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MAYOR - COMMISSIONER

MARY LAWSON BROWN
VICE MAYOR - COMMISSIONER

ALLEGRA KITCHENS
COMMISSIONER

PHIL LEARY
COMMISSIONER

JAMES NORWOOD, JR.
COMMISSIONER



ELWIN C. "WOODY" BOYNTON, JR.
CITY MANAGER

BETSY JORDAN DRIGGERS
CITY CLERK

MATTHEW D. REYNOLDS
FINANCE DIRECTOR

GARY S. GETCHELL
CHIEF OF POLICE

MICHAEL LAMBERT
CHIEF FIRE DEPT.

DONALD E. HOLMES
CITY ATTORNEY

Regular meeting 2nd and 4th Thursdays each month at 6:00 p.m.

January 10, 2012

TO MESSRS: MARY LAWSON BROWN, ALLEGRA KITCHENS, PHIL LEARY AND
JAMES NORWOOD, Jr.:

You are hereby notified that a workshop meeting of the Palatka City Commission is called to be held on January 26, 2012, at the regular meeting place of the Palatka City Commission, Palatka City Hall, 201 N. 2nd Street, Palatka, Florida, to commence at 4:00 p.m.

The purpose of the workshop is to discuss potential and/or proposed amendments to the Municipal Code, Chapter 30, Environment, including but not limited to a new residential rental registration program, standards for chronic nuisance properties, and the application of non-ad valorem assessment to chronic violators.

/s/ Vernon Myers
Vernon Myers, MAYOR

We acknowledge receipt of a copy of the foregoing notice of a special meeting on the 10th day of January, 2012.

/s/ Mary Lawson Brown
COMMISSIONER

/s/ Phil Leary
COMMISSIONER

/s/ James Norwood, Jr.
COMMISSIONER

/s/ Allegra Kitchens
COMMISSIONER

PERSONS WITH DISABILITIES REQUIRING ACCOMMODATIONS IN ORDER TO PARTICIPATE IN THIS MEETING SHOULD CONTACT THE CITY CLERK'S OFFICE AT 329-0100 AT LEAST 24 HOURS IN ADVANCE TO REQUEST ACCOMMODATIONS.



City of Palatka

Building & Zoning

201 N. 2nd Street

Palatka, Florida 32177

386-329-0103 • Fax 386-329-0172



MEMORANDUM

TO: Mayor, Vice-Mayor, and Commissioners

CC: City Manager

FROM: Thad Crowe, AICP
Planning Director

DATE: January 19, 2012

RE: Chronic Nuisance Properties Program

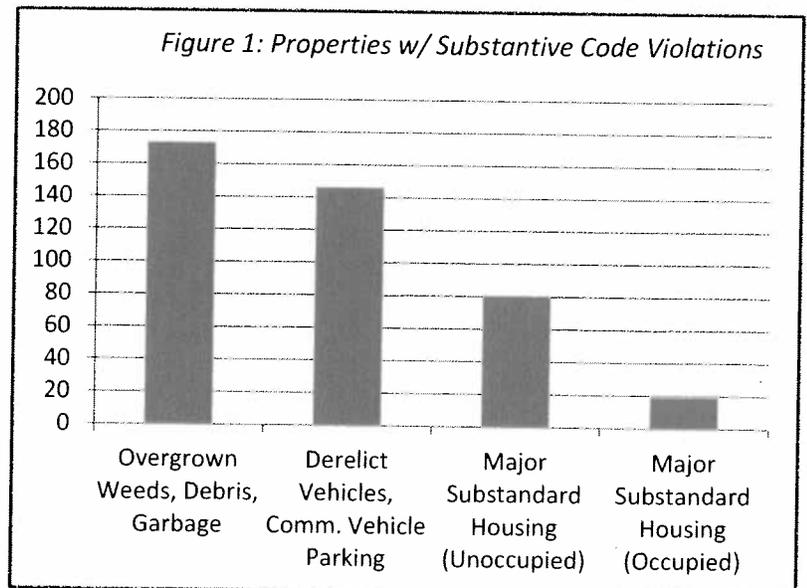
BACKGROUND

On various occasions during the last several years the Commission and staff have discussed how to address problems posed by chronic nuisance properties. Staff has found that the majority of both code violations and police calls for service are tied to a relatively small number of properties. In particular, rental properties generate the bulk of code violations and service calls. The relation of code violations to rental status was confirmed by a citywide of substantive code violations completed this past fall. The four groups of violations surveyed in this effort included major substandard housing (occupied and unoccupied); derelict vehicles and parking of commercial vehicles in residential areas; and overgrown weeds, debris, and garbage on properties. Over 400 properties were found to have such substantive code violations, representing 10% of the City's total housing stock.¹ As shown in the table below the most widespread violations pertained to littered and overgrown yards followed by junk cars and commercial vehicle parking, with both of these categories accounting for around 75% of serious violations. Approximately 20% of the substantive violations were vacant major substandard homes, and a smaller share of around 5% were occupied major substandard homes.

Table 1: Summary of Substantive Code Violation Survey

| Code Violation Grouping | No. | % |
|--|-----|-------|
| Overgrown Weeds, Debris, Garbage | 173 | 41.4% |
| Derelict Vehicles, Comm. Vehicle Parking | 146 | 34.9% |
| Major Substandard Housing (Unoccupied) | 80 | 19.1% |
| Major Substandard Housing (Occupied) | 19 | 4.5% |

Figure 1: Properties w/ Substantive Code Violations



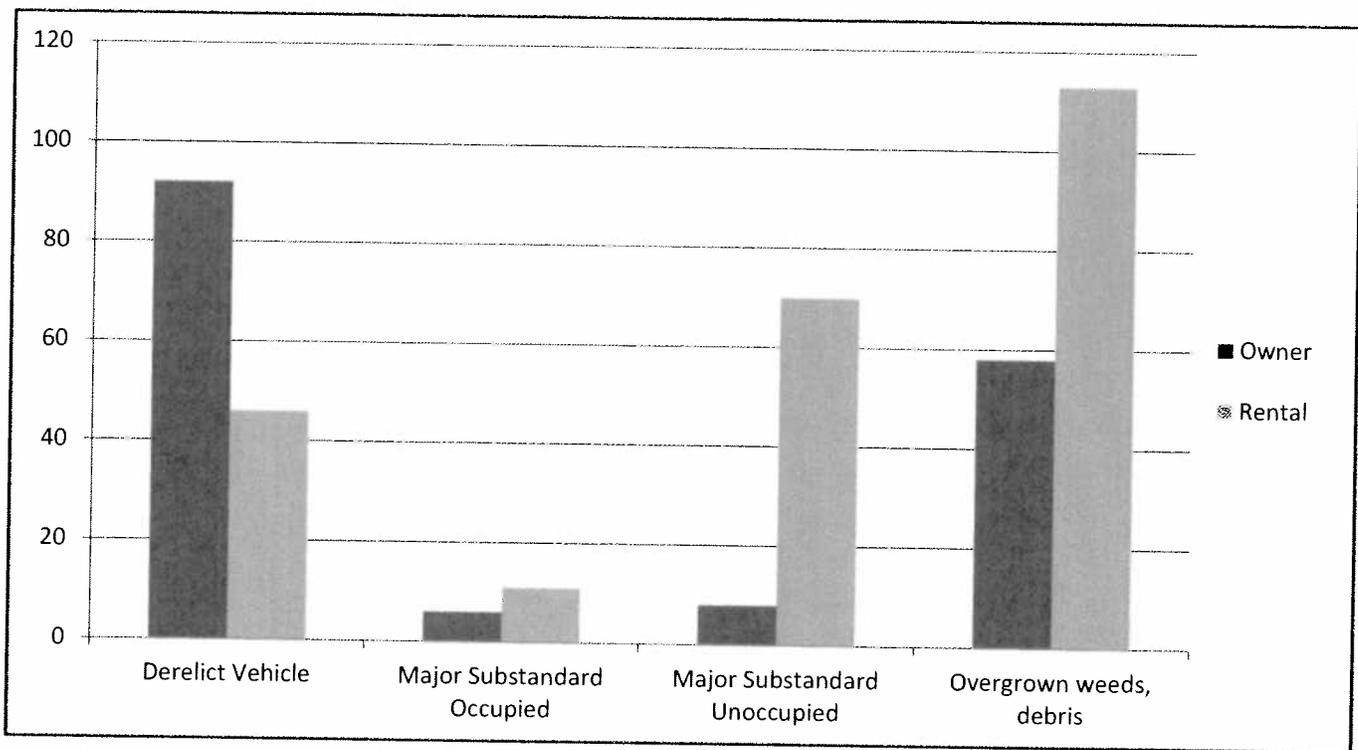
¹ Comprehensive Plan, Housing Element, Table C-2 indicates 4,340 housing units in the City.

Census data as provided in the Housing Element indicates that the City has approximately 1,800 multi-family units, which represents 42% of all housing units. While owner and renter units were somewhat balanced, Table and Figure 2 below show that rental properties comprised 90% of major substandard unoccupied housing, and two-thirds of major substandard occupied housing and overgrown weeds/debris/garbage violations. (Interestingly enough, two-thirds of derelict vehicle violations occurred on owner-occupied properties.) Police Chief Getchell has also confirmed that residential rental properties generate a disproportionate number of calls-for service compared to owner-occupied addresses.

Table 2: Substantive Code Violations by Tenure

| Code Violation Grouping | Owner | % of Total | Rental | % of Total |
|--|-------|------------|--------|------------|
| Major Substandard Housing (Unoccupied) | 8 | 10% | 70 | 90% |
| Overgrown Weeds, Debris, Garbage | 58 | 34% | 113 | 66% |
| Major Substandard Housing (Occupied) | 6 | 35% | 11 | 65% |
| Derelict Vehicles, Comm. Vehicle Parking | 92 | 67% | 46 | 33% |

Figure 2: Substantive Code Violations by Tenure



Several characteristics of the City contribute to the ongoing problem in neighborhood appearance. First, the percentage of homeowners according to the US Census was just below 50%, low when compared to the state average of 70%. Homeowners tend to maintain properties in better condition and as previously noted rental properties had a higher level of code violations and police calls for service. Secondly the City's poverty rate as estimated by the Census in 2009 was over 36%, high when compared to the state average of 13%. Poorer households sometimes find it more difficult to maintain their homes. Finally an aging housing stock tends to show more signs of deterioration – over a third of the City's housing units were constructed prior to 1950, compared to a lower 16% for Putnam County.

The impact of chronic nuisance code violations on neighborhoods is an issue that has long been debated, starting with the "broken window theory," put forth by Rutgers University Professor George Kelling in the 1980s. This theory states that monitoring and maintaining neighborhoods in a well-ordered condition may stop vandalism as well as an escalation

into more serious crime. Professor Kelling found that removing graffiti from the New York City subways was followed by a significant reduction in petty crime. While researchers debate the accuracy of this theory, there is agreement among social scientists that the disorder represented by poor property maintenance and litter has a psychological effect on people. The latest conclusive research comes from the Netherlands, where Professor Kees Keizer at the University of Groningen determined that people in an environment with litter and graffiti littered at double the rate of those in a setting that was clean and tended.² The same effect is shown to apply to property maintenance in general.

The increasing trend of home foreclosures has had an impact on neighborhoods in towns and cities throughout the nation. Recent research on the impact of vacant foreclosed homes found that foreclosure rates are positively correlated with violent crime rates,³ and an Urban Institute study reported the following:

When the property is vacant and it is evident that no one is taking care of it, realtors and prospective buyers will take note and see that as a threat of potential decline in neighborhood property values. A modest amount of undermaintenance may not have much effect, but things can get worse. The property may be invaded by squatters or by vandals who gut it (i.e., remove anything of value, including copper piping and hardwood floors as well as appliances). Some unsecured homes may become drug houses. A wider array of criminals sensing the disorder may lead to increased risks of crimes of all types for residents in surrounding homes and apartments.

As the period of vacancy is extended, and no one is paying for heat and electricity or maintenance, the building will begin to deteriorate physically. The likelihood of structural fire goes up, in some cases because indoor fires set by squatters to keep warm get out of control. There are also stories of unscrupulous owners of rental properties in default who to continue to collect rent from tenants for as long as they can, but stop paying for maintenance until they finally lose title (i.e., the property declines physically even though it is still occupied).⁴

It is also important to note that in addition to neighborhood and crime impacts, properties with ongoing major code violations and excessive calls for service create a disproportionate fiscal impact to the City.

Staff has done a preliminary analysis on potential programs to address the problems of neighborhood decline and has identified the following code enforcement-related possible actions:

1. Rental registration/landlord licensing program
2. Foreclosed/bank-owned registration program
3. Concentrated code enforcement
4. Non-ad-valorem assessments

The following discussion provides information on each of these programs.

1. Rental Registration.

This requires registration and licensing of rental properties, with the justification that such uses are businesses and require monitoring to ensure basic code compliance. Table 2 shows highlights of such programs in other Florida jurisdictions. Highlights of rental registration programs include the following:

- Per unit registration fee or flat fee, typically below \$100
- local representation/management required (usually within the County)
- Unit applicability varies between all units and a more narrow range, for example like buildings with two to four units (Coral Springs)

² "Can the Can," The Economist, November 20, 2008

³ "The Impact of Foreclosures on the Housing Market," by Daniel Hartley, Federal Reserve Bank of Cleveland

⁴ "The Impacts of Foreclosures on Families and Communities," by G. Thomas Kingsley, Robin Smith, and David Price, The Urban Institute, May, 2009

- The timing of inspections vary, with some jurisdictions requiring an annual inspection and others with a longer timeframe or with complaint or inspector-driven inspections
- Inspections are done by code enforcement staff, or by an independent house inspector
- Inspection area varies, from a more narrow focus of exterior maintenance, vehicle parking, and garbage can issues to all housing and other codes.

Table 3: Rental Registration Programs in Other Florida Jurisdictions

| Jurisdiction | Rental Registration Fee | Local Representation Required? | Type Use | Inspection Timeframe | Applicable Codes |
|---------------|---|--|---|--|---|
| Belleaire | 2-5 units: \$20 6-10 units: \$4/unit 10 units +: \$2/unit | No | Not condos | Complaint or inspector-driven | Nuisance, maintenance, sanitary, building codes, external & visible maintenance, occupancy limit |
| Cocoa | \$74 (annual) \$75 –re-inspection fee | Yes, w/in County or adjoining counties | All types | Initial inspection, then every 5 years, or complaint or inspector-driven By City or independent housing inspector | Housing codes |
| Collier Co. | Unknown | Yes, w/in County | All types | Not set | Sanitation, life and safety, exterior and interior maintenance |
| Coral Springs | \$79 (Annual) | Yes (not defined) | Buildings w/ two to four units | Yearly | Exterior bldg. condition, exterior property (parking, landscaping, garbage, litter, overgrown yard, pools, runoff, derelict vehicles) |
| Destin | \$25/Unit (Annual) | Yes, not defined | All types | Annual | Noise, vehicle parking, garbage container placement, occupancy limit |
| Palm Coast | \$5 per unit (one-time) | Yes, w/in County | N/A for apartments or owner-occ. duplexes | External every two years, internal every four years, and based on complaints | All codes |
| Wellington | \$75 (Annual) \$25 Inspection Fee | Yes, w/in County | Buildings with two or more units | | Maintenance and appearance, garbage, vehicle parking |

2. Foreclosed Property Registration

As previously noted, foreclosed properties can have a profound effect on neighborhoods, which has led various Florida jurisdictions to require registration that is aimed at better maintenance. Cities such as Belleaire, Cocoa, Ft. Myers, Sanford, and Sunrise, along with Pasco County, have instituted this program. Foreclosed homes registration are similar to rental registration, with some key differences, one being that the program is geared toward single-family homes owned by banks. Jurisdictions using this approach require more frequent inspections, usually on a monthly basis, done by an independent inspector hired by the property owner. Annual registration fees range between \$100 and \$200. The focus of applicable codes is limited to exterior appearance and maintenance, overgrown yards, and abandoned pools. The Putnam County property appraiser was not able to provide a count of foreclosed or bank-owned properties, but a search on Trulia.com indicated there were currently 17 bank-owned residential properties in the City for sale – it is probable that there are many more such properties that are not listed for sale.

3. Concentrated Code Enforcement.

The City now practices complaint-based code enforcement. As has been noted by the City Attorney, it is not appropriate to practice selective code enforcement. However it is suitable to concentrate code enforcement resources in identified geographical areas where data indicates there are high levels of code violations. It is also appropriate to focus code enforcement on specific chronic code violation types across the board and throughout the City. Such sweeps are not selective but are in fact applied in a straightforward way in a geographical or topical manner. At the outset these efforts can involve initial courtesy letters and education efforts prior to instituting more punitive measures. While the current complaint-based system has reduced code enforcement activities for Building and Zoning staff, it is clear that concentrated code enforcements would be limited by available staff time.

4. Non-Ad Valorem Assessments.

The City currently utilizes a system of code enforcement that cites owners and in cases of non-compliance assesses fines against property owners, as set by the Code Enforcement Board, that are assessed as liens against the property. Staff has found that around two-thirds of those cited either comply upon receipt of a courtesy letter, or comply after going before the Code Enforcement Board. However the system is not effective for the “hard core” one-third of violators, some of whom have liens dating back over 20 years.

Other Florida jurisdictions utilize non-ad valorem assessments, a tool allowed by statute and requiring ordinance adoption, as a more effective way to bring properties into compliance and collect penalties. In such a program a jurisdiction defines chronic nuisance offences and properties by customized thresholds (for example X number of police calls for a certain offense, or habitually overgrown properties, etc.). The jurisdiction can then use their code enforcement board or special magistrate to notify the offenders and take them through the normal code enforcement process. However instead of assessing liens against the property, the jurisdiction adds administrative and corrective costs to the property owner’s tax bill. The arrangement requires a written agreement with the Tax Collector and Property Appraiser and there are prescribed notice procedures.

What makes this program more effective than the current code enforcement procedure is that while the City can place liens on properties, these liens only become payable when properties sell, and the City must line up behind other creditors in such cases. Typically the proceeds from sale of such properties go toward financial institutions and there is little or nothing left to satisfy the City’s liens. However it is much more difficult for a property owner to evade paying a tax bill, since delinquent ad valorem and non-ad valorem taxes and accompanying interest convert to a tax certificate that becomes a first lien on the property. Tax Certificates are sold to investors who can then apply for a tax deed within two years of certificate issuance, and if the delinquent owner pays the back taxes and interest, the investor is reimbursed, making this a safe investment.

Other Florida jurisdictions have taken a proactive approach in concern with the non-ad valorem assessment and step in to correct violations, for example mowing very overgrown yards or cleaning up debris. Such costs can also be added to the property owner’s tax bill. This approach requires an initial budget outlay for these actions, with a higher probability of cost recovery due to the effectiveness of the non-ad valorem tax assessment approach. It should be noted that the City has a source of funding for such a program – code enforcement penalty proceeds have risen to around \$19,000 according to the City’s Finance Director.

Conclusions

The Commission has several policy options, ranging from maintaining status-quo code enforcement, or adopting some or all of the programs described above. The benefits of continuing in the current mode include reduced administrative costs and regulation. Staff will be performing the citywide code survey on a regular basis to monitor conditions and determine trends that may or may not call for stepped-up enforcement. The drawbacks of the status quo is potential neighborhood decline and crime increases attributable to nuisance properties.

The benefits of adopting rental and/or foreclosure registration include increased education and monitoring that can help to improve properties in a proactive way. The drawbacks of these approaches include the costs of administration, which will to at least some degree be passed on to rental property owners.

The benefits of the concentrated code enforcement approach include the potential to systematically and effectively target neighborhoods and/or specific code violations citywide. The drawbacks are again the costs of administering the stepped-up code enforcement – with the current staff it is likely just one or two sweeps a year could be accomplished. However it should be noted that the code enforcement line item could help to fund such efforts by bringing on contract inspectors for this type of sweep. In addition, these efforts constitute a high profile and negative action toward property owners, although such action can be justified by the impacts of nuisance properties on neighborhoods, crime, and the City's budget. A positive element could be integrated into such sweeps by utilizing education and courtesy letters at the outset.

Finally, the non-ad valorem assessments offer the positives of a more focused and successful effort to bring chronic nuisance properties back into compliance and regain City expenditures. As with the programs above, the drawbacks of this approach include increased administrative effort and costs, although the tax bill process provides more assurance that the City can recover costs.

Staff is prepared to conduct additional research as is requested by the Commission, or can develop draft ordinances for these programs as instructed.

ATTACHMENT: MAP OF CHRONIC NUISANCE PROPERTIES
PHOTOS OF CHRONIC NUISANCE PROPERTIES

