

FLORIDA ASSOCIATION OF COUNTIES

County Code Enforcement and the Foreclosure Crisis

The Experience of Florida's Counties

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The Problem

Highlands County, like many of Florida's counties, has experienced an increase in code enforcement complaints due to increased foreclosures in the county. This issue has received media attention locally. The county requested that the Florida Association of Counties (FAC) conduct a survey of all counties to look for solutions.

FAC surveyed the counties in October 2009 and asked them whether other counties were also experiencing increased code enforcement complaints due to foreclosures and how they were addressing the situation. Their responses are compiled below.

Counties Not Currently Experiencing a Problem¹

Baker County

Bradford County

Franklin County

Gadsden County has not had a large quantity of foreclosed properties. They do have some problem with yards and properties being abandoned, and there are some instances where property is caught in between owners in the foreclosure process. They send notices, many of which are not addressed, but their resources are limited, so they are trying to live with what they can realistically get done.

Gulf County is not currently experiencing a problem. However, past actions taken generally on foreclosed homes include sending certified letters to the designated bank agent, contacting the bank's code compliance officer and requesting compliance, and establishing a good rapport with these officers and staying in contact until closing.

Leon County – The code compliance program has identified four complaints in which the property is in foreclosure status. The county currently follows standard procedures for notifying the property owner of record and any new mortgage holders as that information becomes available. Staff continues to review potential options for addressing violations on foreclosed properties.

Levy County

Sumter County has not experienced an increase in code enforcement complaints due to foreclosures. Additionally, Sumter is no longer a fiscally constrained county. The county has experienced significant growth in recent years, and has continued to see growth in the economic downturn.

Wakulla County

¹ These are generally rural counties that did not experience a significant housing boom prior to the economic collapse. Sumter County is a noticeable exception to this trend, however.

Counties Currently Experiencing Some Increase

Hardee County has experienced an increase, but it is not yet significant enough to warrant additional action.

Putnam County has experienced some increase, but it is not as significant as it has been in other areas of the state. Putnam is a fiscally constrained county and has a majority of used mobile homes as its housing stock. The county is currently dealing with foreclosures as they would any other property. Once a fine starts, it continues to accumulate as the days go by. Structures are monitored to make sure they are not being destroyed by vandals. If that is happening, the county gets in touch with the bank in an attempt to secure the structure. The Board of County Commissioners has been very good about reducing fines on these properties when they are sold by the banks. A more significant problem for Putnam is abandoned mobile homes that have no value. Banks write them off and the owners are long gone. The county works to abate these, but resources to effectively deal with this problem are limited.

St. Johns County has experienced an increase in calls. The only increases directly attributed to foreclosures related to calls on “open and unsecured properties”. In many cases, the property is in the early stages of foreclosure, and the owner simply walks away and leaves the property open to trespass by vagrants and children. In those cases, the county contacts the owner as well as the financial institution to get the property boarded and secured. They are using a program called MERS, a website to locate responsible financial institutions, and have discovered that most have a Property Preservation Department designed to fix local ordinance violations on the property.² The increase in “open and unsecured properties” is less than 1% of the total increase in calls. However, the county foresees a significant increase heading their way. They are mapping foreclosures in the county to determine if one area is more affected than others. Currently, there is an even spread across all 609 miles of the county’s jurisdiction, with a high density of foreclosures across the entire county.

Taylor County has also experienced some increase, but it is across the board, and not just due to foreclosures. High unemployment rates have led to additional foreclosures. But unemployment has also led to greater stress in the community, which has resulted in increased neighbor to neighbor complaints as well.

² MERS stands for Mortgage Electronic Registration Systems. The link is <http://www.mersinc.org>.

Actions Taken By Counties Experiencing Significant Increases

Broward County has received increased complaints in the unincorporated area regarding property maintenance violations and unsafe structures relating to homes that are in foreclosure. More staff time has been dedicated to investigating vacant properties and working with other sections and agencies such as Building Code Enforcement and the Broward Sheriff's Office. Code Enforcement Officers have had an increase in the number of abatement activities related to overgrowth, junk and trash removal on properties with residential structures, due to foreclosures. The county has added notification of bank, asset management companies, and the foreclosure attorneys in their violation procedures. More time is being spent filing trespass affidavits with the County Sheriff's Office. Broward is currently in the process of amending its County Code to require all mortgagees in the unincorporated areas of the county to register each abandoned/vacant property. The proposed ordinance would establish responsibilities for mortgagees concerning registration, maintenance, and security of abandoned real properties.

Charlotte County has a high number of foreclosures and abandoned properties. They are a significant portion of the code enforcement cases the county receives and because of their often undetermined ownership, take much longer to deal with than regular code cases. Predominately, complaints relate to grass and weeds. At the beginning of 2009, Charlotte adopted a new lot mowing ordinance. Instead of these going the normal route through the Code Enforcement Board before abatement can occur, the new program allows for the county to abate the property after a 10 day notice. The county then invoices the owners for the cost of abatement (\$100 per cut) and if they do not pay, the county liens the property. There is an appeal mechanism in place through a special magistrate. No appeals have been received so far.

Collier County has instituted a blight prevention program that has received national attention, winning an award from the National Association of Counties. Collier has been particularly hard hit by a problem that is plaguing the entire state. Florida has the third highest mortgage delinquency rate, the highest foreclosure inventory, and the most foreclosure starts in the nation. This has led to a tremendous backlog and bottleneck in judicial cases involving foreclosures.

The Blight Prevention Program of Collier County focuses on establishing working relationships with financial institutions in the mortgage industry. Conventional or traditional code enforcement measures do not necessarily achieve immediate results. This program generates quicker than normal abatement of violations. The program establishes mutually beneficial goals for all concerned parties and bypasses enforcement procedures. The program maintains a foreclosure resource directory in print media form and a mirror of those resources on a

dedicated website. The directory makes available numerous preventative strategies that address the needs of families at risk of losing their homes. This might include a tax foreclosure prevention program to help elderly homeowners, a substantial homeownership education program prior to home purchase, hotline numbers, current trends, articles, legal advice, government programs, and the most recent legislation to attack predatory home lending. The dollar investment in the program is currently zero. Full time employees have been shifted within the code enforcement department to sustain the program.

To date, almost 600 violations have been remedied through banks, lenders, servicing companies, and attorneys, minimizing the impact on code enforcement's abatement budget, and alleviating administrative burdens on the department's customer service staff, as well as costs associated with bringing lenders to the Special Magistrate or Code Enforcement Board. All abated violations have been performed by lenders through national and local servicers utilizing lender funds. This has saved the county nearly one million dollars.

Escambia County has experienced an increase in complaints due to foreclosures of approximately 20% to 25%. They clean approximately 40 to 60 properties per month, and 15 to 20 of those are foreclosed properties. Because the length of time for a foreclosure is so long, the county notices both the property owner and the bank or mortgage company at the same time. Once they have notified both parties and both fail to comply, they refer to the case over to their abatement officer, who puts the property out to bid. Once they receive bids, they release the property for abatement and place a lien on the property for the clean-up cost. They have had fairly good results collecting the clean-up costs. The banks are paying the costs to ensure that the property is clear of any liens. The county notices both parties under their new "Summary Abatement Ordinance" which allows them to bypass a Special Magistrate or the Code Enforcement Board. They have had an increased response from banks and mortgage companies willing to comply. They appear to be more cooperative and willing to give county officers names and numbers for future contact. The county is working with its legal department to create an ordinance that will require all banks or mortgage companies to register all lis pendens with their Clerk's Office. This registry will have a fee of \$100 for each property. They will be required to have a name and contact number for a local property manager who will be required to maintain the property. Properties must be kept cut, clean, and secured under this new ordinance. The fee for the registry will be used to abate any code violations on the properties after notice.

Hendry County has contacted lenders seeking cooperation with aesthetics such as weeds and grass and has been getting some cooperation. In some cases, the county has expended funds to board up houses that have been vandalized and to mow yards that have become a nuisance.

Liens are recorded against those properties. In the case of abandoned homes under construction, the county has entered into agreements with builders to forgo expired permit fees and code enforcement action in exchange that they keep the property in repair and in an aesthetically acceptable appearance until such time as construction resumes, then the renewal fees are due and permit holds removed. If not maintained, the county pursues code enforcement action against property owners for appearance and expired permitting. Hendry has not added any staff for these tasks and has had to do more with less.

Hillsborough County has seen a rise in complaints in the last year. While it is difficult to directly attribute that to foreclosures, it is a reasonable assumption that the two are linked. Hillsborough recently adopted an ordinance that will require the lender to register abandoned properties that are in the process of foreclosure with the county, and that they appoint a local representative to periodically inspect the property. A fee will be charged of \$100 per registration, and the information will be used by code enforcement as a source of information when distressed properties enter the system. The ordinance is effective November 2, 2009.

Jacksonville (Duval County) is experiencing increased property safety and maintenance complaints due to foreclosures. Jacksonville has a central customer call center, known as CityLink, which receives complaints from the community. Customer service representatives document concerns which are delivered to code enforcement staff for inspection within the next three days following the complaint. In May 2007, Jacksonville amended the local property safety and maintenance code to utilize lien revenue for nuisance abatement contracting, which provides supplemental assistance to budgeted general revenue funds. Banks seem overwhelmed by the sheer number of properties that they must maintain. Local code enforcement officers notify banks of complaints via certified mail and they place property placards on nuisance sites. Officers will also contact banks, mortgage companies, and/or realtors if sales signs exist at the properties, but in many instances, owner responses to address violations are not successful. One likely reason is that nationwide banks and mortgage companies own properties in the area, yet they do not assign property maintenance personnel to clean properties locally.

Lee County works with about 300 volunteer citizens and 21 different neighborhood groups. They have been trained to identify problem properties and make the information available to the code enforcement officer assigned to the area. Each group appoints a team leader, who assigns areas to the volunteers to check and make a list of problem properties. The team leaders deliver the information to the code enforcement officers, who inspect the property, determine if it is violation, and take appropriate action. The information is entered into a computer tracking system and the public can view it online. This program helps the county

process more violations, helps the public understand the legal process, and allows the public to monitor cases online. If a home is abandoned and a nuisance is left in the yard, the county provides legal notice and allows 10 days for the situation to be remedied. After 10 days, code enforcement enters the property with assistance from the solid waste department and removes the nuisance. The owner of record is invoiced, and if the bill is not paid, the county files a special assessment lien on the property for the cost of the removal. A similar process is in place for mowing overgrown properties. The county has a list of banks and mortgage companies and their contacts. Those companies have been fairly cooperative.

Manatee County has experienced a flood of foreclosure properties. Their code enforcement division has worked hard to help neighborhoods help themselves. When feasible, code enforcement officers ask neighbors to mow a foreclosed property's lawn or secure its lanai. When this strategy isn't an option, the officers have contacts at local banks to whom they can turn for help.

Miami-Dade County has implemented a Certificate of Use requirement for the sale of foreclosed properties. For more information, click here: http://www.miamidade.gov/planzone/rs_cu.asp. Miami-Dade has also made information available on its website for citizens that are facing possible foreclosure. For more information, click here: <http://www.miamidade.gov/foreclosure/>.

Orange County recommends consulting with the Florida Association of Code Enforcement, and also recommends considering a registration ordinance. Florida has the third highest rate of foreclosures in the country, so many counties are seeing significant issues related to abandoned swimming pools and overgrown yards. Foreclosure cases have doubled each year since 2006. These increases will continue at least until 2010. Many of the factors that have led to this are beyond the County's control, so their resources are focused on mitigating the impact.

Orange County has made responding to this problem one of its highest priorities. The county spent almost \$1 million last year mowing yards and taking other abatement measures. Homeowners Associations (HOAs) in the county are struggling. They are often faced with trying to collect back dues, many times unsuccessfully. This has led to depleted HOA resources. Often, they have had to reduce services and raise assessments. Costs for crime prevention are on the rise. Vacant and undeveloped lots have led to property maintenance issues for HOAs as well.

The foreclosure trend has also resulted in more animals being abandoned. If renting, sometimes pets are not allowed, or the renter may not have money to pay a pet deposit. It can

also be an issue of not being able to afford feeding and caring for the animal. As a result, companion animals are being left behind, pets are left to roam in neighborhoods, and animals are often starving upon intake. Calls for assistance are also on the rise, both to crisis assistance and family resource programs, as well as utility payment assistance programs.

Orange County's goals are to preserve and rehabilitate neighborhoods and properties, find additional funding to stabilize neighborhoods, support neighborhood association efforts to maintain neighborhoods, assist families in need, prevent foreclosures, maintain pet ownership, and conduct outreach and education. The County's ReNew Program is focusing on housing maintenance initiatives, HOA assistance grants, and community design assistance. The Safe Neighborhood Program is changing its focus to targeted communities and coordinating public safety measures.

The County has a proposed ordinance that will address abandoned and foreclosing properties. It will clarify the lender's responsibility to maintain properties. It will also require lenders and responsible parties to register foreclosures with the Clerk of Courts. This allows code enforcement officers to monitor and intervene earlier. The ordinance would also expand the authority of mosquito control officers.

The County's Neighborhood Stabilization Program has received \$28 million in federal funding to acquire and rehabilitate foreclosed properties, demolish and redevelop blighted structures. The County works to leverage resources by working with realtors, housing industry leaders, and financial institutions, creating partnerships with non-profit housing developers and housing counseling agencies, and expanding opportunities for small business, such as subcontractors. They also have a Foreclosure Prevention Assistance Program that provides outreach to individuals at risk of losing their homes.

Sarasota County has experienced a steady increase in the number of violations regarding vacant, abandoned, lis pendens, or properties in foreclosure; however, it is not as significant as other areas of the state. Sarasota County's current abatement program ascertains the cooperation of lending institutions, property owners, realtors and landlords to gain voluntary compliance. The county continues to abate properties, mainly consisting of overgrowth and debris, without the need to pursue Special Magistrate hearings. Code Enforcement is accomplishing this process without the need for additional funds or programs based on the current level of activity. In addition, Sarasota is currently integrating several county code enforcement departments and providing cross-training to various field personnel so that all violations are recognized and addressed in a more expedient and efficient manner.

St. Lucie County is experiencing an increase in code enforcement complaints due to foreclosures. However, they have a good ratio of compliance. Code enforcement staff continue to send written notice and contact the owners and interested parties. The County Attorney notifies the bank or mortgage lender. If the property remains in violation, their attorney notifies the Board of County Commissioners, who can direct staff to clean up the property.

Counties Currently Seeking Solutions

Highlands County – This issue has received media attention locally. The county requested that FAC survey all counties to look for solutions.

Seminole County is experiencing a much higher demand for code enforcement. They have received upwards of 4 times the number of new cases over the past three years and about 700 times the call volume on code enforcement issues. They are reaching out to banks to achieve compliance, without much success. The county is currently abating polls in vacant foreclosed homes that are not secured properly. This is being done by staff from the building and planning divisions. The county has had to limit the number of cases that they can open due to staff resources. As a result, a large backlog of cases is developing, but staff is working to achieve compliance on as many cases as possible. The county is considering revisions to the code, but has not moved forward with anything yet.

Walton County is currently dealing with a number of abandoned properties projects with partially completed structures that have been abandoned by the developer. When the bank is in control of the property, the county tries to work out solutions with the bank. But in some cases, the project is tied up in the courts and the bank does not yet have control. In those cases, the county has not yet figured out a way to achieve compliance. In this limited budget time, the county does not have funds to contract with an outside party to do the work or to devote staff time to completing the work and securing liens on the properties.