



#130654A

# Property Registry for Code Enforcement

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# Item History

- 1/16/2014 – Item referred to the Audit, Finance and Legislative Committee.
- 3/31/2014 – Audit, Finance and Legislative Committee received a presentation and asked staff to bring additional information back to the Committee.
- 8/19/2014 – Audit, Finance and Legislative Committee referred the item to the City Commission.

# Property Registry

- What is a property registry?
  - Tool used by local governments to assist in Code Enforcement, Law Enforcement and other government functions.
    - Other tools include field service companies and Mortgage Electronic Registration System (MERS)
  - Requires registration based on status of property.
  - Registration includes information about a property, requirements determined by local government, and usually a registration fee.

# Background

- Three common types of property registries:
  - Occupied properties in pre-foreclosure or bank owned
  - Vacant properties
  - Hybrid model
- Created due to the large number of bank owned properties and properties whose owners were in default on their mortgage.
- The number of property registries increased nationally since 2007 around the time of the foreclosure crisis.
- Florida and California saw the creation of the most registry programs.

# What We Know

- Foreclosure process taking approximately four years
  - Many default properties are occupied
  - Default allows owners to negotiate a restructured mortgage settlement
  - Approximately 300 foreclosed properties sold in the area in the last two years
- Code Enforcement has identified 75 dangerous structures
  - All are vacant
  - Few are bank owned

# What We Know

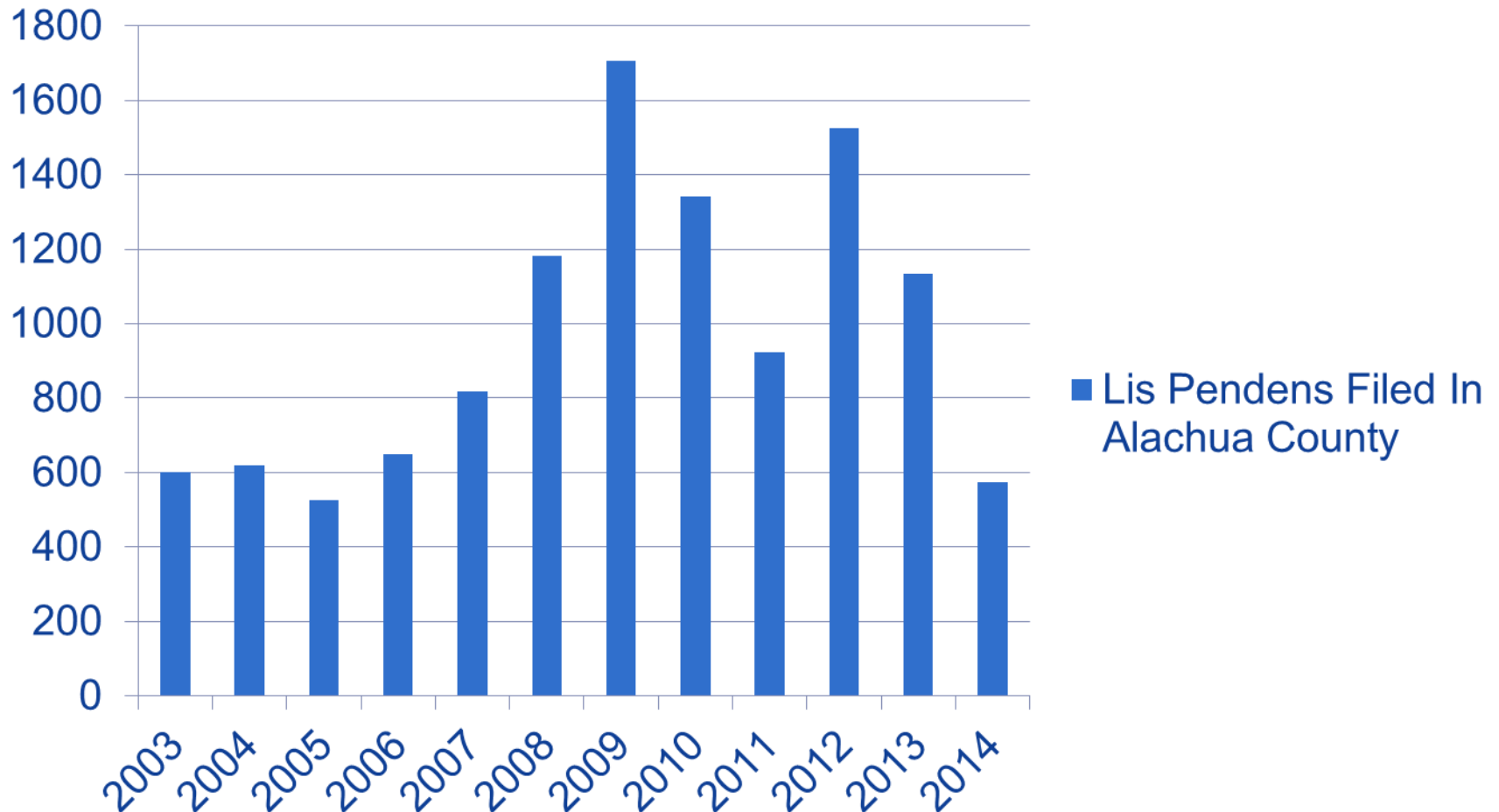
- Banks have contracted with property preservation companies (PPC) to manage properties in default and vacant properties
  - Vacant bank owned / in default properties usually have (PPC) information posted on property
  - Staff has not had difficulty finding PPC servicers
  - PPC process takes time
    - Gaining right of entry to make repairs
    - Getting lender approval to make repairs

# What We Know

- Staff has resources to find owners and other interested parties
  - CLEAR – Research platform with public and proprietary records. Code Enforcement and other city departments utilize this contracted service.
  - Mortgage Electronic Registration System (MERS) – mortgage servicer database
  - Alachua County Public Records

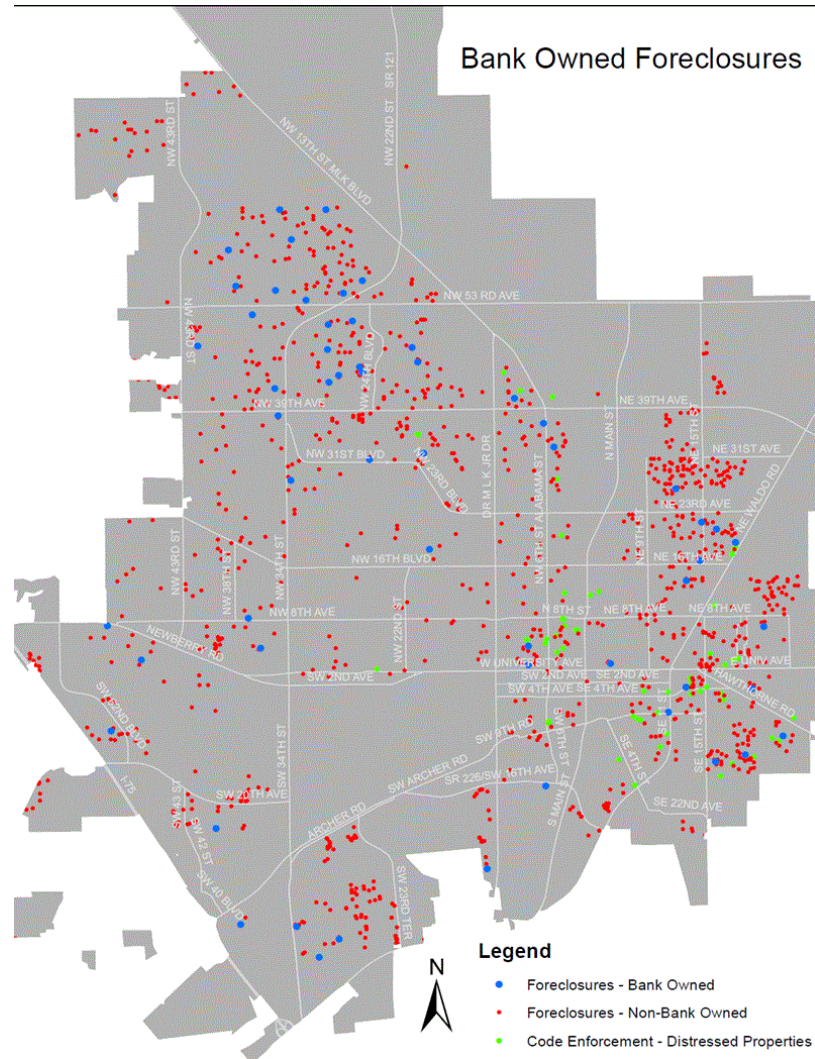
# Lis Pendens Filed by Year

## Lis Pendens Filed In Alachua County



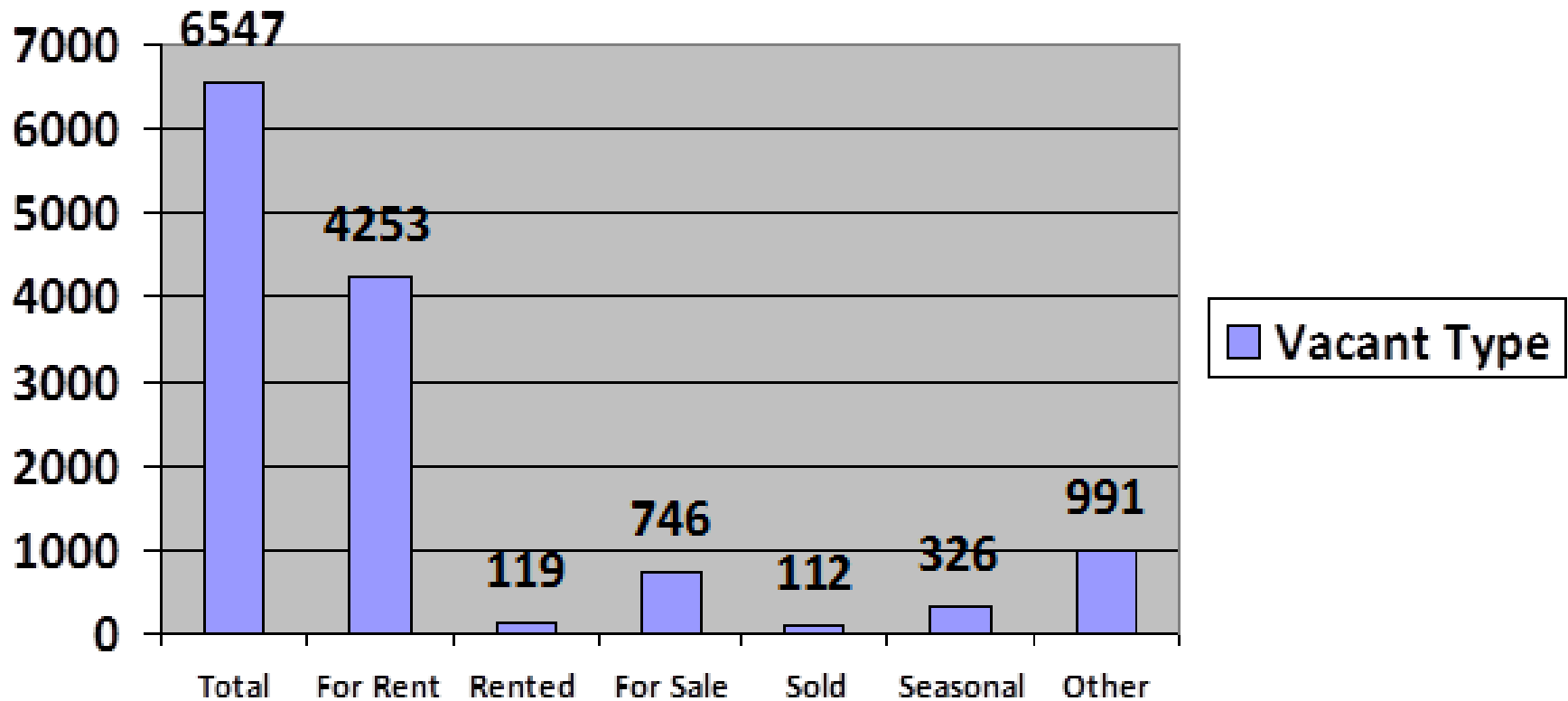


# Properties by Status

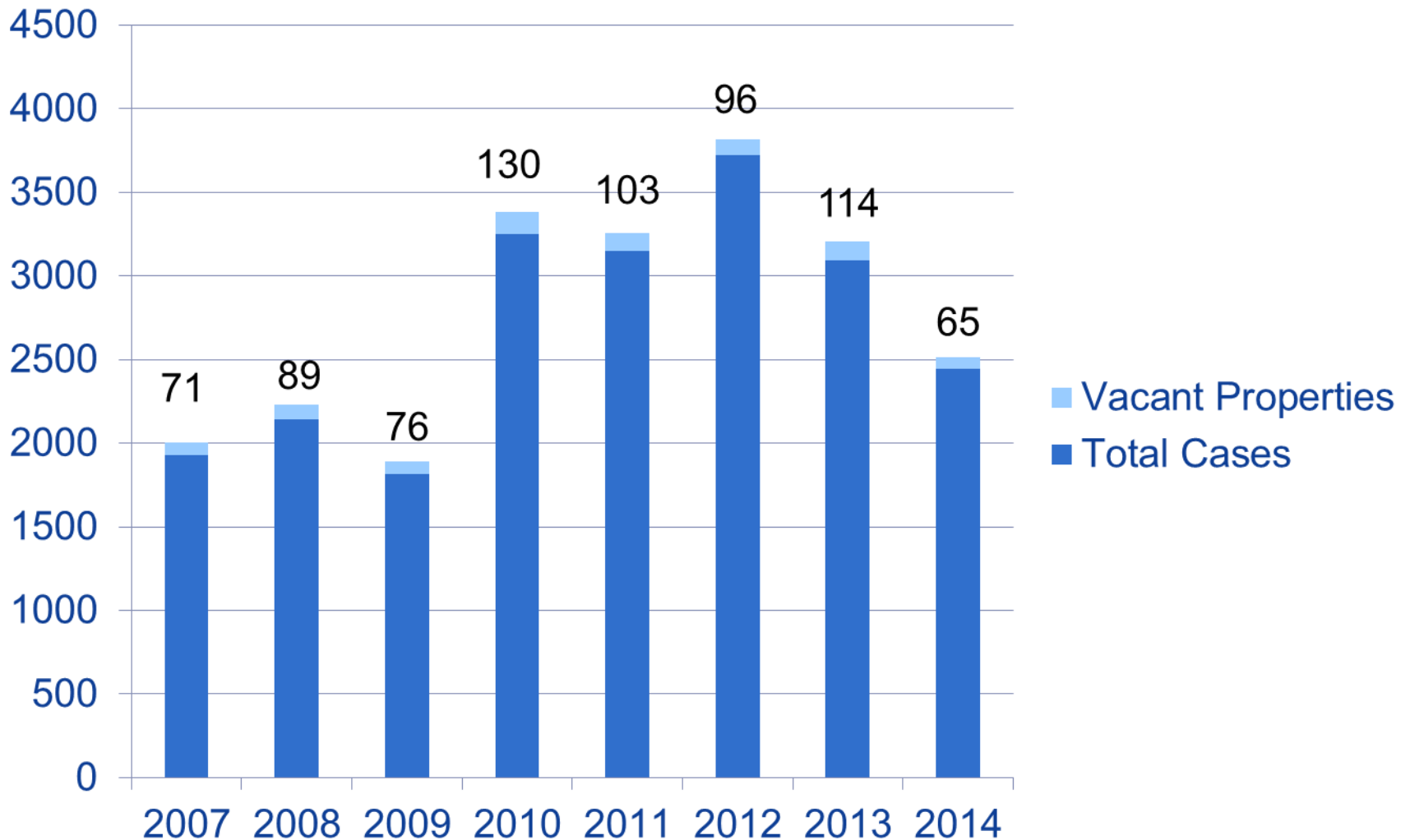


# Vacant Properties (2010 Census)

## Vacant Housing Units by Type



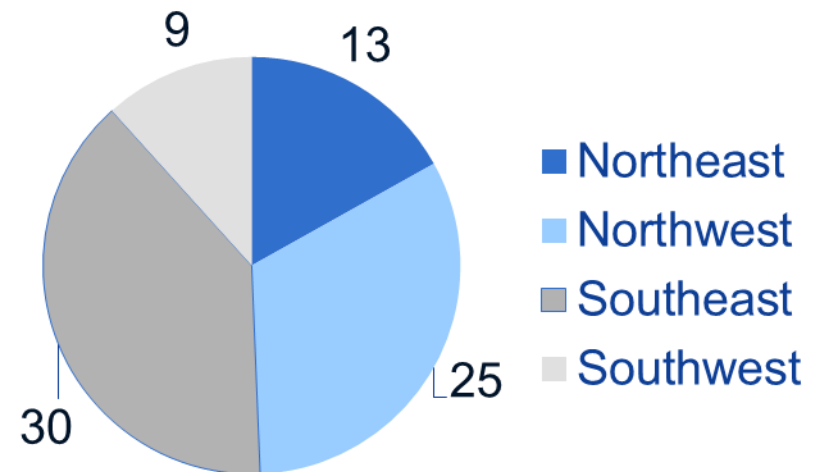
# Vacant Property Cases



# Dangerous Buildings

- Dangerous Buildings
  - Approximately 75 identified dangerous building
  - All are vacant
  - Most are not bank owned
  - Owners given a notice to correct violation or the city will abate it and bill the owner

## Dangerous Buildings



# Peer Community/Stakeholder Feedback

- Staff reviewed 15 Florida municipal property registries including eight peer cities (approx. 115 enacted registries and 20 proposed registries statewide)
- Staff contacted the following stakeholders:
  - Realtors
  - Financial Institutions
  - Chamber of Commerce
  - Code Enforcement Departments
  - Cities with existing property registries

# Peer Community Feedback

- Public Purpose identified among peers includes:
  - A high number of properties that are in default, bank owned, or vacant; and
  - Potential that these properties will become blighted and a public nuisance.
- Initial contact time is improved with registrants information.
- Few enforce failure to register but most said they plan to do so in the future.
- Local governments provided positive registry vendor feedback.
- Revenues used for abatement and related programs.

# Property Registry Options

- Option 1 – Residential properties that are vacant or residential properties in default that have been cited for property maintenance issues.
- Option 2 – All vacant residential properties that are in default or bank owned.
- Option 3 – All occupied and vacant residential properties that are in default or bank owned.
- Option 4 – Do not create a property registry

# Option 1

- Option 1 – Residential properties that are vacant or in default that have been cited for property maintenance issues.
- Peer Jurisdictions
  - Cape Coral



# Option 1

- Information available supports the use of a tool to assist with gaining compliance.
- Only applies to vacant properties and properties in default with existing violations or a history of violations.
- Places accountability and oversight only on nuisance properties and non compliant owners.
- May result in fewer repeat violations.
- May not register if unresponsive to notices of violation.
- Failure to register may result in a violation and fine/lien.
- Would not require a vendor to manage registry.

## Option 2

- Option 2 – All vacant residential properties that are in default or bank owned.
- Peer Jurisdictions
  - Pembroke Pines
  - Hollywood
  - Coral Springs
  - Ft. Lauderdale
  - Apopka
  - Boynton Beach
  - Daytona Beach

## Option 2

- Places the requirement on financial institutions to register any residential property in default or bank owned that is vacant regardless of condition or violation history.
- Challenges with the ability to hold mortgage holders accountable for registration and property maintenance that require right of possession of the property.
- May complicate attempts by owner to negotiate a restructured settlement.
- Staff time would require and outside vendor.

# Option 3

- Option 3 – All occupied and vacant residential properties that are in default or bank owned.
- Peer Jurisdictions
  - Any property in default:
    - Lakeland
    - Coral Gables
    - Ft. Myers
    - St. Petersburg
    - Titusville
  - Properties that are vacant or in default:
    - Port St. Lucie
    - West Palm Beach

## Option 3

- Places the requirement on all financial institutions with residential property in default or bank owned regardless of occupancy, condition or violation history.
- Staff does not have data available to quantify these properties have been problematic.
- Challenges with the ability to hold mortgage holders accountable for registration and property maintenance that require right of possession of the property.
- May complicate attempts by owner to negotiate a restructured settlement.
- Staff time would require an outside vendor.

## Option 4

- Option 4 – Do not create a property registry.
  - Continue to use existing resources to determine ownership and other parties with interest in the property.
  - Peer feedback suggests a benefit of a registry is improving initial contact time although gaining compliance can still take time due to gaining right of entry and approval for work.
  - Revisit once vacant property task force report is submitted and data from Shimberg Center is available.

# Property Registry Proposal

- Annual registration including fee.
- Register any real property found to require registration within 10 days of notice or vacancy.
- Registration valid for one year and renewed annually if required.
- Vacancy defined as unfit for human habitation or evidence of abandonment.
- Owners of vacant or abandoned property will contract with property manager or preservation service and provide contact information.

# Property Registry Proposal

- Agreement to maintain the property in accordance with City of Gainesville ordinances related to property maintenance.
- Vacant properties or nuisance properties in default will require posting of the contact information for a bank contracted preservation service.
- Vacant property owners will submit a trespass authorization to GPD.



# Summary and Recommendation

- Provide approval for a property registry program;
- Direct the City Attorney to draft and advertise a proposed ordinance; and
- If option #2 or #3 is selected, initiate a Request for Proposals for a vendor to manage the property registry program.