



## Legislation Text

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**File #:** 170641, **Version:** 2

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170641  
SUBSTITUTE 2

Ald. bauman

304-49-1-g cr

304-49-1-h cr

304-49-4-c rc

304-49-5-b-1 am

A substitute ordinance relating to the disposition of city property.

This ordinance requires that a city-owned neighborhood property be valued using the income capitalization method when conveyed to a buyer who does not intend to make the property the buyer's primary residence.

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

Part 1. Section 304-49-1-g and h of the code is created to read:

304-49. Disposal of City Real Estate.

### 1. DEFINITIONS.

g. "Value as investor-owned" means a property's market value as calculated using an income capitalization method.

h. "Value as owner-occupied" means a property's market value when factors other than a property's capacity to generate income and profit are considered. Factors considered shall be benefits reasonably expected to accrue to the city from an increase in the percentage owner-occupied properties, and may include, but are not limited to:

h-1. Increased resident engagement in the wellbeing of the community.

h-2. Improved neighborhood stability.

h-3. Reduced crime.

h-4. Decreased neighborhood blight.

Part 2. Section 304-49-4-c of the code is repealed and created to read:

304-49. Disposal of City Real Estate.

### 4. CITY SALES OF NEIGHBORHOOD PROPERTY.

c. All conveyances shall be for adequate market consideration, as determined by the commissioner or commissioner's designee, which consideration may recognize and value monetary as well as non-monetary consideration, including, but not limited to, public policy considerations of property and neighborhood stabilization, health, safety and welfare concerns, future improvements to or development or remediation of the parcel, returning the parcel to the tax rolls, and promoting home ownership.

c-1. Each property unit shall be conveyed at its value as investor-owned.

c-2. Any buyer providing an affidavit attesting to the buyer's intent to occupy one or more of the units purchased as the buyer's primary residence may, at closing, grant a mortgage to the city secured by a lien on the purchased property for an amount equal to the difference between the property's value as investor-owned and its value as owner-occupied. This mortgage shall be subordinate only to any first mortgage on the purchased property, and shall be interest-free and forgiven by city in 20% increments of the original mortgage amount on the first 5 anniversaries of the date of closing, provided the purchased property remains the primary residence of the buyer. Any balance remaining on this mortgage shall be immediately due and payable if the city determines, in whatever method the city deems reasonable, the purchased property is not the primary residence of the buyer.

c-3. The commissioner may impose restrictions and remedies in connection with any such conveyance to effectuate the transaction, including, but not limited to, deed restrictions requiring home ownership or ownership by property-tax-paying owners, deadlines for commencement and completion of improvements, requiring the combination of the parcel with another or other parcels, requiring the correction of building code violations and satisfaction of orders of the health department and department of neighborhood services, requiring the satisfactory completion of a property rehabilitation or restoration plan required by sub. 2-b-1 and reversionary or other city-protective provisions in the event of breach or default.

Part 3, Section 304-49-5-b-1 of the code is amended to read:

**5. CITY SALES OF DEVELOPMENT PROPERTY.**

b-1. The commissioner's assessment of the market value of the property. >>This assessment shall include the market value as calculated using an income capitalization method when appropriate.<<

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: \_\_\_\_\_

LRB #169622 - 3  
Aaron Cadle  
October 23, 2017