

Lien Reduction Case Review Process

Bureau of Development Services



City of Portland, Oregon

**BUREAU OF
DEVELOPMENT
SERVICES**

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The assessment of monthly code enforcement penalties are imposed in most cases as a last resort and are intended to create incentives for property owners to correct their code violation case(s). However, when property owners ignore the City’s request for compliance or are unable to address the code violations at their property, enforcement penalties can accumulate rapidly. This may result in a large lien on the property.

The number of requests for lien reduction received from property owners have increased in recent years in part due to a struggling economy and particularly since the Auditor’s Office began a foreclosure process to collect unpaid city liens. Property owners faced with the possibility of losing their property have turned to the Commissioner’s Office and the Bureau of Development Services for assistance with resolving their code enforcement liens.

Based on the review of several hundred liens during the first phase of the foreclosure process, the Bureau of Development Services recognizes the need to have lien reduction criteria in place for reviewing a variety of cases to provide relevant and consistent outcomes. The following code enforcement thresholds and lien reduction criteria have been developed by Commissioner Leonard’s Office and the Bureau of Development Services for application during the lien reduction review process.

Maximum Code Enforcement Penalties

- Penalties will accrue at the regular rate until the point at which the property returns to compliance with applicable codes and the violation case is closed.
- If all violation cases on the property are closed and the violations corrected, upon request or based on an internal review the lien balances will be reduced to an amount not to exceed those noted below. The maximum code enforcement penalties are for all enforcement cases that have accrued on a site since the time of purchase. Property owners benefiting from reduction of outstanding code enforcement liens at time of purchase do not qualify for reductions to the maximum code enforcement penalties listed below. These maximums are contingent upon payment arrangements being made on the reduced balance. In cases involving repeat offenders or chronic nuisance properties, the Management Case Review Committee will rule on whether reduction to the maximums outlined below will be applied, and reserves the right to not cap penalties for repeat offenders.
- In addition to the reduction to a maximum penalty, the lien may be further reduced if the case meets a basis for further reduction using the lien reduction criteria (see pg. 3/4).

Property Usage	Maximum Code Enforcement Fee Penalty (including interest, penalty & principle)
<ul style="list-style-type: none"> ▪ Owner occupied ▪ Single family (1-2 units) 	\$6,500
<ul style="list-style-type: none"> ▪ Income generating property ▪ Single family (1-2 units) 	\$10,000
<ul style="list-style-type: none"> ▪ Income generating property ▪ Multi-family (3+units) 	\$5,000 per unit
<ul style="list-style-type: none"> ▪ Vacant Lots ▪ Vacant Commercial / Residential Buildings 	\$5,000 \$10,000
<ul style="list-style-type: none"> ▪ Commercial occupied property ▪ 3,000 square feet or less 	\$5,000
<ul style="list-style-type: none"> ▪ Commercial occupied property ▪ Over 3,000 square feet 	\$10,000

Definition – Case/Lien type	Maximum Charges
<ul style="list-style-type: none"><li data-bbox="73 184 324 216">▪ Vacation orders<li data-bbox="73 216 519 247">▪ Dangerous building abatement	Hard costs and administrative costs only

Lien Reduction Criteria

	Up to 100% Reduction	Up to 50% Reduction	NO Reduction
Financial/ Physical Hardship	<p>Documented medical/financial hardship prevented property owner from reaching compliance in a timely manner. (i.e. life threatening, terminal or mental illness; natural disaster; victim of fraud)</p> <ul style="list-style-type: none"> ▪ Property is owner occupied or vacant. ▪ Life/safety issues not a factor. ▪ Evidence of reasonable effort to comply based on circumstances. <p>Waive 100% of penalties for the period of documented temporary medical/financial hardship, which prevented property owner from reaching compliance in a timely manner. (i.e. job loss, stroke or heart attack, dependent care)</p>		
Low-Income Waiver	<p>Waive liens for low-income property owners where the total household income is equal to or less than 80% of median.</p> <ul style="list-style-type: none"> ▪ Property is owner occupied or vacant. ▪ From time when progress was made to comply. ▪ No significant fire/life/safety issues exist. 		
Consistent Payments	<p>Apply payments to principle and waive interest when consistent payments have been made for approximately 2 years to satisfy lien.</p>		
Multiple cases-same violation	<p>There are multiple assessments and/or cases for the same or similar types of violations (close most recent case).</p>		
Lapse of contact	<p>Records indicate that contact with the property owner lapsed for 2 years or more while the case was open. Waive charges during the period of lapse.</p>		
Error in Notification/ Citation	<ul style="list-style-type: none"> ▪ Administrative error in notifications required by code. ▪ Violations cited in error. ▪ Lack of clear communication about requirements to resolve the case. 		
Evidence of Progress		<ul style="list-style-type: none"> ▪ No significant Fire/Life/Safety violations. ▪ Case closed within 2 years; no additional valid complaints or abatements at property. ▪ Evidence of progress to correct violations. ▪ Vacated property when problems identified. 	<ul style="list-style-type: none"> ▪ Significant fire/life/safety violations. ▪ Occupied rental property. ▪ Lack of progress to correct violations in a timely manner.

	Up to 100% Reduction	Up to 50% Reduction	NO Reduction
Hearings Officer Penalties			Civil penalties imposed by the Hearings Officer will not be reduced.
Hearings Officer Filing Fee Only	Waive lien for Hearings Officer filing fee when this is the only lien (no civil penalty resulted).		
Delay in Process	Delays in the LUR, building permit process or other delays that were beyond the applicant's control. Waive charges during the period of delay.		
Interest	If no other basis for reduction identified, offer to waive interest if payment arrangements made within 30 days (may be partial or full interest waived depending on property/case history)		

Receiving Requests

- All BDS enforcement cases, including case in question, should be closed. Exceptions will be made when necessary.
- The request should be in writing and signed by the property owner or their representative. Exceptions will be made when necessary.
- The request should contain contact information for the person making the request including: Full name, mailing address, address of subject property, telephone number and reason for the request.

Processing Requests

1. Apply current policies and procedures to old cases when possible and appropriate.
2. Apply lien reduction criteria (see pg. 3/4).
3. Apply maximum penalty thresholds if appropriate (see pg. 2).
4. Determine if property owner qualifies for existing waivers (i.e. low-income, new owner, renovation, administrative, etc.) and apply when possible. Waivers may be applied retroactively if necessary.
5. If possible, decisions will be reached within 30 days of receipt of request for non-foreclosure cases; 45 days for foreclosure cases. Decisions will be put in writing, sent to the property owner or representative and attached in TRACS.
6. Property owners or representatives will be allowed one lien reduction review per case. Once an offer is made, no more than 2 extensions to meet requirements of offer will be granted. Repeat offenders are not eligible for additional reviews and/or reductions unless approved by the Management Case Review Committee. Exceptions must be accompanied by detailed explanations.

7. If the BDS Case Review Committee determines that unique circumstances exist, or their rulings are appealed, then the request shall be reviewed the by Management Case Review Committee (see below).
8. If the Management Case Review Committee determines that unique circumstances exist, or their rulings are appealed, then the request shall be reviewed the by the Commissioner's Office (see below).
9. Approved amendments of the Lien Reduction Case Review Process document are recorded with the Auditor's office.

