale of the property as determined by the department.

An employee who receives the discount must live in the home for 5 years.

Whereas, Pursuant to s.304-49-4 of the Code, the department of city development may sell city-owned neighborhood property, as defined in s. 304-49-1-d, that is habitable property, as defined in s. 304-49-2-b-1, where the local council member has not designated the property to be withheld from disposition under s. 304-49-3, and where, per s. 304-49-2-b-1, the commissioner of neighborhood services has approved a rehabilitation or restoration plan for the property and where the commissioner of city development has determined that the buyer has skills and financial resources to carry out the plan; and

Whereas, According to s. 304-49-4-c, the sale price is to be adequate market consideration that can recognize non-monetary consideration as well as monetary consideration; and

Whereas, According to s. 304-49-4-c, the non-monetary consideration may recognize public policy factors including property and neighborhood stabilization, improvement to the property, returning the property to the tax roll, and promoting home ownership; and

Whereas, The common council recognizes that the city has had robust sales of tax-foreclosed properties, with 526 tax-foreclosed homes and commercial properties sold in 2015 and 502 tax-foreclosed homes and commercial properties sold in 2016, but that the city also continues to acquire property by tax foreclosure, with 937 acquisitions in 2015 and 764 acquisitions in 2016; and

Whereas, The common council recognizes that, as of January 2017, the city had 1,268 improved commercial and residential properties and 2,987 vacant lots in its inventory, and that most of the improved homes in the city inventory are vacant and unoccupied; and

Whereas, The common council recognizes that unsold property in city ownership and inventory requires expenditure of city resources for such things as property management, boarding and securing, lawn cutting and snow shoveling, and that city-owned property is tax-exempt and not on the tax roll; and

Whereas, The common council recognizes that unsold vacant property, even if boarded and secured, has a negative impact on neighborhoods and residents of the city, including decreased property values, increased blight, crime and arson, and increased governmental cost including fire and police expense, and that the negative impact has been the subject of various articles, such as "*Understanding the True Costs of Abandoned Properties: How Maintenance Can Make a Difference*" by Aaron Klein (January 2017), "*Assessing the Influence of Property Tax Delinquency and Foreclosures on Residential Property Sales"* by Deborah Carroll and Christopher Goodman, Urban Affairs Review (2016), "*The Impact of Abandoned Properties on Nearby Property Values,"* Hye-Sung Han (2013), and "*Vacant Properties, the True Costs to Communities,"* National Vacant Properties Campaign (August 2005); and

Whereas, While recognizing s. 66.052, Wis. Stats., and the Wisconsin Supreme Court's decision in

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Black v. City of Milwaukee, 2016 WI 47, the common council also recognizes, as Justice Bradley recognized in *Black* in her concurring/dissenting opinion (2016 WI 47 paragraphs 101-106), and as the common council recognized in resolution file number 130376, that there are substantial and valuable benefits to having employees of the city and city-related entities live in the city, which benefits have intangible and nonmonetary value and which benefits are difficult to value monetarily, including:

1. Protecting city tax base and local economy.
2. Promoting middle class presence.
3. Avoiding decline in city population.
4. Increasing employee pride, involvement, motivation and commitment to career, community and culture.
5. Improving employee understanding of the city and its neighborhoods.
6. Enhancing employee relationships with citizens and employee empathy to citizen issues, needs and concerns.
7. Improving citizen perception of employees not being outsiders, and strengthening citizens' confidence and trust in city employees.
8. Improving service and response times by resident employees.
9. Reducing energy consumption due to shorter employee commutes.
10. Improving city identity; and

Whereas, The common council wishes to encourage sales of city-owned homes, to reduce the inventory of city-owned homes, to return more properties to the tax roll, to encourage investment and rehabilitation of tax-foreclosed homes, to reduce blight and improve neighborhoods, to encourage home ownership and occupancy, to encourage employees of the city and city-related entities to voluntarily live in the city, and to achieve the benefits of having employees live in the city; and

Whereas, Providing a discount on city sales of city-owned homes to employees of the city and city-related entities provides an incentive to them to buy, rehabilitate and occupy homes, to stabilize neighborhoods, and to live in the city in which they work; and

Whereas, The common council recognizes that the federal Department of Housing and Urban Development (HUD) has a "good neighbor next door sales program" where, to help communities and promote homeownership, law enforcement officers, firefighters, emergency medical technicians and pre-K through 12th grade teachers may buy homes at a 50% discount off the HUD-listed sale price if those buyers live there as their sole residence for 36 months; and

Whereas, The common council recognizes that similar discount programs are offered in other cities; for example, the Detroit Land Bank allows a 50% discount to employees of the city of Detroit and related entities such as the Detroit Economic Growth Corporation and Detroit Building Authority; and the Greater Syracuse Land Bank, to encourage public employees to reside in the city of Syracuse, offers any full-time employee of the city of Syracuse, the Syracuse School District, or Onondaga County a 50% discount on the sale of one to 4-unit residential properties; now, therefore

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

Part 1. Section 304-51 of the code is created to read:

304-51. City Employee Real Estate Discount.

1. PURPOSE. This section allows the city to sell vacant, improved city-owned neighborhood property to employees of the city of Milwaukee and of city-related entities at a discount in order to, among other things, encourage sales, reduce city inventory of city-owned parcels and city expense associated with that inventory, return parcels to the tax roll, encourage rehabilitation and home ownership, encourage employees of the city and city-related entities to reside in the city, reduce blight and stabilize neighborhoods.

2. DEFINITIONS. In this section:

a. “City employee” means a person who, at the time of city conveyance, is employed on a full-time basis and who has been employed on a full-time basis for at least 12 consecutive months by the city of Milwaukee, the Redevelopment Authority of the City of Milwaukee, the Housing Authority of the City of Milwaukee, the Milwaukee Economic Development Corporation, Milwaukee Public Schools or the Neighborhood Improvement Development Corporation, whose employment has not been terminated and is not under termination proceedings.

b. “Conflict of interest form” means a form drafted and provided by the department of city development to guard against a city employee having undue influence on a neighborhood property’s availability for sale to that person, or on establishment of price and discount for sale to that person, or on establishment of rehabilitation or restoration required concerning the property to be sold.

c. “Department” means the department of city development.

d. “Discount” means 50% of the list price at which the department of city development markets a neighborhood property for sale.

e. “Neighborhood property” means a city-owned parcel that is an improved residential lot containing 4 housing units or fewer, and in which at least one unit is vacant, that is also habitable property under s. 304-49-2-b-1, and concerning which the local council member has not, under s. 304-49-3, designated the parcel to be withheld from disposition.

f. “Third party” means a third-party buyer of a neighborhood property from the city who is not a city employee.

3. DISCOUNTED SALES TO CITY EMPLOYEES. a. When the department, under s. 304-49, conveys a neighborhood property to a city employee who will owner-occupy, subject to the provisions of this section, the department shall allow the city employee to buy the property at the discount.

b. Because a department conveyance is a conveyance under s. 304-49, aside from the discount available under this section, and except as otherwise provided herein, the conveyance shall be subject to and be on the same terms and conditions concerning which the department would convey neighborhood property to a third party under s. 304-49, including, the general buyer policy provisions in s. 304-49-9, the plan, financial skills and resource requirements under s. 304-49-2-b-1, and the provisions in s. 304-49-4-b.

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c. The discount shall not be deemed financing provided by the city within the meaning of s. 304-49-3.

d. If the department receives multiple offers for a neighborhood property, one from a city employee at the discount and another from a third party at a purchase price higher than the discount, in determining which offer to accept, and recognizing the nonmonetary benefits of a city employee residing in the city, when comparing purchase price, the department shall weigh more heavily the third party purchase price only at such point that the third party offer purchase price is at least 90% or more of the list price.

e. If the department receives multiple offers for a neighborhood property from two or more city employees with the purchase price equal to the discount, the department shall allow the city employees to refuse to accept the discount.

f. This section does not prohibit a city employee from refusing to accept the discount in order to be more competitive with a third-party buyer or with another city employee for the purchase of a neighborhood property. A conveyance to a city employee that is not at a discount shall not be subject to sub. 4, and shall be on the same terms and conditions under which the department would convey neighborhood property to a third party under s. 304-49.

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.

5. CONFLICT OF INTEREST. To be eligible for the discount under this section, a city employee must submit to the department with the city employee's offer a conflict of interest form signed by the city employee and by the head of the department in which that city employee works that discloses no undue influence as determined by the department of city development.

APPROVED AS TO FORM

_____
Legislative Reference Bureau
Date: _____
IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

_____
Office of the City Attorney
Date: _____

LRB167800-9
Adam Wickersham
5/22/2017

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