

IMPACT STATEMENT

Legislation title: Report to Council: Foreclosure List 2016-01

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Purpose of proposed legislation and background information:

This report to Council contains five properties with delinquent liens that are eligible for foreclosure under City Code 5.30. The liens were placed on the property by the Bureau of Development Services for code enforcement, code violations, nuisance abatement, or chronic offender violations and are delinquent on their lien payments.

These properties are the first set to come before Council as part of a coordinated effort by the Mayor's Office, Development Services, the Police Bureau, the Auditor's Office, and the Office of Neighborhood Involvement to actively pursue remedies, including foreclosure, for vacant and distressed properties. These properties have been identified as causing significant problems for neighbors and are the subject of multiple and frequent police calls and numerous enforcement activities.

The Foreclosure Manager in the Auditor's Office has reviewed each case to ensure it meets criteria for foreclosure. He has also reviewed whether any aggravating or mitigating conditions exist within the case history that would prevent the City from moving forward with foreclosure or warrant an adjustment of lien amounts. Any recommendations on lien adjustment have been presented to the Collections Committee, made up of two representatives from Commissioners' Offices, one representative from Development Services, and one from the Office of Management and Finance. The Collections Committee has made its determination on any lien adjustments and properties owners were notified of their decision. Each of the properties on this foreclosure list has also received notification of pending foreclosure action.

Financial and budgetary impacts:

If the City forecloses on these properties, cost recovery revenue will be generated through the sale. However, there are too many unknown factors to provide a firm estimate on how much. These unknown variables include the number of foreclosure sales that are completed, the sales price, the cost of conducting the sales, market interest in the properties, and the amount owed on liens.

The payment of liens through foreclosure will mean revenues to the lien holder, Development Services, and repayment of collection and foreclosure costs for the Auditor's Office and the Treasurer. Although it is not possible at this point to estimate the sales price or cost of conducting the sale, if all five properties sold for only the amount of liens as of 06/06/16, the City would recover \$378,290.55. Actual cost recovery is likely to be higher.

Community impacts and community involvement:

The Mayor's Office has convened a work session and two monthly meetings at which community members have spoken about the adverse neighborhood effects of having vacant, abandoned properties nearby. Such homes have problems with squatters, criminal behavior, and unsafe or unhealthy conditions. Foreclosure is one tool to resolve blight and put properties back into productive use.

Budgetary Impact Worksheet

Does this action change appropriations?

YES: Please complete the information below.

NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount