



State of Wisconsin
2021 - 2022 LEGISLATURE

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EVM&SWB:skw

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 483**

September 1, 2021 - Offered by Representative STEFFEN.

1 **AN ACT** *to amend* 66.0413 (1) (b) 1. and 66.0413 (1) (c); and *to create* 66.0413
2 (5) of the statutes; **relating to:** municipal raze orders for certain insured
3 dwellings.

Analysis by the Legislative Reference Bureau

This bill limits the authority of a municipality to order the razing of certain insured dwellings.

Under current law, a municipality may issue an order to raze a building that is unfit for human habitation and unreasonable to repair. Current law specifies that if the municipality determines that the cost of repairs of a building would exceed 50 percent of the adjusted assessed value of the building, the repairs are presumed unreasonable. A raze order is issued to the building's owner and, if the owner does not comply with the order within the prescribed time, the municipality may raze the building. The cost of razing may be charged against the real estate upon which the building is located.

The bill limits the authority of a municipality to issue a raze order for an insured dwelling that has incurred damage that is covered under the insurance policy (covered damage). Under the bill, no later than 14 days after real property has incurred damage, an insurer may provide a written certification through 1st class mail or electronic communication to the municipality that 1) the insurer reasonably believes the real property may qualify as an insured dwelling, 2) a claim has been

or is anticipated to be filed, and 3) the insurer reasonably believes the claim may qualify as covered damage. The certification must also include the date of damage to the insured dwelling; the insurance policy limits of the insured dwelling; the insurer's designated representative for the filed or anticipated claim; and the designated representative's mailing address, e-mail address, and phone number.

The bill provides that if a municipality receives such a certification, it may not issue a raze order unless the municipality does all of the following:

1. Provides notice of intent to issue a raze order to the owner of record of the dwelling, the holder of any encumbrance on the dwelling, and the insurer of the dwelling.

2. Accepts and considers certain materials submitted to it that assist in establishing the extent of the damage or the reasonable cost of repairs to the dwelling.

3. Conducts an on-site inspection of the dwelling to assess the extent of covered damage.

4. Determines the estimated cost of repairs for the dwelling.

5. Determines that repair of the dwelling is not reasonable.

The bill specifies that, for an insured dwelling, if the municipality determines that the estimated cost of repairs of the dwelling does not exceed 70 percent of the insurance policy limits of the dwelling, the repairs are presumed reasonable. The bill further specifies that a municipality is not precluded from issuing a repair order to the owner of an insured dwelling. The bill also provides that the requirements of the bill do not apply to 1) a dwelling that the municipality has determined to be in imminent danger of structural collapse and for which the property owner has failed to appropriately secure and limit access, or 2) an insured dwelling that is the subject of a notification provided to the municipality that the insurer has determined the insured dwelling to be wholly destroyed.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 66.0413 (1) (b) 1. of the statutes is amended to read:

2 66.0413 (1) (b) 1. If Except as provided in sub. (5), if a building is old,
3 dilapidated, or out of repair and consequently dangerous, unsafe, unsanitary, or
4 otherwise unfit for human habitation and unreasonable to repair, order the owner
5 of the building to raze the building or, if the building can be made safe by reasonable
6 repairs, order the owner to either make the building safe and sanitary or to raze the
7 building, at the owner's option.

1 **SECTION 2.** 66.0413 (1) (c) of the statutes is amended to read:

2 66.0413 (1) (c) *Reasonableness of repair; presumption.* Except as provided in
3 ~~sub.~~ subs. (3) and (5), if a municipal governing body, building inspector, or designated
4 officer determines that the cost of repairs of a building described in par. (b) 1. would
5 exceed 50 percent of the assessed value of the building divided by the ratio of the
6 assessed value to the recommended value as last published by the department of
7 revenue for the municipality within which the building is located, the repairs are
8 presumed unreasonable for purposes of par. (b) 1.

9 **SECTION 3.** 66.0413 (5) of the statutes is created to read:

10 66.0413 (5) **RAZING CERTAIN INSURED DWELLINGS.** (a) *Definitions.* In this
11 subsection:

12 1. “Cost of repairs” includes the estimated cost of repairs that are necessary to
13 comply with applicable building codes, or other ordinances or regulations, governing
14 the repair or renovation of a dwelling.

15 2. “Covered damage” means damage that is covered by an insurance policy.

16 3. “Insured dwelling” means real property that is covered under an insurance
17 policy and that is owned, occupied, and used primarily as a dwelling by the insured.

18 (b) *Insurer certification.* 1. No later than 14 days after real property has
19 incurred damage, an insurer may provide a written certification through 1st class
20 mail or electronic communication to a governing body, building inspector, or other
21 designated officer of a municipality stating all of the following:

22 a. That the insurer reasonably believes the real property may qualify as an
23 insured dwelling.

1 b. That the property owner or an insured has filed a claim for covered damage
2 with the insurer or the insurer has reason to believe the property owner or an insured
3 will file a claim for covered damage with the insurer.

4 c. That the insurer reasonably believes the claim may qualify as covered
5 damage.

6 d. The date of damage to the insured dwelling, the insurance policy limits of
7 the insured dwelling, the insurer's designated representative for the filed or
8 anticipated claim, and the designated representative's mailing address, electronic
9 mail address, and phone number.

10 2. A certification under this paragraph does not waive or limit any rights of the
11 insurer under an insurance policy.

12 3. At any point prior to submitting a certification under subd. 1., an insurer may
13 notify a governing body, building inspector, or other designated officer of a
14 municipality that the insurer has determined the insured dwelling to be wholly
15 destroyed. If at any point after submitting a certification under subd. 1. the insurer
16 determines that the insured dwelling is wholly destroyed, the insurer shall notify the
17 governing body, building inspector, or other designated officer of that determination.

18 (c) *Municipal assessment.* A governing body, building inspector, or other
19 designated officer of a municipality may not issue a raze order under sub. (1) (b) for
20 an insured dwelling for which an insurer has provided a certification under par. (b)
21 unless the governing body, building inspector, or other designated officer does all of
22 the following:

23 1. Provides notice of intent to issue a raze order to the owner of record of the
24 insured dwelling, the holder of any encumbrance on the insured dwelling, and the
25 insurer of the insured dwelling. The notice shall include a statement that materials

1 may be submitted to the governing body, building inspector, or other designated
2 officer under subd. 2. Notice under this subdivision shall be served in the manner
3 provided under sub. (1) (d).

4 2. Accepts and considers materials that are submitted by any person entitled
5 to notice under subd. 1., that assist in establishing the extent of the damage or the
6 reasonable cost of repairs to the insured dwelling, and that are received within 30
7 days after provision of the notice under subd. 1. Materials that may be accepted and
8 considered under this subdivision are limited to damage estimates, evaluations of
9 the cost of repairs, and the results of inspections of the property. When considering
10 the materials submitted under this subdivision, the governing body, building
11 inspector, or other designated officer shall consider the qualifications, expertise, and
12 experience of the person that submitted the materials.

13 3. Conducts an on-site inspection of the insured dwelling to assess the extent
14 of the damage.

15 4. Determines the estimated cost of repairs for the insured dwelling.

16 5. Determines that repair of the insured dwelling is not reasonable.

17 (d) *Cost of repair.* A municipal governing body, building inspector, or other
18 designated officer of a municipality shall base its determination of the estimated cost
19 of repairs for the insured dwelling under par. (c) 4. on the materials accepted under
20 par. (c) 2. and similar materials produced by the municipal governing body, building
21 inspector, or designated officer.

22 (e) *Reasonableness of repair.* If a municipal governing body, building inspector,
23 or other designated officer of a municipality determines that the estimated cost of
24 repairs of an insured dwelling does not exceed 70 percent of the insurance policy
25 limits of the insured dwelling, the repairs are presumed reasonable.

