

Supreme Court Rules on Unbuilt Condominium Units in Wisconsin

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Practice Area: Community Associations

The Wisconsin Supreme Court Ruled That Declared But Unbuilt Condominium Units Must Pay Property Taxes.

The Wisconsin Supreme Court issued a decision June 18, 2010 which will affect condominium developments which are only partially completed. The court ruled that declared but unbuilt units must pay property taxes, and developers cannot argue that no construction means no obligation. We believe the same reasoning applies to a developer's obligation to pay common expenses, such as snow plowing, landscaping, roof repair and insurance in a community where not all units are completed.

This issue has become particularly relevant in the current economy, where the optimistic plans of developers have run into major headwinds, causing some developers to abandon projects or to deny financial responsibility for part of the condominium project's costs. The issue is also sometimes the subject of discussion between owners of built units and lenders who have taken over the remaining development opportunities of their unsuccessful borrowers.

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