



**City of Racine, Wisconsin**  
**AGENDA BRIEFING MEMORADUM**

**AGENDA DATE:** October 22, 2018

**SUBJECT:**

Communication from the Manager of Housing and Community Development requesting to accept up to sixteen (16) tax delinquent properties from Racine County.

**PREPARED BY:**

Matthew Rejc, Manager of Housing and Community Development

**EXECUTIVE SUMMARY:**

The Racine County Treasurer has legally noticed, foreclosed upon, and acquired sixteen (16) properties within the City of Racine that were part of a request from the City for forty-six (46) tax delinquent properties made by the City in January 2018.

Per state statute, the City of Racine may be the recipient of properties once the County Board of Supervisors votes to deed the properties to the City of Racine.

The City of Racine must take formal action to accept any, or all of, the sixteen (16) properties, conditioned on the County Board of Supervisors voting to pass the deeds to the City.

**BACKGROUND & ANALYSIS:**

Over the last fifteen years, the City and Racine County have collaborated on finding ways to acquire tax delinquent and abandoned properties for neighborhood revitalization. During the last economic recession, the City used funds from HUD to create new houses on properties that were acquired through the County foreclosure process, and we have continued that process relying on HOME and CDBG funding to build new houses or rehabilitate houses. Several of the foreclosed properties were rehabilitated by the City's Housing and Community Development Division using federal funds and some were provided to non-profit housing organizations for rehabilitation.

In January 2018, Mayor Mason and the Department of City Development requested that the County begin the In Rem (foreclosure) process for forty-six (46) properties that were deemed vacant and severely tax delinquent.

On July 6, 2018, the Racine County Treasurer published a Notice of Commencement of Proceedings In Rem for Foreclosure of Tax Liens, listing forty-six (46) tax-delinquent properties within the City of Racine. The County has followed the standard In Rem process and some of the property owners paid/redeemed their taxes, thus at least half the properties fell off the In Rem foreclosure list.

The City's Department of Housing and Community Development requests acceptance of the sixteen (16) properties listed in this memorandum if the deeds are offered to us by the Racine County Board of Supervisors.

**Addresses:**

1637 Packard Ave  
1445 Clark St  
1516 Owen Ave  
1703 Holmes Ave  
1644 Holmes Ave  
1528 Grange Ave  
1530 Holmes Ave  
1624 Holmes Ave  
1633 West Blvd  
1543 West Blvd  
1024 Thirteenth St  
1233 Schiller St  
1500 N Memorial Dr  
1125 Center St  
939 Center St  
233 Jones St

The City will take the properties in “as-is condition” and assume the cost of any remediation, demolition, property maintenance, and other blight mitigation that may be necessary. These costs and/or risks may also be transferred to another organization or developer through a contract upon their selection to receive the property.

**Land Bank Process**

Properties acquired through this process within Racine are intended to form the first stage of the City’s proposed land bank program, through which properties can be donated or sold to eligible organizations for redevelopment. Any financing or donation requests will be directed independently to the appropriate City of Racine Committee.

Before the end of the year, the City plans to launch a request for proposals process on the City website that will be open to all buyers who are interested in acquiring and redeveloping the above properties, thereby returning them to the tax rolls. Applicants for properties will be required to have a firm financing plan for the subject properties, and must demonstrate the capacity to complete the proposed projects.

Offers to purchase will be rejected from any party (as an individual or as part of an entity) who:

- Is delinquent in the payment of any property tax, special assessment, special charge or special tax to the City of Racine or County of Racine.
- Has outstanding judgments from the City or County.
- Has outstanding health, building, or zoning code violations or orders from the City’s Health Department or Building Department that are not actively being abated as determined by the Chief Building Inspector or the Director of the Health Department.
- Owned property in the County that, at any time within the past 5 years, the County acquired by means of property-tax foreclosure.

This land bank system is expected to create a market for real estate that has otherwise not been contributing to the tax base. As this concept is in its earliest stages, this initial group of properties is

expected to allow the City to test different strategies for property distribution, identify weaknesses and strengths in the system, and make changes before eventually requesting larger groups of tax foreclosed properties from Racine County in the coming years. In time, it is expected that this process will help to quickly and efficiently move tax delinquent properties into ownership of the City, and ultimately into responsible private ownership.

**BUDGETARY IMPACT:**

The City will insure all properties while holding title, and will pay all property maintenance fees (snow removal, mowing, etc.). While in City ownership, the properties will not accrue or pay property taxes. It is in the City's best interest to find organizations to rehabilitate these properties. The Division has a property disposition plan in place to ensure that the City does not maintain the deed to these properties for long.

The City will pay all deed recording fees, estimated at about \$30 per property or \$480 overall. As part of our on-going collaboration with Racine County, no back taxes, liens, or additional fees will be paid by the City in exchange for the deeds to the property.

We anticipate that the properties will be provided to organizations such as the Racine Revitalization Partnership (RRP), Racine County Habitat for Humanity, and Great Lakes Community Conservation Corps, and possibly private developers, as part of on-going neighborhood revitalization efforts.

**RECOMMENDED ACTION:**

To recommend the Common Council accept any, or all of, the sixteen (16) foreclosed properties, conditioned on the County Board of Supervisors voting to pass the deeds to the City.