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# 191738

Emergency Ordinance

## \*Amend Collections and Foreclosure Process Code to shorten the redemption period (amend Code Sections 5.30.020 and 5.30.190)

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. Portland City Code Chapter 5.30 establishes a process for foreclosing delinquent liens on properties. The foreclosure process is generally used as a last resort, after repeated code violation fines and liens have gone unpaid.
2. Portland City Code Section 5.30.020 Definitions Subsection K. "Redemption period" means one year from the date of a foreclosure sale, commencing on the day after the sale and ending at 5:00p.m. (PST) on the 365th day thereafter, unless the 365th day falls on a Saturday, Sunday or legal holiday specified in ORS 187.010 (2001), in which case the last day for redemption shall be 5:00 p.m. (PST) on the next working day.
3. Portland City Code Section 5.30.020 Definitions Subsection L. "Redemption price" means the sales price plus redemption interest and redemption penalties accrued during the redemption period.
4. Portland City Code Section 5.30.190 Certificate of Sale and Notice of Sale to Property Owner Subsection A. After a foreclosure sale, the City Treasurer shall promptly deliver a certificate of sale to the purchaser. The certificate of sale embodies the right to own the property at the end of the redemption period. The holder of a certificate of sale holds the certificate of sale subject to the rights of all persons having an interest in the property to redeem it, the right of the City to place additional liens on the property and the right of another unit of government to foreclose upon the property. All liability remains with the persons having an interest in the property until the City issues a deed at the end of the redemption period.
5. Portland City Code Section 5.30.190 Certificate of Sale and Notice of Sale to Property Owner Subsection B. The certificate of sale shall include the following information: a description of the delinquent account for which the property was sold; a description of the property; a statement of the amount for which it was sold; the redemption interest rate and the

### Changes

[Ordinance 191738](#)

June 28, 2024

[View all changes](#)

### Introduced by

[Mayor Ted Wheeler](#)

### Bureau

[Management and Finance;](#)  
[Revenue Division](#)

### Contact

**Sharon Nickleberry Rogers**

Financial Analyst III, Budget and  
Liens Supervisor

✉ [sharon.nickleberryrogers@portlandoreg.gov](mailto:sharon.nickleberryrogers@portlandoreg.gov)

📞 [503-823-2593](tel:503-823-2593)

Monday - Friday, 9:00am -  
6:00pm

### Requested Agenda Type

Regular

### Date and Time Information

**Requested Council Date**

May 29, 2024

**Time Requested**

10 minutes

Changes City Code

amount of the redemption penalty; the name of the purchaser; and, a statement that the property is being sold subject to the right of redemption within one year from the date of the certificate of sale.


6. Portland City Code Section 5.30.170 Conduct of Foreclosure Sale Subsection E. Property which is not sold may again be offered for sale. The steps in Sections 5.30.130 through 5.30.240 shall be followed.
7. The City Treasurer's Foreclosure sales over the past few years resulted in properties remaining on an approved Council Foreclosure Sale List because the property did not sell. These properties, then go through the notification process and are included on any new list of properties considered by Council for Foreclosure Sale.
8. The one year redemption period is a deterrent for potential buyers at the auction, due to the fact that the successful bidder has an investment in a property, which is not truly owned until the end of the redemption period. As a result, the successful purchaser is reluctant to remedy the property ailments and incurring additional costs which may not be entirely refunded by the redemption price.
9. The Revenue Division, Bureau of Development Services along with the City Attorney's Office, Mayor's and Commissioner's staff have vetted a shortened time period and received feedback from potential buyers that a shortened time period would attract more buyers.
10. To increase the likelihood of properties selling at a Foreclosure Sale once placed on the list and not be held for sale on a subsequent list, the redemption period should be 90 days.

NOW, THEREFORE, the Council directs:

- A. City Code Sections 5.30.020 and 5.30.190 are amended as shown in Exhibit A.

Section 2. The Council declares that an emergency exists for shortening the redemption period to address resolving issues affecting the neighborhoods where distressed and vacant properties don't sell at a foreclosure sale and the properties that do sell continue to be a problem because of the one year redemption period; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

## Documents and Exhibits

 [Exhibit A \(https://www.portland.gov/sites/default/files/council-documents/2024/exhibit-a-chapter-5.30.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2024/exhibit-a-chapter-5.30.pdf) 395.37 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council  
May 29, 2024

Auditor of the City of Portland  
Simone Rede

## Impact Statement

### Purpose of Proposed Legislation and Background Information

This ordinance seeks amendment to the redemption time period for properties sold at a City of Portland Foreclosure Sale under City Code 5.30. Liens were placed against certain properties by the Bureau of Development Services for code enforcement, code violations, or nuisance abatement. All the liens were delinquent, and the violations have not been corrected and certain properties were approved for a Foreclosure Sale conducted by the City Treasurer.

The City Treasurer, City Attorney, Bureau of Development Services and Office of Management and Finance's Bureau of Revenue and Financial Services, Revenue Division have collaborated and received feedback from potential buyers of foreclosed properties and neighbors about the length of time for solving the issues with the property after the property sells.

This amendment comes before Council as part of a coordinated effort by the Mayor's Office, Bureau of Development Services and Office of Management and Finance's, Bureau of Revenue and Financial Services, Revenue Division to actively pursue remedies, including foreclosure, for vacant and distressed properties to increase the likelihood of attracting more potential buyers. This amendment would shorten the redemption period allowing the property owner one last chance to redeem their property within ninety (90) days after the sale rather than one year.

In the past years of the program, not one previous homeowner has exercised their redemption property rights. Throughout the delinquency period, follow up notifications by the Foreclosure Prevention Manager and City Treasurer notification before the sale, there is approximately a one year period whereby the property owner can remedy the delinquent liens and retain property ownership. Additionally, certain properties usually are included in more than one foreclosure sale before they are purchased. However, once the property is sold, an additional one year time period exists for the property owner to redeem ownership and the successful foreclosure sale buyer is limited to make any changes because of the one year redemption period.

All of the other notifications will continue, which are opportunities for the property owner to remedy the problem, pay delinquent liens and retain ownership. Having approximately one year before the sale is conducted after notifications begin is considered a reasonable time for a property owner to retain ownership. Shortening the redemption period to ninety (90) days will benefit the purchaser being able to remedy any problems and get the property into productive use and reduce the neighbors frustration about a foreclosure sale that still keeps the property in its same unchanged condition.



## Financial and Budgetary Impacts

Once the City forecloses on this property, proceeds generated by the sale will recover the cost of conducting the sale, the amount owed on liens, and collection and foreclosure costs for the Revenue Division, the City Treasurer, and the Bureau of Development Services.

However, when the property is held for the next foreclosure sale, additional cost of conducting the sale is incurred and additional nuisance and/or code violations may continue and cause neighborhood safety issues. Based on the number and cost of hold over properties, as of April 30, 2024, the expected additional sales costs for the three properties are estimated at approximately \$10,000 each for a total of \$30,000, which include title company insurance, public notifications, postage, and staff salaries.

There is not a budgetary impact.

## Community Impacts and Community Involvement

The sold property still presents major problems for the neighbors and neighborhoods in the community because it continues to remain in its current condition after the sale. Problems include criminal behavior, unlawful occupants, and unsafe and/or unhealthy conditions. The buyer is reluctant to invest additional resources into the property at risk of a property owner redeeming their property and not recovering their investment in the property. Shortening the redemption period for Foreclosure Sales is recommended as one of the tools available to the City to reduce neighborhood frustration, resolve blight and put properties back into productive use in a shorter time period.

## 100% Renewable Goal

Not applicable.

## Budget Office Financial Impact Analysis

No fiscal impact. The amendment shortens the redemption period allowing owners of foreclosed properties one last chance to redeem their property from one year after the sale to ninety (90) days.

## Document History

Item 446 Regular Agenda in [May 29-30, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/5/29)  
(<https://www.portland.gov/council/agenda/2024/5/29>)

City Council

Passed

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea