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2025-062

Ordinance

Initiate foreclosure action on 11514 SE Alder St for the collection of delinquent City Liens placed against the property

Referred

The City of Portland ordains.

Section 1. The Council finds:

- 1. Portland Administrative Rule ADM-14.10 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 Administrative Rule ADM-14.10 section 5.30.100 requires the Revenue Division, Office of Budget & Finance to prepare a proposed foreclosure list and submit the list to the City Council for action.
- 3. In November 2024, Portland Permitting and Development submitted properties it identified as priority Vacant and Distressed Properties to the Office of Budget and Finance, Revenue Division for foreclosure consideration. After review and analysis of the cases, this property qualified to be added to the foreclosure list and is being submitted to Council based on their potential to help solve public health, safety, or welfare objectives, pursuant of Portland Administrative Rule ADM-14.10 section 5.30.100. Additional consideration was given to the number of abatements, whether the property owner had multiple delinquencies and the negative impact the property was causing to the neighborhood.
- 4. The Office of Budget and Finance mailed notices to the property owners and mortgagees, by certified mail with return receipts required, of pending foreclosure action on the property between January 8, 2025, and February 26, 2025, as required by Portland Administrative Rule ADM-14.10 section 5.30.050 (D).

NOW, THEREFORE, the Council directs:

A. The City Council approves Foreclosure List 2025-01, as attached as Exhibit A, and directs the City Treasurer to begin foreclosure proceedings to sell the following property: Document number 2025-062

Introduced by Mayor Keith Wilson

City department

Revenue Division

Contact

Kevin Foster

Foreclosure Prevention Manager (Coordinator III)

kevin.foster@portlandoregon.gov

Include property address in the subject line of emails.

<u>503-823-5186</u>

Monday - Friday 7:30am -4:30pm

Agenda Type

Regular

Date and Time Information

Meeting Date March 19, 2025

- 1. 11514 SE Alder St, Kendall L. Rich, owner of record. Tax no. R858700870.
- B. The City Council accepts the Foreclosure Reports, attached as Exhibit B.
- C. Pursuant to Portland Administrative Rule ADM-14.10 section 5.30.210, the owner or any person having an interest in the property, or their legal representative, may redeem the property by paying the redemption price to the City Treasurer at any time within 90 days from the date of the foreclosure sale.

Exhibits and Attachments

- Exhibit A 425.99 KB
- Exhibit B 44.48 KB
- Presentation 1.45 MB

Impact Statement

Purpose of Proposed Legislation and Background Information

This ordinance begins foreclosure proceedings on this property with delinquent City liens that are eligible for foreclosure under Administrative Rule ADM-14.10. The liens were placed against the property by Portland Permitting and Development for code enforcement, code violations, nuisance abatement or chronic offender violations.

This property comes before Council as part of a coordinated effort by the Mayor's Office, Portland Permitting and Development and the Revenue Division to actively pursue remedies, including foreclosure, for vacant and distressed properties. This property has been identified as causing significant problems for neighbors and are the subject of multiple and frequent police calls and numerous enforcement activities.

The Foreclosure Prevention Manager in the Revenue Division has reviewed each case to ensure it meets criteria for foreclosure. The Foreclosure Prevention Manager 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 the lien amounts. The property owner and parties of interest have received notification of the pending foreclosure action.

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 Portland Permitting and Development.

Based on the number and amount of the liens, as of February 25, 2025, the amount expected to be recovered is \$6,724.36. Actual cost recovery may differ.

Economic and Real Estate Development Impacts

Not applicable

Community Impacts and Community Involvement

The property has presented major problems for the neighbors and neighborhoods in the community. Problems include criminal behavior, unlawful occupants, and unsafe and/or unhealthy conditions. Foreclosure is being employed as one of the tools available to the City to resolve vacant and distressed properties and put them back into productive use.

100% Renewable Goal

Not applicable

Financial and Budget Analysis

This action authorizes initiation of foreclosure proceedings on property with delinquent City liens at 11514 SE Alder St. 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 Permitting and Development. The amount expected to be recovered is approximately \$6,724.36.

Document History

Document number: 2025-062

| Agenda | Council action |
|--|---|
| March 5, 2025 Regular Agenda City Council | Passed to second reading Passed to second reading March 19, 2025 at 6:00 p.m. |
| March 19, 2025 Regular Agenda City Council | Referred to Mayor |

REPORT TO COUNCIL Foreclosure List 2025- 01

February 25, 2025

| Property Owner | Tax Roll Description | Property Address | Lien Acct | Amount Ower Tax Acct | Assessment Date | Delinquency Date | Property Type | Lien Type | No. Liens |
|--|----------------------|-------------------|------------------|--|-------------------------|-------------------------|--|------------------------------------|-----------|
| 1 Kendall L Rich | VENTURA PK, BLOCK | 11514 SE Alder St | 176543 177387 | \$906.92 R858700870 \$5,817.44 R858700870 | 3/18/2024 10/10/2024 | 4/18/2024 11/10/2024 | Residential Improve Residential Improve | ed Code Enforcement ed Nuisance | Fees |
| | | | TOTAL | \$6,724.36 | | | | | 2 |
| Total amount owed as of February 25, 202 \$6,7 | 24.36 | | | | | | | | |
| Number of properties | 1 | | | | | | | | |
| Total number of liens | 2 | | | | | | | | |



CITY OF PORTLAND

Office of Budget and Finance

Mike Jordan, City Administrator Jonas Biery, Chief Financial Officer Thomas Lannom, Revenue Division Director Email: Liens@PortlandOregon.gov (503) 823-4090

> Mail: PO Box 8834 Portland OR 97207-8834

Foreclosure Recommendation Report

The Office of Budget & Finance recommends foreclosure on **11514 SE Alder St** for delinquent City Liens. The lien accounts meet delinquency requirements, and no mitigating factors were discovered that would prevent foreclosure or indicate that an adjustment of the lien amount is in order.

Summary Information

Site Address: 11514 SE Alder St Recorded Property Owner: Kendall L. Rich Property ID: R293493 Lien Account Numbers: 176543 and 177387 Type of Liens: Code Enforcement and Nuisance Use of Property: Residential Improved Amount of Delinquent Liens: \$6,724.36 Payoff Amount Recommended: \$6,724.36

General Information

This property is included on the list of "Distressed Vacant Properties" provided by Permitting & Development and the property has been identified as priority for foreclosure. Permitting & Development and in some instances the Portland Police Bureau have expressed concerns that these properties are nuisances to the neighborhoods where they are located. In many instances, the Police Bureau is called to disturbances at these properties frequently. Neighbors complain that many of these properties are inhabited by unlawful occupants and there are commonly illegal activities taking place, which jeopardizes the public health, safety, and welfare of the neighborhood.

Many of these properties are investment properties owned by financial institutions or absent owners who have no vested interest in the neighborhood effects such distressed properties have on the community. They are demonstrated hazards and magnets for crime. For these reasons, the Office of Budget & Finance recommendation is for these distressed and egregious properties are concise and generally maintain the amount owed as is with no recommended reduction in lien amount, except in cases where mitigating circumstances point toward improved property owner compliance with a reduced lien amount.

Lien Details

| Liens No. | Assessment Date | Lien Type | Balance |
|-----------|-----------------|------------------|------------|
| 176543 | 3/18/2024 | Code Enforcement | \$906.92 |
| 177387 | 10/10/2024 | Nuisance | \$5,817.44 |

Total amount due as of February 25, 2025

Please note the balance will be recalculated on the sale date.

Property Summary

The property owner is deceased. The owner's son is working through probate with the end goal of getting this property sold. The son lives out of state. The complaints on this property were for squatters at the property and they were leaving behind excessive trash and debris.

Police Involvement

Between March 27, 2024, and February 18, 2025, there have been 8 police calls to the property address. There have also been 6 police calls within 200 feet of the property. The majority of the calls were for disorder.

Evaluation Criteria

City Code 5.3.060 states that "the Revenue Division may evaluate individual delinquent open liens to develop recommendations on revising the payment amount of the lien and the payment terms.

| Criteria (City Code 5.30.060) | Yes | No | Unknown |
|--|--------------|----|--------------|
| Property owner has committed prior City Code violations or has a | | | |
| delinquent account | | | |
| Property owner has taken steps to correct violation or resolve any | \checkmark | | |
| delinquency | | | |
| Property owner's financial condition allows to resolve the problem | | | \checkmark |
| Violation of high gravity and magnitude | \checkmark | | |
| Violation was intentional or negligent caused by the property owner | | | |
| Violation was repeated or continuous | | | |
| High degree of difficulty to correct the violation or delinquency | \checkmark | | |
| Economic or financial benefit accrued to property owner as a result of | | | \checkmark |
| the violation | | | |
| Property owner is cooperative and making an effort to correct the | | | |
| violation | | | |
| Cost to the City to investigate and correct the violation | | | |
| Any other relevant factor | | | |

Communication between the Owner and the Liens Team

I have spoken with Mr. Rich's son, and he has been able to close the open cases. He did agree to

a payment plan for the outstanding balance due on the liens; however, payment and signed agreement has not been received. There are two required Notice of Foreclosure letters that must be mailed to the property owner and parties with interest in the property. The required foreclosure letters were sent between 1/8/2025 - 2/26/2025.

Foreclosure List March 5, 2025



E σ 0

Portland Permitting and Development (PP&D): recommends properties to the Revenue Division for foreclosure consideration

<u>City Attorney</u>: identifies barriers to foreclosure and advises on legal matters

Revenue Division: reviews delinquent accounts, PP&D and City Attorney recommendations, and determines which properties to submit to Council for foreclosure consideration

<u>City Treasurer</u>: conducts the foreclosure sale

City Foreclosure Program

Focused effort on vacant and distressed properties

Minimize the adverse effects caused in the community

To prompt the owner to bring the property into productive use

Used as a last resort when all other options have been exhausted

Characteristics of Foreclosure Referrals

| Community complaints and code violations | Illegal activity / history of police involvement | Trash and debris | Vacant and distressed |
|--|--|--|--------------------------|
| City's incentives do not motivate owner to act | Unresponsive or absent owners | Occupants without ownership unlawfully accessing property | Landscape uncared for |

Uncorrected violations tend to worsen over time

How can owners avoid, reduce, or pay liens?

Lien Reduction Review Program:

• After the case is closed, owners can apply to have their lien balance reviewed.

Waivers:

• Engaged owners are given fee waivers while they work to correct the violations.



Payment Plan Agreements

- Catch Up Plan payment plans that extend up to 60 months
- Hardship Plan pay interest and billing charges for a period not to exceed 12mo

Agreement for resolution:

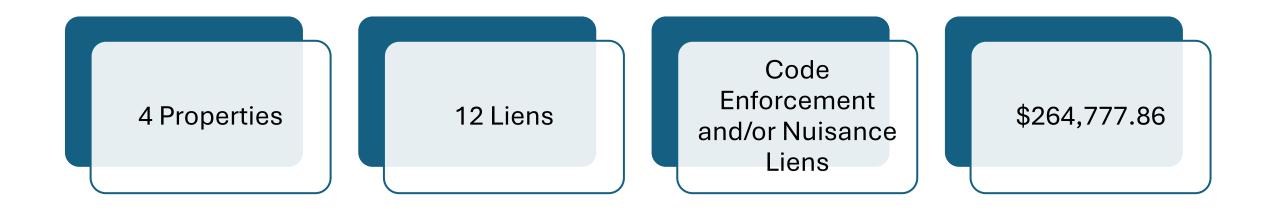
• Collaborate on a reasonable plan to bring resolution

Foreclosure Program Results:

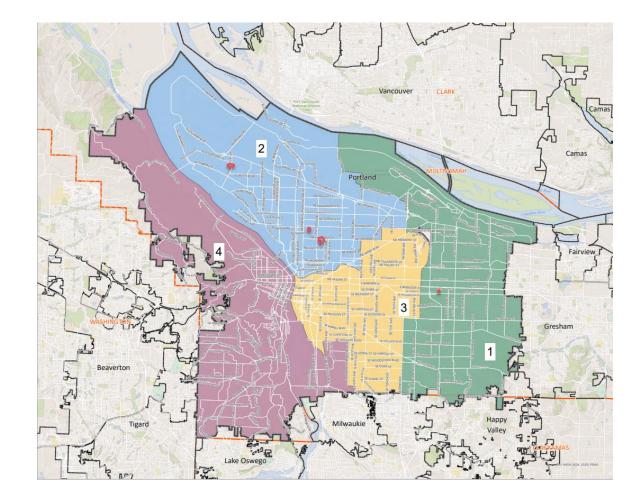
(September 19, 2016 – January 31, 2025)

- 57 properties referred for foreclosure consideration
- 42 properties paid off all liens prior to foreclosure sale
 - \$2.2 million collected
 - 74% of properties avoided foreclosure
- 10 properties sold at City foreclosure sales
 - \$1.3 million in proceeds from the sales

Properties Recommended for City Foreclosure

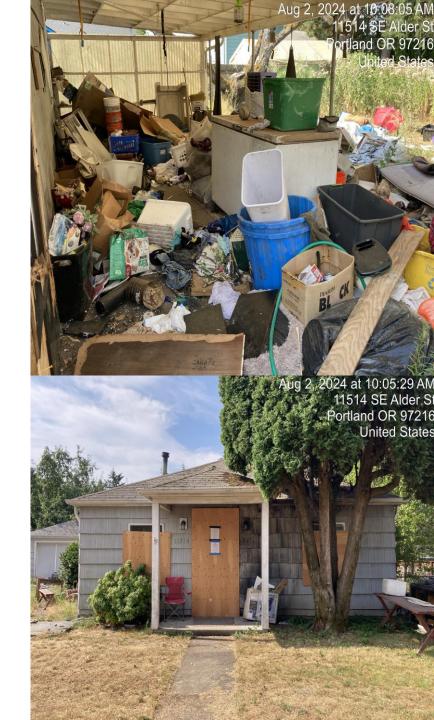


City of Portland District Map



11514 SE Alder St

- Property located in District 1
- Two liens against the property
- Delinquent since 2024
- Total amount owed: \$6,724.36 (As of February 25, 2025)
- Owner: Estate of Kendall L. Rich
- Unlawful occupancy
- Excessive trash and debris at the property



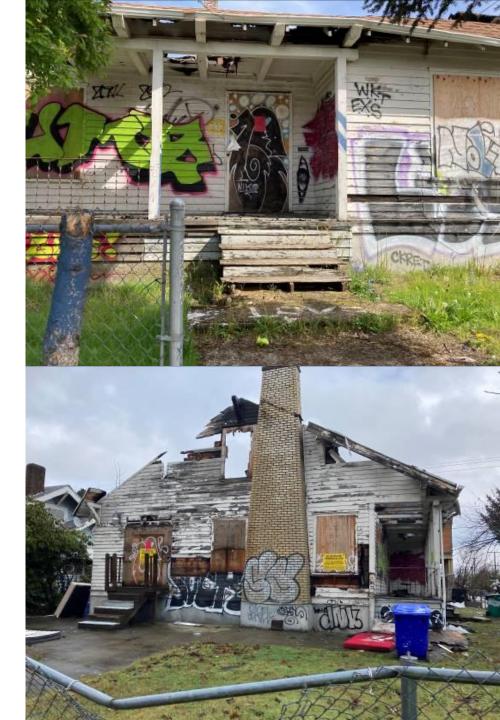
10218 N Tyler Ave

- Property located in District 2
- One lien against the property
- Delinquent since 2008
- Total amount owed: \$231,667.34 (As of February 25, 2025)
- Owner: James & Karen Douglas Living Trust
- Excessive trash and debris in the backyard
- Rodent problem
- Roof has collapsed in several places



111 NE Killingsworth St

- Property located in District 2
- Two liens against the property
- History of paying off delinquent liens before foreclosure sale
- Delinquent since 2024
- Total amount owed: \$6,777.66 (As of February 25, 2025)
- Owner: Grant Construction Co Inc 401K Plan ET AL
- Property has extensive fire damage
- Roof damage leaving property open to outside elements



4121 NE Grand Ave

- Property located in District 2
- Seven liens against the property
- Delinquent since 2020
- Total amount owed: \$19,608.50 (As of February 25, 2025)
- Owner: Geza Development LLC
- Trash & Debris being left on site
- Unlawful occupants camping on site
- Overgrowth of vegetation impeding on the sidewalk



Next Steps in the City's Foreclosure Process



Council will vote at the next hearing on whether to move forward with each Ordinance



Approved Council Ordinance authorizes the City Treasurer to conduct the Foreclosure Sale



Property owner may pay amount owed up to the sale date



After the sale the former property owner can reclaim the property during the 90-day redemption period