

Nuisance Abatement and Demolition Lien Reduction Policy

Background

The City historically declined to reduce or write off nuisance abatement and demolition 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 abatement and demolition liens can interfere with efforts to rehabilitate properties and reduce neighborhood blight.

Recoupment of taxpayer dollars spent abating nuisances on private property is a worthy goal; however, the City finds no value to the taxpayer in maintaining a nuisance abatement or demolition lien that may never be paid and that impedes the goals of blight reduction, property rehabilitation, and improving neighborhoods. Thus, the City has a Nuisance Abatement and Demolition Lien Reduction Policy.

Nuisance abatement and demolition liens differ from statutory liens resulting from the imposition of administrative fines in that nuisance abatement and demolition liens represent expenditures of taxpayer dollars whereas administrative fines do not.

Policy

To receive a reduction on a nuisance abatement lien or demolition lien:

- All ad valorem property taxes, special assessments, City utility charges, and other government-imposed liens against the subject real property must have been paid.
- The property must be in compliance with the Jacksonville Ordinance Code.
- Only the property owner of record for the subject property containing the nuisance abatement and/or demolition liens is eligible to apply.
- If the property owner of record is a corporate entity, limited liability company, or other business entity, completion of *Property Owner Agent Authorization Affidavit* is required along with written signing authority on corporate letterhead.

There will be two tiers of possible lien reduction:

Tier 1 (Interest reduction for restored and approved 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 Code). The intent of this reduction tier 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 or demolition violation.

Tier 2 (Principal and interest reductions in return for restored and approved 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 property owner must complete a *Nuisance / Demolition Lien Reduction Application*. The reduction of some, or all, of the lien(s) amount(s), including interest and principal, is available only in instances where development, redevelopment or enhancements beyond meeting minimum code requirements have been implemented, and that implementation has resulted 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:

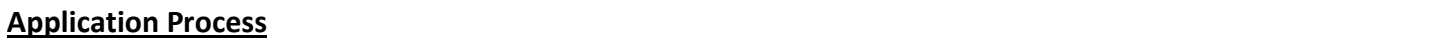
- Renovation, remodeling or expansion of existing buildings (i.e., new windows, new drywall, new roof, new flooring, etc.).
- New building construction.
- Installation or renovation of site features.
- Water and sewer utility connection resulting in removal of a septic tank.
- Landscaping, fencing or lighting improvements that enhance security / safety.
- Soft costs (i.e., engineering, architectural, etc.).
- Administrative overhead and indirect firm costs of providing for such renovations or improvements not to exceed 20% of total project costs as supported by notarized documentation.

Application for such reduction shall include a reasonably detailed description of the work. Costs incurred must be sufficiently documented by a notarized *Owner's Affidavit of Costs and Expenditures for Lien Reduction*. Upon review and approval of qualifying improvement expenditure documentation submitted **after** construction completion, the City will reduce the aggregated lien amount as set forth in the City of Jacksonville Credit for Specific Dollars Spent by Owner Table described below. This ensures that substantial value is created for the City's tax roll while improving the property and community in lieu of collecting outstanding liens.

The policy also includes a 25% affordable housing boost for lien amounts waived as additional incentive to create affordable housing stock. This additional 25% will be applied based on the sales price of the home meeting affordable housing definition, as determined annually by COJ Community Housing Division based on Federal affordable housing standards (80% of area median). To receive 25% affordable housing boost, property owners will need to complete an Affidavit of Sales Price.

CITY OF JACKSONVILLE CREDIT FOR SPECIFIC DOLLARS SPENT BY OWNER TABLE

<u>Amount spent by Owner</u>	<u>Specific Dollars Spent by Owner</u>	<u>City Credit for Specific Dollars Spent by Owner</u>	<u>Affordable Housing Boost</u>
<24 Months from Date of Ownership or Policy Inception			
Up to \$30,000	\$1.00	\$4.00	25%
\$30,000 to \$60,000	\$1.00	\$2.00	25%
\$60,000 and greater	\$1.00	\$1.00	25%
24 – 36 Months from Date of Ownership or Policy Inception			
Up to \$30,000	\$1.00	\$5.00	25%
\$30,000 to \$60,000	\$1.00	\$3.00	25%
\$60,000 and greater	\$1.00	\$1.00	25%
37 – 48 Months from Date of Ownership or Policy Inception			
Up to \$30,000	\$1.00	\$6.00	25%
\$30,000 to \$60,000	\$1.00	\$4.00	25%
\$60,000 and greater	\$1.00	\$1.00	25%
49 – 60 Months from Date of Ownership or Policy Inception			
Up to \$30,000	\$1.00	\$7.00	25%
\$30,000 to \$60,000	\$1.00	\$5.00	25%
\$60,000 and greater	\$1.00	\$1.25	25%
60+ Months from Date of Ownership or Policy Inception			
Up to \$30,000	\$1.00	\$8.00	25%
\$30,000 to \$60,000	\$1.00	\$6.00	25%
\$60,000 and greater	\$1.00	\$1.50	25%



Application Process

WHO

Property owners submit application for Nuisance Abatement and Demolition Lien Reduction by to the **Manager, Accounts Receivable Section, Accounting Division** of the Finance Department.

WHAT

Property owners request lien reduction via a *Nuisance / Demolition Lien Reduction Application*.

If the subject property has multiple liens against it, the additional liens should be listed and described on an additional sheet.

Additional information needed for Tier 2 lien reductions require:

- A detailed description of the qualifying improvement(s) incurred by the property owner or developer after the date of property ownership and before receiving certificate of completion or occupancy.
- Notarized documentation sufficient to establish completion (i.e. building permits, Certificates of Completion or Certificates of Occupancy).
- Determination of qualified costs incurred (i.e. invoices, paid receipts and the like) is required **prior** to the actual reduction of the lien(s).

WHEN

Nuisance / Demolition Lien Reduction Application can be submitted at any point after the date of property ownership and before the property is sold, but after construction completion.

A certificate of completion or certificate of occupancy will be required to demonstrate sufficient completion of rehabilitation or construction.

While not necessary prior to construction, submitting a complete *Nuisance / Demolition Lien Reduction Application* freezes the effective amount of interest on the outstanding property liens. At 48 months following the date of the complete *Nuisance / Demolition Lien Reduction Application*, COJ will deem the Application inactive and reinstate all interest that would have accrued absent a complete application. The property owner can submit another complete *Nuisance / Demolition Lien Reduction Application* to freeze additional interest accrual.

WHERE

Documents can be submitted electronically to lienreduction@coj.net.

Documents can also be submitted in paper form to:

Manager, Accounts Receivable
Accounting Division, Finance Department
City of Jacksonville
117 West Duval Street, Suite 375
Jacksonville, Florida 32202

HOW

Documents and information can be submitted either electronically or in paper form.

Forms

The forms that are part of the Nuisance Abatement and Demolition Lien Reduction Policy are:

Form Name	Description and Purpose
<i>Nuisance / Demolition Lien Reduction Application</i>	This document is the form on which a property owner applies to receive a reduction of nuisance and demolition liens attached to a property record.
<i>Property Owner Agent Authorization Affidavit</i>	This document allows the property owner to appoint another individual or entity as a representative of the property owner.
<i>Affidavit of Compliance</i>	This document is a form completed by COJ Municipal Code Compliance Division of the Neighborhoods Department and may be required to demonstrate compliance with the Municipal Ordinance Code in advance of lien reduction.
<i>Owner's Affidavit of Costs and Expenditures for Lien Reduction</i>	This document serves as a record of the owner's construction and rehabilitation expenditures incurred between property ownership date and construction or rehabilitation completion.

Affidavit of Sales Price

This document allows the property owner to communicate the sales price of the property in advance of sale closing for purposes of qualifying for the 25% affordable housing boost. The document is required because liens are released prior to sale closing and the intended sales price is the basis for applying the additional incentive of lien reduction.