



Memorandum

Memorandum No: 13-117

Date: May 3, 2013

To: Honorable Mayor and Commissioners

From: Lee R. Feldman, ICMA-CM, City Manager

Re: Status Update for the Code Enforcement Lien Amnesty Program and the Vacant & Abandoned Property Registration Program

I would like to update you on the progress of the Code Enforcement Lien Amnesty Program and the Vacant & Abandoned Property Registration Program, both of which are identified FY2013 Commission Annual Action Plan (CAAP) initiatives.

Lien Amnesty Program

On November 6, 2012, the City Commission approved Resolution 12-210 authorizing a Code Enforcement Lien Amnesty Program to be in effect for six months. The program's intention is to provide the City with a mechanism to clear many old and cumbersome liens and give new and existing property owners an incentive to bring existing violations into compliance within a relatively short period of time in order to qualify for the lien amnesty. Additionally, it was put in place to help stimulate the sale of many abandoned properties that may have previously been thought to be unmarketable due to these encumbrances. The program also allowed existing homeowners, who are in foreclosure but still occupying these properties, to obtain clear title and renegotiate their mortgage with their lender.

The Lien Amnesty Program opened January 7, 2013 and is scheduled to close on June 30, 2013. In December, 2012 staff mailed more than 1,500 letters to property owners that have current liens recorded against their properties advising of the opportunity to reduce their liens through the Lien Amnesty Program. Staff posted information on the City's website, Channel 78, created flyers, and met with property owners promoting the program.

As of April 12, 2013, approximately half-way through the six-month program period, 42 lien amnesty applications have been received, with 31 approved and 11 deemed ineligible. Details of the 31 approved applications are provided below:

| | | |
|---------------------------------------|----------------|---------------------------|
| TOTAL Amount of Original Liens | \$6,492,350.00 | |
| TOTAL Amount of Reduced Amnesty Liens | \$ 156,416.50 | (2.4% of Original Amount) |
| TOTAL Amount of Payments Received | \$ 28,177.25 | (18% of Reduced Amount) |

Of the eleven ineligible applications received, with original lien amounts totaling \$256,466.26, there were various reasons for ineligibility including lack of compliance on the existing code violations, and other non-code enforcement liens on the property that were required to be paid and settled, including water/utility liens, fire liens, and police alarm liens.

Even though the volume of settled liens has been dramatically lower than expected, as a result of mailing 1,500 letters to property owners with outstanding liens, we have also received nine requests for administrative reduction of liens under \$5,000.00.

| | | |
|---------------------------------------|-------------|--------------------------|
| TOTAL Amount of Original Liens | \$17,776.07 | |
| TOTAL Amount of Reduced Amnesty Liens | \$ 6,581.07 | (37% of Original Amount) |
| TOTAL Amount of Payments Received | \$ 6,581.07 | (100% of Reduced Amount) |

In comparison of the City's prior code enforcement lien amnesty program conducted in 2004 the dynamics of property ownership has changed dramatically. In 2004 the vast majority of applicants for the amnesty program were existing and mostly long-term property owners, whereas today, properties have changed ownership several times due to the economic downturn.

Additionally, since 2004 actual real property values have decreased to an amount equaling one half to one quarter of the original mortgage amount causing a high rate of foreclosures. Currently the foreclosure process has expanded from a typical one year to a three or more year legal process. Today, the majority of qualified candidates for the amnesty program are new and potential new owners, and lending institutions themselves.

In comparing the resolutions governing the 2004 and 2012 programs, significant differences in the design and execution of programs were apparent:

2004 Lien Amnesty Program

- Lien settlement for 25% of face value
- Cannot consider settlement for lien already settled by Commission
- Underlying violation must be corrected
- Lien settlement cannot be less than City hard cost
- Full settlement payment must be received by close of program
- Program open 30 days

2012 Lien Amnesty Program

- Residential and Non-Residential properties: lien settlement for 15% of lien not to exceed 5% of Just Market Value as determined by Broward County Property Appraiser's Office
- Property that is the subject of the lien must be fully in compliance with the City's Code of Ordinances, Florida Building Codes and Fire Codes
- All property owned by the same property owner in City of Fort Lauderdale must be fully in compliance with the City's Code of Ordinances, Florida Building Codes and Fire Codes
- All repeat violation owners must prove that all properties owned by them in the City of Fort Lauderdale are fully in compliance with the City's Code of Ordinances, Florida Building Codes and Fire Codes
- All outstanding demolition liens, utility liens, lot clearing liens and board up liens shall be paid in full

- Full and final payment of all fees and costs associated with the Code Enforcement Lien Amnesty Program shall be made prior to the expiration of program
- \$100 non-refundable application fee
- Program open 6 months

Staff will provide a debriefing of the program upon expiration.

Registration Program for Abandoned Residential Properties

On October 2, 2012, the City Commission adopted Ordinance C-12-38 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. This Ordinance requires institutions and owners holding mortgages in default on properties that have become abandoned, to register these properties with the City of Fort Lauderdale.

Additionally, the Mortgagee pays a registration fee of two hundred dollars (\$200.00) dollars per property to offset the administrative and inspection costs related to this program.

On March 6, 2013, staff executed an agreement with Federal Property Registration Corporation (FPRC) to administer the registration process. As part of the contract, FPRC will receive a flat rate of \$100, or 50% of the total registration fee, with the balance of the fee received by the City.

To date FPRC has identified 1,317 properties eligible to be registered through the program. These are properties that FPRC has data showing the property is in the process of being foreclosed. FPRC then contacts the responsible party to advise of the registration ordinance.

Of the total number of properties identified and contacted, 270 have completed the registration process. These are properties where the necessary data has been supplied and the fee has been paid and the properties are considered to have complied with the ordinance registration process. As of March 2013, the City received \$14,300 from FPRC for the successful registration of 143 properties, and the City will continually receive monthly payments from FPRC as registering properties are processed as complete.

FPRC has deemed 1,185 properties to be in noncompliance with the ordinance, either because submitted applications are incomplete, or the registration fee has not yet been paid. FPRC continues to notify the responsible party, advising them to fully complete the registration as they are in violation of the ordinance.

In addition, 53 property owners/entities have requested their property be delisted as a candidate for registration because an action has transpired or a situation exists that exempts the property from the ordinance (i.e., the property is no longer vacant as people are now living in the home).

Staff will continue to update the Commission on this program periodically.

cc: Stanley D. Hawthorne, Assistant City Manager
Susanne M. Torriente, Assistant City Manager
Harry A. Stewart, City Attorney
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