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For Immediate Release:
August 25, 2010

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Opportunity Can Knock on Boarded-Up Doors

“In a crisis, be aware of the danger – but recognize the opportunity,” said President John F. Kennedy in 1959. The foreclosure crisis that currently afflicts Milwaukee, as well as other cities throughout the nation, is no different. It presents us with an opportunity.

The City of Milwaukee currently controls several hundred real estate properties that are not on our tax roll. These homes are not owned by any bank. They are literally owned by the City of Milwaukee. Unlike a bank foreclosure, which results when an owner fails to pay a mortgage, these properties are typically vacant and city-owned because of the owner’s failure to pay property taxes.

At the same time, fewer than 20 single-family homes in the city have incurred raze orders and must be demolished, because of flooding unleashed by a merciless storm that ravaged communities all over Milwaukee County in late July. Many people suffered damages and lost household items, but none have experienced the same level of loss as those homeowners who now must helplessly stand by and watch as their lifelong investments are bulldozed to the ground.

So Milwaukee’s foreclosure crisis has birthed a surplus of city-owned single-family homes, and recent flooding has resulted in a severe need for housing. There is a supply and there is a demand. My job as a policy maker is to try to connect the two. That is why I have drafted legislation, which will be introduced at the Common Council’s next regular meeting on September 1, that would create a program allowing homeowners with flood-induced raze orders to purchase a comparable city-owned single-family foreclosed home for just one dollar.

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Opportunity/ ADD ONE

The program will accomplish two goals. First, it will enable the city to keep homeowners in Milwaukee. Second, it will allow the city to remove several foreclosures from its balance sheet. When the city has to take a home, it is an extremely costly proposition for taxpayers. Grass must be cut and snow must be shoveled. The building has to be maintained and boarded up by contractors. Communities suffer, because foreclosed homes give rise to neighborhood instability. Blight and graffiti often increase. Our police and fire departments must be extra attentive to vacant buildings. No one lives in the home, so the city receives no tax revenue. Multiply the problem by several hundred properties, and you can see why city-owned foreclosures are like a millstone around Milwaukee's neck. (And yet, amazingly, we're far better off than the vast majority of comparable cities around the nation.)

Unfortunately, there is no long line of potential homeowners waiting to purchase city-owned houses. Milwaukee's Neighborhood Investment Development Corporation (NIDC) has leveraged federal foreclosure funding, including grant money, to target community-based groups and residents willing to fix up houses, but we are still not attracting enough potential homeowners.

On a recent trip down to Chicago, I sat down with Mayor Daley for a lengthy conversation about urban policy. We both agreed that a strong city must be able to cultivate an environment that retains committed citizens, attracts new families and draws long-term homeowners. Improving educational options, increasing access to jobs, upgrading public spaces and lowering property taxes are all key components to creating such an environment, but simply creating incentives to spur homeownership is also a large piece of the puzzle.

Which brings us back to the July 22 storm that severely damaged several homes, rendering them uninhabitable. The City of Milwaukee needs homeowners to purchase, restore and maintain foreclosed houses. The total number of individuals who lost their homes to flooding is fewer than 20. It just makes sense to connect those who lost their homes with the opportunity to purchase a city-owned home for little or no money. Who else is more motivated to own and maintain in Milwaukee than one of our own who has already done so for years?

This is not an entitlement program. The City of Milwaukee has long had success in attracting commercial development by offering city-owned empty lots and other properties for one dollar. This new residential strategy would similarly reduce municipal expenses, decrease the tax burden for other residents, expand the tax base for the city by increasing home ownership, and add revenue for essential city services.

There is no way to turn back the clock on the foreclosure crisis. However, we can take advantage of the opportunity that the foreclosure crisis avails. Several Milwaukee homeowners are crying out for help. We cannot afford to stand by and do business as usual. Cities must be innovative, creative and willing to come up with new solutions that address today's circumstances.

More information on existing housing programs is available at www.milwaukeehousinghelp.org.