Committee recommends plan to provide foreclosure alternatives

Under a proposal sponsored by Milwaukee Alderman Robert Bauman, some Milwaukee homeowners facing foreclosure due to unpaid city fees on their tax bill would have the option of paying on an installment plan instead of losing their homes.

The Judiciary and Legislation Committee on Monday unanimously recommended the approval of Common Council files 121802 and 121803. Together, these files create an allowance for installment payments on special charges that are placed on a property’s tax bill, which (excepting delinquent water charges) are currently due in full with tax payments on January 31.

“At least 40 percent of residential properties foreclosed upon by the city for delinquent taxes in recent years have been owner-occupied,” Alderman Bauman said. “I would rather see as many residents as possible stay in their homes. The city isn’t equipped to manage and market this growing volume of property tax foreclosures, and this legislation can cut down on that inventory by giving homeowners another option to return to compliance with their obligations with the city.”

Currently, special charges ranging from fines for ordinance violations to delinquent sewer fees and other charges are included on a property’s tax bill, and are subject to the same enforcement and penalties as property taxes.

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Foreclosure alternatives/ADD ONE

“For low-income and fixed-income homeowners, these charges may sometimes be multiples of their tax bill, and interest accrues monthly on any delinquent balance,” Alderman Bauman said. “These special charges can essentially ‘tip’ an owner-occupant into tax delinquency and eventual foreclosure.”

The city has filed foreclosure proceedings against 791 properties this year for unpaid property taxes, and 388 additional properties appear to be eligible for foreclosure filing before the end of 2013. Historically, the city is forced to seize two out of every three properties against which it files foreclosure. Alderman Bauman noted that these properties are heavily concentrated in economically-distressed areas of the city, and that foreclosure activity further exacerbates the problems.

The installment payment plan is one of several options discussed before the Special Joint Committee on the Redevelopment of Abandoned and Foreclosed Homes earlier this spring. Other options include administrative changes such as increasing the third-party collections timeline and using tax refund intercept to recover delinquent property taxes.

The measures will now go before the full Common Council on Tuesday, July 23.

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