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181060
ORIGINAL
130940, 171613
ALD. HAMILTON
Resolution relating to the eligibility requirements for the Compliance Loan Program, administered by the Department of Neighborhood Services.

This resolution amends the eligibility requirements for the Compliance Loan Program to allow observable code violations, rather than issued orders to correct, to change the property owner income ceiling from 50% of the area median income to 60%, and to allow an additional $10,000 of flexibility for potential change orders in City-authorized work, raising the maximum possible per-property loan from $15,000 to $25,000.

Whereas, By the Common Council's adoption of Resolution File Number 130940 on February 11, 2014, the City recognized that many property owners are financially unable to correct code violations; and

Whereas, To reduce blight and to promote health, safety and welfare, the City created a Compliance Loan Program to provide no-interest loans, up to $15,000 per property, to owners meeting certain eligibility requirements, with the loan proceeds to be used to correct the code violations, and with the loans being due and payable upon transfer or property conveyance; and

Whereas, In June 2017, the Public Policy Forum bestowed upon the City the "Innovative Approach to Problem Solving Award" in recognition of the Compliance Loan Program; and

Whereas, Since inception of the Program, there have been 147 loans made and only one default, which was settled by compromise in Resolution File Number 171613, with the average loan amount being $12,558; and

Whereas, Based on the Department of Neighborhood Service's (DNS) experience administering the Program, the Council recognizes the need to amend eligibility requirements for the Compliance Loan Program; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the eligibility requirements for Compliance Loans are amended and restated as follows, such that all of the following criteria shall be met to be eligible to receive a loan, and with any loan being subject to fund availability and within DNS Commissioner discretion:

1. A City building inspector has identified an observable code violation under s. 200-12, 200-12.5 or ch. 275.

2. The property is an owner-occupied residential property.

3. The owner of the property has a total household income at or below 60% of the area median income as determined annually by the U.S. Department of Housing and Urban Development.

4. The owner is financially unable to correct the observed building code violation(s).

5. The owner is current on property taxes against the property and against any other property owned by the owner in the City, or is on an approved payment plan and making required payments.

6. The City does not have an outstanding judgment against the owner.

7. The owner is current on the repayment of any existing mortgage on the property, if applicable, and the property is not in foreclosure.

8. The owner is not in an active bankruptcy or receivership action regarding or affecting the owner or the property.

9. The owner is willing to enter into a written loan agreement with the City and to provide a mortgage against the property to secure payment to the City.

10. The estimated cost to the City to correct the code violation(s) does not exceed $15,000 for any one property, as determined by DNS.

; and, be it

Further Resolved, That upon the above conditions being met, DNS may, at its discretion, and subject to fund availability, cause the City to enter into a loan agreement with the property owner and to accept and record a mortgage against the owner's property; and, be it

Further Resolved, That if a loan is made, and if during the course of the work, change orders are required to do more work, which additional work was not foreseen or believed to be necessary at the time of inception of the loan and at the time of commencement of the work, the DNS Commissioner may, subject to fund availability, authorize change orders beyond the $15,000 maximum loan amount, up to a maximum overall loan amount for the property of $25,000; and, be it,

Further Resolved, That, pursuant to Council File Number 130940, under the loan agreement, the property owner shall:

1. Grant the City and its contractors the right to enter upon the premises to repair or cause to have repaired the code violations, which work shall be at the direction and discretion of DNS and shall be limited to the correction of the code violations identified by the City building inspector.

2. Agree to grant to the City a mortgage on the property to secure the owner's duty to pay the City's expenses associated with the correction, including, labor, materials and a City administrative fee of $125, with no interest due, and payable upon transfer or conveyance of the property.

3. Attest to the fact that the owner meets the eligibility requirements for participation in the Compliance Loan Program.

; and, be it

Further Resolved, That payments the City receives from owners under loans in the Program shall be deposited into the loan revenue account and be appropriated through the budgeting process for further use in the program by DNS; and, be it

Further Resolved, That DNS may impose other or additional restrictions, qualifications or conditions as reasonably required; and, be it

Further Resolved, That the appropriate City officers are authorized to take such acts as are necessary to implement the provisions and intent of this resolution, including signing and causing the City to enter appropriate loan agreements as called for herein, to be prepared by DNS in consultation with the City Attorney's Office; and, be it

Further Resolved, That DNS will continue to make regular reports to the Common Council regarding its activities under this Compliance Loan Program, including the status of any loan agreements entered into under the Program.

LRB172467-1
Aaron Michelson
10/16/2018