



CITY OF WAUKESHA

Administration

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Committee: Finance Committee	Date: 9/27/2018
Common Council Item Number: ID# 18-1459	Date: 10/2/2018
Submitted By: Jennifer Andrews, Community Development Director	City Administrator Approval: Kevin Lahner, City Administrator KML
Finance Department Review: Rich Abbott, Finance Director RA	City Attorney's Office Review: Brian Running, City Attorney BER
Subject: Review and act on a request to acquire land at 823 Woodward St. for the purpose of redevelopment. Authorize the use of contingency funds for the purchase in the amount not to exceed \$25,000.	

Details:

In 2017 the City issued a raze order for 823 Woodward. The structure was abandoned and severely compromised. The owners were deceased and there were no heirs to the estate. Following a lengthy legal process the city was able to receive court approval to raze the structure. The City spent a total of \$17,273 to raze the structure. Since there is no living owner of the property, the taxes have not been paid in 5 years. The county foreclosed on the property for unpaid taxes. The County has offered the property to the City for the amount of the outstanding taxes, interest and penalties which is \$21,895.85. If the City purchases the property it could resell the lot and require the new owner to construct a home on the property within a certain period of time. The new homes in Dunbar Oaks, built on lots similar in size and neighborhood to this one, are assessed between \$150,000 and \$200,000 (Improvements only). Below are some estimates on costs and value.

Expenses	
Outstanding costs related to razing	\$17,273.00
Purchase	\$21,895.85
Total Expenses	\$39,168.85
Potential Revenue	
Sale of land	\$44,200.00 (Current Assessed Value)
Balance	\$ 5,031.15

	Potential Future City Tax Revenue per Year	Current City Tax Revenue	Potential Yearly Tax Revenue Increase
\$194,000 (land & improvements)	\$ 1,940.00	\$ 442.00	\$1,498.00

Below is a breakdown of the taxes, interest and penalties that make up the \$21,895.85 purchase price.



823 Woodward St Tax Key# WAKC 1302.294

Taxes and costs through June 2018

Tax Year	Tax	Interest	Penalty	Foreclosure costs	Total
2013	\$ 2,339.19	\$ 1,239.77	\$ 619.89	\$ 145.00	\$ 4,343.85
2014	\$ 3,281.59	\$ 1,345.45	\$ 672.73	\$ 135.00	\$ 5,434.77
2015	\$ 3,619.79	\$ 1,049.74	\$ 524.87		\$ 5,194.40
2016	\$ 3,077.15	\$ 523.12	\$ 261.56		\$ 3,861.83
2017	\$ 2,819.53	\$ 140.98	\$ 70.49		\$ 3,031.00
			Deed recording cost		\$ 30.00
					<u>\$ 21,895.85</u>

Options & Alternatives:

Allow the property to be sold at Sheriff sale. The City has a special charge on the 2018 tax bill for the cost of razing the structure. The new owner may or may not be aware of this at the time of the Sheriff's sale. If the buyer is not aware of the charge prior to buying it they would likely contest the charge. If they were successful we would not recover any of the costs for razing the structure.

Financial Remarks:

Proceeds of the sale of the land would be deposited back into the general fund to cover razing and the purchase. Any excess funds would be earmarked for future projects of a similar nature. Transfer up to \$25,000 from 9710.89910 to 1720.68190. At sale of property up to \$42,273 to be deposited in 1720.48330 with balance going to a fund to be determined at a later date.

Executive Recommendation:

Approve the purchase of 823 Woodward St. for 21,895.85.