



TO: Honorable Mayor & Members
Fort Lauderdale City Commission

FROM: Lee Feldman, City Manager

DATE: September 18, 2012

TITLE: Ordinance - Registration Program for Abandoned Residential Property

Recommendation

It is recommended that the City Commission approve an ordinance amending the City Code to include a Registration Program for Abandoned Residential Property to promote, protect and improve the health, safety, and general welfare of our residents and visitors.

Background

At the September 20, 2011 Conference Agenda Meeting the City Commission agreed by consensus to proceed with drafting an ordinance requiring institutions holding mortgages in default, on properties that have become abandoned, to register these properties with the City of Fort Lauderdale in a Registration Program for Abandoned Residential Property.

Properties that have been abandoned and are allowed to become overgrown, and those structures that are left open and unsecured, not only have a negative impact on community value, but also create conditions that invite criminal activity and foster an environment that is unsafe and unhealthy for our community. It is for these reasons that abandoned properties must be maintained so as not to create these nuisance conditions.

The establishment of a Registration Program for Abandoned Residential Property will insure communication between the lender and the City in regards to any potential or existing code enforcement violations and give the City contact information for the property management company retained by the lender to abate such violations. Such a program will not only help to preserve property values, but also insure the health, safety and general welfare of neighborhoods in which these properties exist.

A review was conducted of existing vacant/abandoned property registration programs throughout the State of Florida as well as other states. The models were all very similar with the key component being the shift of responsibility for the property maintenance of these abandoned properties from the original property owner to the lender. New foreclosure filings have not subsided since the current crisis began in 2006.

According to a June 25, 2012 report from RealtyTrac, a recognized foreclosure tracking entity, three Florida Metropolitan areas are within the top ten in new foreclosure filings

nationally. The Miami/Fort Lauderdale area ranks third with 9,000 new foreclosure cases being filed in April, 2012; Tampa/St. Petersburg area is number eight (8) with 4,295; and Orlando/Kissimmee is number ten (10) with 2,717 new cases in April, 2012. These numbers reflect only those new cases filed in April 2012 with an increase statewide of approximately 14% over 2011.

However, according to recent reports, new foreclosure filings in the Fort Lauderdale market have seen a decline of approximately 15% over 2011 with approximately 620 new foreclosure filings in July 2012. The drop in new filings could be attributed to the current backlog of foreclosure cases in the court system with a forecast of constant filings for the next several years until the market stabilizes and/or new legislation is passed that will offer better assistance to homeowners who are at risk or in the foreclosure process.

In light of the current housing market, in 2008 a number of cities within the State of Florida began establishing Vacant Property Registration (VPR) programs to address abandoned and/or foreclosed property issues and hold lending institutions accountable for maintaining the properties once they become abandoned. To date over 120 municipalities within the state have adopted such ordinances with many of these utilizing the expertise of companies whose sole focus is providing registry solutions. We are recommending such a solution by establishing the proposed ordinance and proceeding to issue a Request for Proposal (RFP) to award a consultant contract to manage a Residential Abandoned Property Registration Program for the City of Fort Lauderdale.

Proposed ordinance highlights:

- The ordinance would apply to Mortgagees of abandoned residential real property holding a mortgage that is in default.
- The Mortgagee would be required to provide the City with, among other things, the name and contact telephone number of the local property management company responsible for the maintenance of the property.
- The Mortgagee would be responsible for posting a sign on the property, clearly visible from the street, containing the same contact information.
- The Mortgagee would pay a registration fee of two hundred dollars (\$200.00) dollars per property to offset the administrative and inspection costs related to this program.
- The Program would require the Mortgagee, or designee, to inspect the abandoned property on a bi-weekly basis and to correct certain code violations, which may exist. The Program details a list of Specific Maintenance Requirements for which that the Mortgagee would be responsible.
- The Program would have a start date 90-days following adoption of the ordinance to allow for completion of the RFP process, proper community outreach, and staff preparation for successful implementation.

For municipalities in Florida that have implemented this program, registration fees range from \$50 per property for small cities managing their own programs, to a more typical fee of \$200

per property for a city the size of Fort Lauderdale. As a point of reference, the company that was awarded a contract in January 2012 with Clay County, FL to manage that City's registration process charged the County a flat rate of \$75 per property registered, or 50% of the total registration fee, not to exceed \$100.

Should City personnel manage this process the cost is estimated to be in excess of \$200 per registered property whereas the approximate administrative and inspection cost are listed below:

- \$80, Initial inspection (salary & vehicle cost)
- \$46, per post inspection(s) (salary & vehicle cost)
- \$25, per hour per registered property for administration (estimate 4 hours)
 - (includes researching, recording, monitoring, processing payments & supplies for each registered property)

The recommended registration flat rate fee of \$200 is based upon the City utilizing a contract company to manage the City's registration process per property registered for a flat rate of \$100, or 50% of the total registration fee, not to exceed \$100.

Based upon foreclosure filings by zip code for the years 2008, 2009, and 2010, a conservative estimate indicates there are 1,000 abandoned properties at any given time in the City of Fort Lauderdale. Based on new filings data, the properties turn over three to four times per year giving a conservative annual estimate of 3,000 properties that would need to register on an annual basis. At \$200 per registration fee, with \$100 going to the vendor, this would net approximately \$300,000.00 in annual revenue to the City, which could be used to augment the proactive efforts of the City's Code Enforcement Division in dealing with vacant and neglected properties.

Resource Impact

There is a positive fiscal impact to the City in the amount of \$100 per property registered.

Attachment

Exhibit 1 - Draft Ordinance

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