

**CITY OF FORT LAUDERDALE
City Commission Agenda Memo**

#12-2402

TO: Honorable Mayor & Members
Fort Lauderdale City Commission

FROM: Lee Feldman, City Manager

DATE: November 6, 2012

TITLE: Resolution – Code Enforcement Lien Amnesty Program

Recommendation

It is recommended that the City Commission approve a resolution initiating a Code Enforcement Lien Amnesty Program that will allow the City, for a limited period of time, to settle Code Enforcement Liens on real property for less than face value.

Background

At the October 16, 2012 Conference Agenda Meeting the City Commission agreed by consensus to proceed with drafting a resolution establishing a Code Enforcement Lien Amnesty Program.

The Code Enforcement Lien Amnesty Program will provide the City with a mechanism to clear many old and cumbersome liens from the books. It will give new and existing property owners the incentive to bring old, existing violations into compliance within a relatively short period of time in order to qualify for the provisions of this resolution. In addition this program will stimulate the sale of many abandoned properties that may have previously been thought to be unmarketable due to these encumbrances. The program will also allow existing homeowners, who are in foreclosure but still occupying these properties, to obtain clear title and renegotiate their mortgage with their lender.

An extensive review was conducted of numerous municipal lien amnesty programs within the State of Florida, as well as the City's prior amnesty program conducted in 2004. Since the City's 2004 program the dynamics of property ownership throughout the country has changed dramatically. In 2004 the vast majority of applicants for that program were existing and mostly long term property owners. In 2012, based on conversations with other municipalities, the majority of qualified candidates for the amnesty program will be new and potential new owners, as well as the lending institutions themselves.

Based on the data evaluated while reviewing similar programs, it was determined that any proposed lien reduction needs to be significant enough to entice participation in the Program while still ensuring total recovery of all City costs associated with the existing lien. Most qualifying liens have existed for many years and have accrued to an amount

close to or exceeding the real property value as determined by the Broward County Property Appraiser. During the same period that these liens have accrued the actual real property values have decreased to an amount equaling one half to one quarter of the original mortgage amount. In addition many of these properties have been vacant for much of that period because the timeframe of the foreclosure process has expanded from a typical one year to a three or more year legal process.

Proposed resolution highlights:

- All properties owned by the applicant must be free of any code violations as evidenced by a completed inspection.
- All repeat violators will not be able to participate in the program until all properties in violation are in full compliance.
- All direct City costs, and any liens including lot clearing charges, board up charges, demolition charges, civil penalties, condemnation and legal fees, shall be paid in full prior to the expiration of the Amnesty Program.
- Reductions will be offered at the following rates:
 - Residential and Non-residential Properties: 15% of the total amount owned on fines/liens, not to exceed 5% of the Just Market Value as determined by the Broward County Property Appraiser's Office for 2012.
- A monthly report will be provided to the City Commission summarizing the amnesty program results, and no later than thirty (30) days prior to the end date of the Program, staff will recommend whether or not the City Commission should consider extending the Program.

Many existing code violations will require extensive and often costly work, which may require the expertise of architects and contractors, resulting in the need to obtain and close out necessary building permits. This may result in the need for an extended amnesty program period. In addition, proper public outreach to our neighbors and the real estate and banking communities will be necessary as well as staff preparation for a successful roll out of the Program. It is for these reasons that staff recommends that this resolution be in effect for at least six (6) months, beginning in January 2013 through June 2013.

Resource Impact

As of mid-June 2012, outstanding code liens and fines are estimated to be valued at approximately \$140 million. If one-third of eligible property owners apply for lien amnesty (conservative estimate), the total value of the code liens to be considered for reductions would be approximately \$46 million. If even one-half of those liens are reduced to amounts allowable in the proposed resolution, the City could anticipate approximately \$2.5 million in return.

The resource impact is primarily logistics and staffing. It is anticipated that there will be a significant increase in administrative and inspection duties to implement and provide the appropriate services for this program. Staff will require appropriate time to 'ramp-up' the program and provide sufficient public outreach to promote the program and to ensure the

community can begin necessary preparations for the kick-off in January 2013.

Attachment:

Exhibit 1 – Draft Resolution

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