

Nuisance and Demolition Lien Abatement and Reduction Policy

Nuisance abatement and demolition liens differ from statutory liens resulting from the imposition of administrative fines in that these liens represent expenditures of taxpayer dollars whereas administrative fines do not. As a result, the City historically declined to reduce or write off nuisance abatement liens. Most of these liens remain outstanding after all collection efforts have been performed and the likelihood of collection falls to near zero. The existence of nuisance and demolition abatement liens can in some instances interfere with efforts to rehabilitate properties, reduce neighborhood blight and with returning properties to the active tax roll. The City has no interest in maintaining a lien that may never be paid and that interferes with the goals of blight reduction, rehabilitation of liened properties and return of such properties to productive use on the active tax roll, however recoupment of taxpayer dollars spent abating nuisances on private property is indeed a worthy goal. A Nuisance Abatement Lien Reduction policy that reduces blight, enhances neighborhoods, and returns vacant or abandoned property to the tax roll is therefore preferable.

Policy:

To be considered for nuisance abatement lien reduction, all ad valorem property taxes, special assessments, city utility charges and other government-imposed liens against the subject real property must have been paid and the property must be in compliance with the Jacksonville Ordinance Code.

There will be two tiers of possible reduction:

Tier 1 (Interest reduction for restored compliance with no capital improvements) – The reduction of accrued interest only. At this level, the City recoups actual expense and “cost of money” interest versus the interest rate imposed pursuant to Section 518.212, Ordinance. The intent of this reduction level is to provide an incentive to property owners to bring their property into full compliance while simultaneously recouping taxpayer funds spent to abate the respective nuisance violation.

Tier 2 (Principal and interest reductions in return for restored compliance and capital improvements) - For liens that aggregate to \$2,000 or greater on an individual property. To qualify for a Tier 2 reduction, the Nuisance and Demolition Lien Abatement and Reduction Request form must be approved by the City before improvements begin. The reduction of some, or all, of the lien(s) amount including interest and principal. This level of reduction is available only in instances where development, redevelopment or enhancements beyond meeting minimum code requirements have been implemented and that result in reducing or eliminating blight of the property and improving the overall condition of the neighborhood. Such improvements may include but are not limited to:

- Renovation, remodeling or expansion of existing buildings (i.e., new windows, new drywall, new roof, new flooring, etc.)
- New building construction
- Installation or renovation of site features
- Water and sewer utility connection resulting in removal of a septic tank

- Landscaping, fencing or lighting improvements that enhance security/safety
- Administrative overhead and indirect firm costs of providing for such renovations or improvements not to exceed 20% of total project costs as supported by reasonable documentation

Request for such reduction, pursuant to a written agreement, shall include a reasonably detailed description of the work to be accomplished and a projected date for completion. If the City of Jacksonville approves the proposal and the work is completed by the specified completion date and costs incurred are sufficiently documented, the City will reduce the aggregated lien amount by one dollar for every five dollars spent by the applicant to accomplish the improvement up to the first \$30,000 of improvements. The City will then reduce the aggregated lien amounts by one dollar for every two dollars spent over \$30,000 until the total amount of the lien(s) including the principal amount and accrued interest are extinguished. This ensures that substantial value is created for the City's tax roll while improving the property and community in exchange for foregoing collection of outstanding liens however also allows for the accelerated reduction of large uncollectable liens once a \$30,000 threshold of value creation is met.

In the event an applicant requires documentation of the City's approval so as to acquire financing in support of the enhancement project, the City will enter into a written agreement stipulating the conditions, completion date and amount of relief to be granted upon completion of the improvements made to the subject property. The City may agree to one of the two following procedures: 1) If the applicant chooses to pay the liens in full, the funds will be placed in an escrow account, pursuant to a separate escrow agreement, to be refunded to the applicant based on the escrow agreement provisions if the agreement terms are fulfilled. If the applicant does not fulfill the agreement terms, the escrow deposit is forfeited as payment in full of the stipulated liens in the agreement. 2) The City may enter into a Temporary Subordination Agreement for the liens for a period of ninety (90) days at which time the Temporary Subordination Agreement shall be declared null and void and the City liens shall be re-instated and in full force with accrued interest.

Application Process

Each request for Nuisance Abatement Lien Reduction shall be submitted to Manager, Accounts Receivable Section, Accounting Division, using the Nuisance Abatement Lien Reduction Request form (the form). If the subject property has multiple liens against it, the additional liens should be listed and described on an additional sheet. This paper work will be sufficient if only Tier 1 (accrued interest reduction) relief is requested.

If a Tier 2 reduction (reduction of some, or all, of the lien(s) amount including interest and principal) is requested, the form must be accompanied by a detailed description of the proposed improvement(s) and a proposed timeline including expected completion date. The City will then prepare a written agreement for the applicant to sign and then the City will process and execute approved agreements. When the improvement work is completed, documentation sufficient to establish completion (i.e. building permits,

Certificates of Completion or Certificates of Occupancy) and to determine costs incurred (e.g., invoices, paid receipts and the like) is required prior to the actual reduction of the lien(s).

Hardship

Some property owners may be unable to bring their property into compliance within a reasonable period of time due to physical, medical or financial hardship. These property owners should be considered for reduction or full rescission of nuisance abatement liens based on these hardships, provided that such hardships can be documented using sworn statements from health care providers, employers or government agencies. Applicants shall also provide the last two years of their tax returns, W-2 forms, financial statements, etc. Finally, in the event a reduction is granted based on the documented hardship and the property is sold within five years from the date of the lien reduction, the City shall be entitled to payment of the original lien reduction amount.