

March 5, 2014

Public Testimony of State Representative Evan Goyke

Re: Senate Bill 488

Good Morning Chairman Lasee and committee members. Thank you for the opportunity to testify in support of this important and needed legislation.

Senate Bill 488 seeks to address the ghosts of the foreclosure crisis. Empty, abandoned homes are the most visible and lasting impact of the Great Recession in my community. It is irrelevant, for purposes of Senate Bill 488, of how, why, or who's at fault for this crisis. This bill seeks to address the reality that we have a growing number of vacant homes, most of which have been foreclosed upon, and those vacant homes cost local taxpayers and homeowners in massive ways.

When a home becomes vacant, problems follow. Many of the key stakeholders in my community, and others, feel powerless to intervene and current law places restrictions on that intervention. There are valid reasons for some restrictions. In this area, we are asked to balance the intimate right of homeowners with that of neighbors and the larger community. With that balance in mind, Senate Bill 488 limits the authority to enter a property unless two criteria are met: First, that a foreclosure lawsuit has been filed on the property; Second, that there are grounds to believe that the property has been abandoned.

Abandonment has a statutory definition, which I've attached to my testimony. These are the criteria that will be used in establishing abandonment. This statute is used currently in mortgage foreclosure lawsuits because it shortens the redemption period to five weeks if there is judicial determination of abandonment. Plaintiffs in mortgage foreclosure lawsuits benefit from pursuing their lawsuit under this section, making it a logical statute to place this additional authority and procedure.

The intention of Senate Bill 488 is to promote and facilitate the earliest possible intervention in an abandoned property. Everyday a home sits empty it losses value. Everyday a home goes unsecured it is more likely an incubator of crime and vandalism.

There are three vacant homes on my block today. I've included a bit of a biography on each home. One is bank owned, since 2009 and well cared for. The owner is a local bank and takes care of the property, shovels the snow, mows the lawn, etc.

The two other homes are now owned by the City of Milwaukee because property taxes went unpaid for three consecutive years. Both of the homes were foreclosed on by large, multinational banks and never cared for, snow not shoveled, grass not cut, and taxes unpaid. The City issued multiple code violations on each home, which went unanswered.

As neighbors, we “adopted” these homes, a program our neighborhoods association created to care for vacant homes in our community. For years, the City, my neighbors, and I have tried our best to hang on to these homes and to our neighborhood, but we are mostly powerless.

I am not here to blame anyone. The foreclosure crisis was mostly unpredictable and unprecedented. Many of the largest lenders have or had so many properties in foreclosure, many abandoned, that they themselves cannot possibly manage them. This reality is why I believe there must be some authority extended to municipalities to act where the lender cannot.

I recognize that the Substitute Amendment that the Committee will vote on today does not extend any additional authority to municipalities, but is a good step in the right direction. If passed, I hope the authority will be used and abandoned homes cared for. We will be watching. If this authority is unused, I will be back next session asking again for the extension of power to municipalities to protect these abandoned homes. Action is necessary and needed immediately.

I have one suggested change to the Substitute Amendment, which is to either replace or include the terms “reckless” or “gross negligence” in the immunity section. All three words mean the same in court, however, Wisconsin has a much healthier body of law defining “recklessness” than “willful and wanton” and this change will likely help clarify future legal actions should they need to be taken.

I would like to thank the Chairman for adding this bill to the committee schedule and giving it a hearing today. I have enjoyed working with the Chairman and his staff on this bill and the introduced substitute amendment. I support the Substitute Amendment offered by Chairman Lasee and grateful for his leadership among his caucus on this issue. While the substitute amendment changes portions of the original bill as drafted, the substitute is a friendly amendment and I support its adoption and passage.

Over the past month I have met with many Republican members of the legislature, both Assembly and Senate, to discuss this bill. During these meetings, and discussions with stakeholders, I have received great support for this piece of legislation. I am grateful to have many colleagues who are willing to join me in tackling this important issue.

Thank you very much for your time and consideration. I am happy to answer any questions.

Wisconsin Statute

846.102 - Abandoned premises.

(1) In an action for enforcement of a mortgage lien if the court makes an affirmative finding upon proper evidence being submitted that the mortgaged premises have been abandoned by the mortgagor and assigns, judgment shall be entered as provided in s. 846.10 except that the sale of such mortgaged premises shall be made upon the expiration of 5 weeks from the date when such judgment is entered. Notice of the time and place of sale shall be given under ss. 815.31 and 846.16 and placement of the notice may commence when judgment is entered. In this section "abandoned" means the relinquishment of possession or control of the premises whether or not the mortgagor or the mortgagor's assigns have relinquished equity and title.

(2) In addition to the parties to the action to enforce a mortgage lien, a representative of the city, town, village, or county where the mortgaged premises are located may provide testimony or evidence to the court under sub. (1) relating to whether the premises have been abandoned by the mortgagor. In determining whether the mortgaged premises have been abandoned, the court shall consider the totality of the circumstances, including the following:

(a) Boarded, closed, or damaged windows or doors to the premises.

(b) Missing, unhinged, or continuously unlocked doors to the premises.

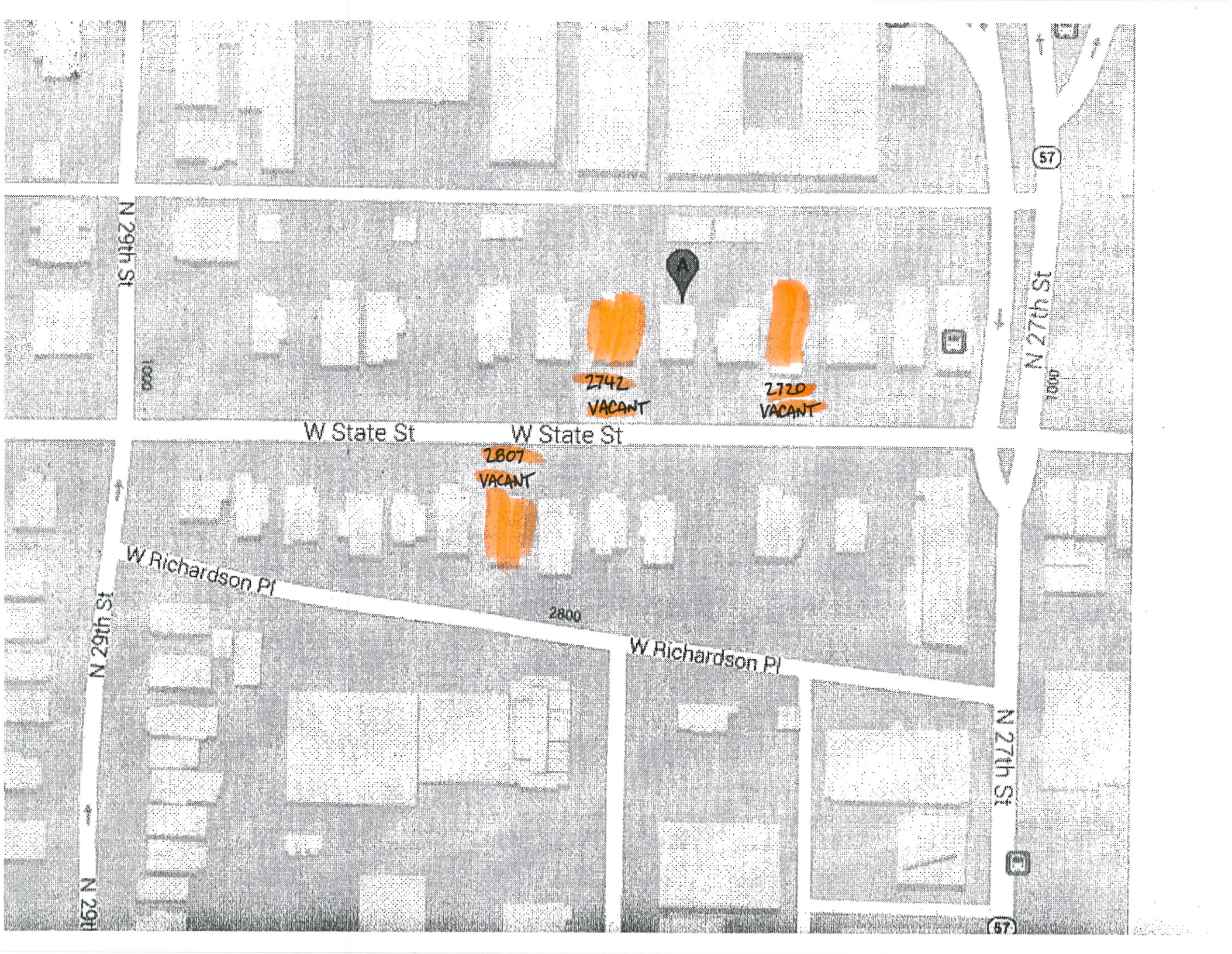
846.102(2)(c) (c) Terminated utility accounts for the premises.

(d) Accumulation of trash or debris on the premises.

(e) At least 2 reports to law enforcement officials of trespassing, vandalism, or other illegal acts being committed on the premises.

(f) Conditions that make the premises unsafe or unsanitary or that make the premises in imminent danger of becoming unsafe or unsanitary.

History: 1973 c. 189; Sup. Ct. Order, 67 Wis. 2d 585, 768, 783 (1975); 1975 c. 41 s. 52; 1975 c. 199; Stats. 1975 s. 846.102; 1977 c. 304; 2011 a. 136.



57

N 29th St

1000

N 27th St

1000



2742
VACANT

2720
VACANT

W State St

W State St

2807
VACANT

2800

W Richardson Pl

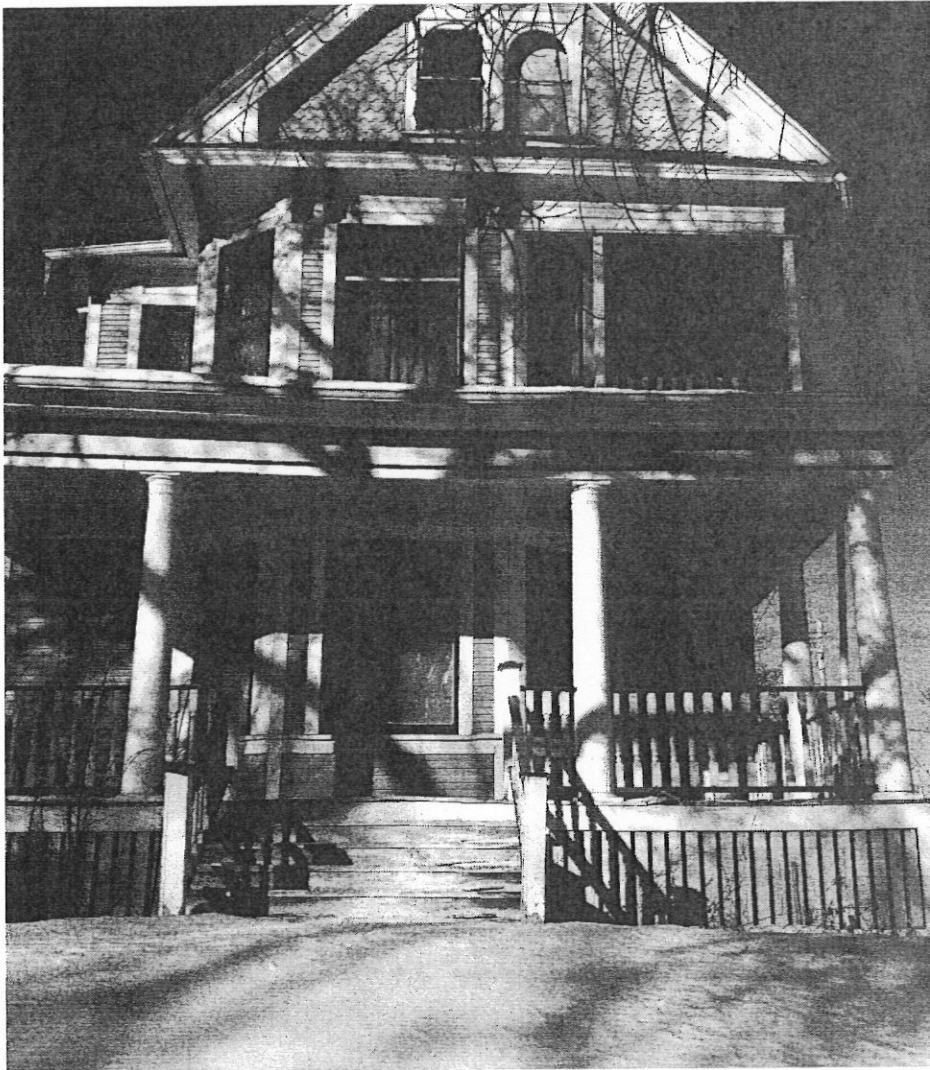
W Richardson Pl

N 27th St

N 27th St

N 29th St

57



2720 West State Street

Vacant

Owned by Waterstone State Bank (Wauwatosa, WI)

Currently For Sale

2720 West State Street was foreclosed upon by Waterstone State Bank, with the bank gaining title in 2009. The home has been on the market since. Waterstone Bank has continued to pay property taxes and maintain the property while on the market.

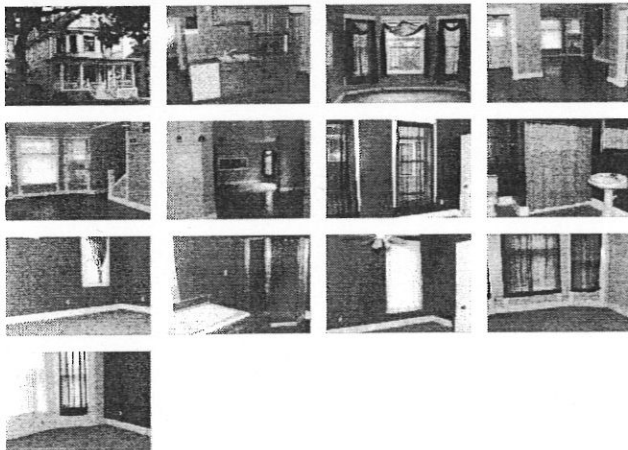
The property has been cited for three violations since 2009.

Built in 1894, this home is zoned as a possible duplex and prior to the final foreclosure was sold several times during the 2000's.

2722 W State St 2720,

Milwaukee, WI 53208

\$144,900



Details of Property for Sale

Property Type: Single Family Home
Total Rooms: 15
Bedrooms: 9
Full Bathrooms: 3
Half Bathrooms: 0
Garage Type: Attached
Est. Year Built: 1894
Est. Lot Size: TBV
School District: Milwaukee
County: Milwaukee
Property Taxes: \$3,380
Property Tax Year: 2010
MLS Number: 1102754
Listing Company: Homegate Direct Realty

2722 W State St 2720, Milwaukee WI 53208 Room Dimensions

	Floor Level			Room Dimensions
	Lower	Main	Upper	
Living Rm		X		15.0 x 14.0
Family Rm		X		12.0 x 17.0
Den		X		12.0 x 12.0
Kitchen		X		13.0 x 14.0
Dining Rm		X		12.0 x 17.0
Other Rm			X	13.0 x 13.0
Master BR			X	12.0 x 16.0
BR 2		X		10.0 x 10.0
BR 3		X		10.0 x 12.0
BR 4			X	13.0 x 13.0
BR 5			X	12.0 x 12.0
Full Baths	0	0	0	
Half Baths	0	0	0	

Queen Victorian in the Concordia district looking to be restored to its former glory. Very open with 14' ceilings on 1st floor. Use as a single family or duplex. 3 floors of living space 9 BD/3 BA. Master suite recently modernized and remodeled. Other amenities include 1st floor laundry, upstairs has its own living room. Over 3600 sq. ft. Special Financing Available to Approved Credit.

Directions

27th Street to State Street, West on State Street to 2722



For More Information about this listing, contact Shorewest:

Phone: 1.800.434.7350

QR Code for Driving Instructions

QR Code for Mobile Website



2742 West State

Vacant

Owned by the City of Milwaukee

2742 State was foreclosed upon by the City of Milwaukee following three consecutive years of delinquent or unpaid property taxes. This property was foreclosed upon by Deutsche Bank in 2008, which did not contest the tax foreclosure filed by the City in 2010.

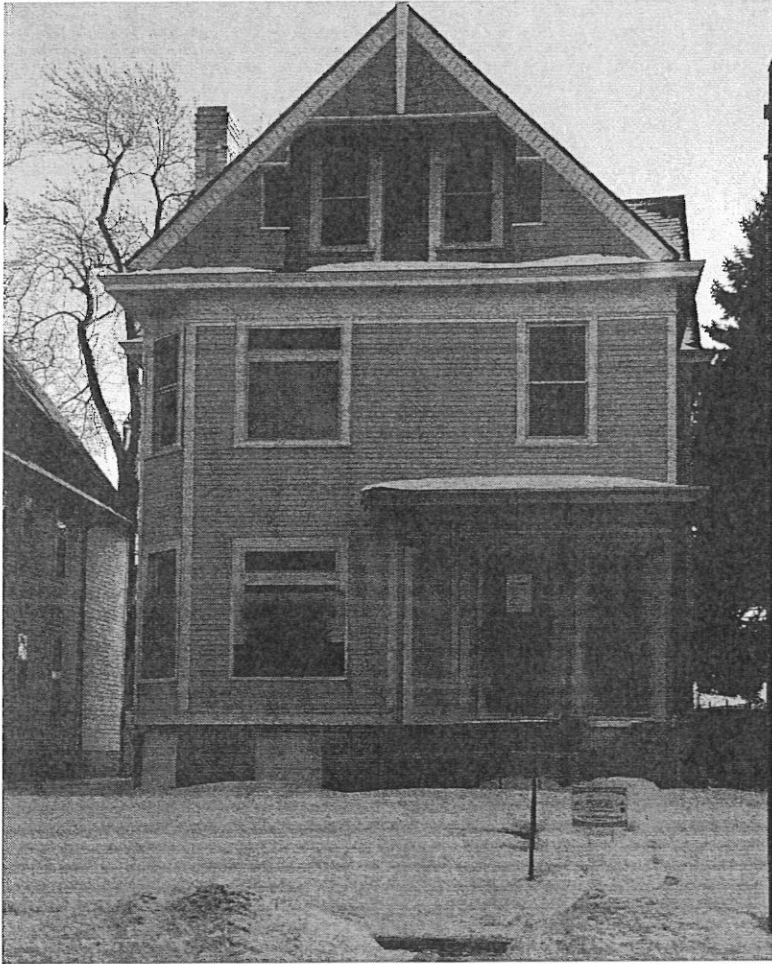
Prior to taking ownership, the City cited this property several times, including one citation for non-removal of damage related to a fire. The property was known to be vacant and the City's final citation, attached, details the City's attempt to force the owner to secure the home.

Built in 1892, the City of Milwaukee has completed major rehabilitation to save this historic home. The property is currently for sale.

City of Milwaukee Neighborhood Services System

<p style="font-size: 1.2em; font-weight: bold; margin: 0;">Violation Detail</p> <p style="margin: 10px 0 0 20px;">for Serial#: 7990891</p>	<p>Address: 2742 W STATE ST</p> <p>Taxkey: 388-1545-000</p>
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Description	Detail
<p>1 Custom violation</p>	<p>Historic Buildings. 1. STABILIZATION OF ABANDONED BUILDINGS. Whenever a locally or nationally designated historic building, or a contributing building in a locally designated historic district, is found to be abandoned or otherwise condemnable under this chapter or s.66.0413, Wis. Stats., the commissioner may act to stabilize the structure\.. 1. You are hereby ordered to replace, repair or protect all window openings and restore them to a weathertight condition\.. 2. You are hereby ordered to secure all openings to prevent unlawful entry.. 3. You are hereby ordered to repair or replace all missing or deteriorated roofing\.. 4. You are hereby ordered to repair or replace all open or missing wall sections\.. Failure to comply may result in the city taking action to correct these violations. The cost shall be placed as a lien against the property and may be collected as a special tax.. / 218-8 /</p>



2807 West State Street

Vacant

Owned by the City of Milwaukee

In 2012, the ownership of 2807 State Street was obtained by the City of Milwaukee following a tax foreclosure lawsuit after three consecutive years of delinquent or unpaid property taxes. Prior to the tax foreclosure lawsuit, the property was owned by the Bank of New York. The bank acquired title after filing a foreclosure lawsuit on the prior owner in 2007, yet then failed to pay the property taxes and eventually relinquishing title.

Prior to the City obtaining ownership, this property was a significant problem to the neighborhood. Attached is a list of violations cited to the property during the three years prior to the City's tax-foreclosure.

The City of Milwaukee is currently rehabilitating this home and will look to sell the property once completed. The home pictured just east of 2807 State went through a similar transformation through this program. That home, 2801 State, was vacant four years ago and was rehabbed, sold, and is now owner-occupied.

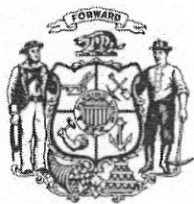
City of Milwaukee Neighborhood Services System

Violation History

Address: 2807 W STATE ST

Taxkey: 388-1804-000

Curr Distr	Section	Record Type	Serial #	# Orig Viols	Original Inspect Date	Compliance Date	Current Status	Final	Last Status	Original Inspector
128	Code Enf/Residential/RCE-Team 3	Letter	<u>9470971</u>	1	05/08/12	05/15/12	Complete abatement	Yes	05/15/12	KENITZ, KEN
573	Enforcement	ECitatio	<u>9332061</u>	1	03/01/12	07/19/12	Litigated-noncompliance	Yes	07/19/12	KENITZ, KEN
573	Enforcement	ECitatio	<u>9331981</u>	1	03/01/12	07/19/12	Litigated-noncompliance	Yes	07/19/12	KENITZ, KEN
267	Code Enf/Residential/South	Letter	<u>9318241</u>	1	02/23/12	03/09/12	Referred for ContractorAbatement	Yes	03/09/12	RUSNAK, JASON
128	Code Enf/Residential/RCE-Team 3	Letter	<u>9275991</u>	2	01/31/12	08/23/12	Record closed	Yes	08/23/12	KENITZ, KEN
128	Code Enf/Residential/RCE-Team 3	Letter	<u>9200201</u>	2	12/08/11	02/01/12	Notice dismissed	Yes	02/01/12	HUGHES, MACK
411	Nuis/Env/Nuisance	Nuisance	<u>9045141</u>	1	09/23/11	10/25/11	Contracted cleanup completed	Yes	10/25/11	CROCKETT, JESSE
928	Administr/Recording	RecordOr	<u>8976721</u>	1	08/18/11	07/27/12	Record closed	Yes	07/27/12	NEEB, TAMMY
44	Code Enf/Residential/South	Letter	<u>8955531</u>	2	08/08/11	12/08/11	Notice dismissed	Yes	12/08/11	HUGHES, MACK
44	Code Enf/Residential/South	Letter	<u>8825001</u>	1	06/14/11	08/08/11	Notice dismissed	Yes	08/08/11	HUGHES, MACK
44	Code Enf/Residential/South	Letter	<u>8754191</u>	1	05/10/11	08/08/11	Notice dismissed	Yes	08/08/11	HUGHES, MACK
44	Code Enf/Residential/South	Letter	<u>8682981</u>	2	04/07/11	05/12/11	Notice dismissed	Yes	05/12/11	HUGHES, MACK
44	Code Enf/Residential/South	Letter	<u>8683791</u>	1	04/07/11	04/14/11	Complete abatement	Yes	04/14/11	HUGHES, MACK
267	Code Enf/Residential/South	Letter	<u>8449081</u>	1	11/30/10	12/13/10	Referred for ContractorAbatement	Yes	12/13/10	MAZMANIAN, MICHAEL
411	Nuis/Env/Nuisance	Nuisance	<u>8243631</u>	1	08/19/10	09/02/10	Contracted cleanup completed	Yes	09/02/10	MARKWARDT, DAVID
267	Code Enf/Residential/South	Letter	<u>8016461</u>	1	04/19/10	04/26/10	Referred for ContractorAbatement	Yes	04/26/10	HUGHES, MACK
777	Special/Enforcement	Letter	<u>7568531</u>	21	07/21/09	01/11/13	Notice dismissed	Yes	01/11/13	SCHUETT, KOREY
299	Code Enf/Residential/Special	AdvisLtr	<u>7403441</u>	1	05/05/09	09/08/10	Notice dismissed	Yes	09/08/10	DAHLBERG, ART



Nikiya Q. Harris

WISCONSIN STATE SENATOR
6TH SENATE DISTRICT

Testimony before the
Senate Committee on Insurance and Housing
March 5, 2014
Senate Bill 488

Thank you, Chairman Lasee for holding a hearing today on Senate Bill 488 relating to who may enter buildings that are involved in property foreclosure proceedings.

Since the housing bust hit about five years ago, the number of vacant and abandoned properties in the City of Milwaukee has risen dramatically. More than 4,000 vacant houses still litter the city. These vacancies include properties that are simply abandoned as well as properties that are in the foreclosure process. These abandoned and foreclosed properties ultimately harm the neighborhoods in which they sit, often creating entire blocks of boarded up properties. These homes are not only an eyesore to the surrounding neighborhood, but they very quickly start to show obvious signs of neglect. The lawn doesn't get cut, litter begins to pile up, and the home often falls into disrepair. Abandoned homes are also susceptible to vandalism, squatters, and crime. This drags down the value of the property itself, as well as of the entire neighborhood.

This bill as amended will begin to address the blight these abandon properties have had on my community by allowing banks who hold the mortgages to gain entry into these properties once a foreclosure lawsuit has been filed and it has been determined the property is abandoned. This will not only protect the bank's investment as the foreclosure process proceeds, but will help maintain the integrity of the neighborhood by keeping these properties properly maintained.

This bill is a much needed first step in beginning to address the blight that plagues many of the neighborhoods in my district and throughout the City of Milwaukee. I thank you for taking the time to hear testimony on this bill.

WISCONSIN FORECLOSURE TIMELINE

