



Legislation Text

File #: ID#17-4131, **Version:** 1

SUBJECT/RECOMMENDATION:

Provide direction regarding establishing a foreclosure policy for properties with code enforcement liens.

SUMMARY:

The Planning and Development Department - Code Compliance Division has been working with the City of Saint Petersburg in order to better understand their Foreclosure Program. The City of Saint Petersburg has been instrumental in developing a Foreclosure Program that has improved since its inception and serves as a model for other municipalities and county governments to follow. Outside Counsel was appointed to be a part of a pilot program for one year and after that one law firm with a proven track record was appointed to represent the City of Saint Petersburg with their Foreclosure Program. The City of Saint Petersburg's best practices are described below:

New Strategy for Economic Development: Foreclosing on a City's Code Enforcement Liens to Remove Blight and Generate Economic Development

The Problem

Cities and municipalities all across Florida face a large and growing problem. Thousands of blighted and abandoned properties that drain resources depress property values and pose continuing public safety risks to the community. The standard response has been to record code enforcement liens, hope these liens force compliance, then sit back and hope that the liens get paid at some time in the future. And while this process may work for some properties for a growing number of troublesome properties, the municipality must take a different and far more proactive approach.

The Solution

Florida law provides a simple and effective way to eliminate blight and force properties into compliance. The solution is for the municipality to foreclose its own code enforcement liens. All that is necessary for a municipality to begin a successful code enforcement foreclosure process is to select one or two of the most troublesome properties and file foreclosure cases in circuit court. Because many of these properties are subject to clouded titles and unclear ownership, foreclosing liens is the only practical way to clear and provide marketable title.

The Process

Every municipality has a handful of properties that have been abandoned and which have been the subject of citizen complaints and code enforcement activity for many years. All that is required to foreclose those liens is to confirm the legal validity of the liens then file a foreclosure case in circuit court. Depending on the response of the property owner and other lien holders, a case could result in a final judgment of foreclosure and a public auction of that property within a few months. Given proper case selection, many properties that are subject to municipal lien foreclosure should be sold to third parties in the same manner that the current glut of foreclosure cases are being sold.

The Costs

With proper case selection an effective municipal code enforcement foreclosure program should be at least revenue neutral to the community and ultimately it should generate income. All costs associated with completing a code enforcement case are incorporated into a final judgment and those costs are paid by third parties that purchase at auction. Importantly, outside counsel appointed will pursue code enforcement foreclosure cases at no cost and no risk to municipalities whatsoever.

Staff is requesting direction regarding Council's desire to have a foreclosure policy for properties with code enforcement liens.

APPROPRIATION CODE AND AMOUNT: N/A

USE OF RESERVE FUNDS: N/A