TOWN OF APPLE VALLEY, CALIFORNIA

AGENDA MATTER

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FORECLOSED PROPERTY UPDATE

SUMMARY STATEMENT

At the October 14, 2008, Town Council Meeting staff presented a Municipal Code Amendment strengthening the remedies available to prevent neighborhood blight. The Administrative Citation Process allows Code Enforcement to pursue privately and/or bankowned properties whose owners have failed to comply with all other violation notices. Staff also reported that a review of recently adopted ordinances requiring foreclosed properties to be registered with the jurisdictional city would be conducted and brought back to the Council.

Staff has continued to review new ordinances adopted by California cities related to vacant properties. In addition, staff sent out a listserv to California cities requesting information relative to bank-owned property ordinances. We have received no responses to date. Attached is a copy of the Ordinance for the City of Chula Vista, which requires the registration of foreclosed properties or face daily fines. Chula Vista adopted an ordinance that they are presenting statewide as legislation to deal with the fallout of homes abandoned during the nation's foreclosure crisis.

The primary purpose of this ordinance is to create a list of parties responsible for residential properties that are vacant, under Notice of Default and/or Notice of Trustee's Sale, pending Tax Assessors Lien Sale and/or properties that have been the subject of a foreclosure sale. In theory, the master list allows Code Enforcement to contact responsible parties directly when there are code violations present on the property. The Town does not require vacant properties to be registered.

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Recommended Action:

- 1 Direct staff to continue using existing codes to pursue property maintenance issues town-wide.
- 2 Direct staff to continue using the Administrative Citations process on Foreclosed bankowned properties when available.
- 3 Direct staff to continue monitoring statewide legislation regarding foreclosed properties.

Proposed by:	MUNICIPAL SERVICES	Item Number
T. M. Approval:		Budgeted Item ⊠ Yes ☐ No ☐ N/A

(Foreclosed Property Update Continued)

However, the Town currently contacts the titled owner regarding any existing code violations. When code violations are present on a property, the Town obtains title information to locate the current legal owner. The legal owner is then served all notices of violation issued by the Town for enforcement action, whether privately owned or bank-owned.

The secondary purpose of their ordinance is to protect residential properties from becoming blighted through the lack of adequate maintenance and security of abandoned properties. The Town of Apple Valley currently has several Municipal Code Sections that deal with public nuisances, blighted and unsecured properties, graffiti, abandoned pools, weeds, dry vegetation, trash, junk and debris.

The provisions of Chula Vista's Abandoned Residential Property Registration Ordinance that are not found in the Town's existing codes are:

"Visible front and side yard shall be landscaped and maintained to the neighborhood standard at the time registration was required."

The code goes on to describe what acceptable landscaping includes and does not include. The code also requires that landscaping must be watered regularly and maintained (mowed/removal of trimmings), and;

"The property shall be posted with name and 24-hour contact phone number of the local property management company."

The code then defines the signage requirements.

Staff considered the two code provisions above and the pros and cons of both sections. The section regarding landscape maintenance provides a tool for keeping lawns and shrubs green and manicured. The downside is when property owners fail to comply with this provision, the Town would then be in the position to enforce the provisions of the code to guarantee compliance. This would require ensuring that the water is turned on at the property, which would require a monthly payment. It would also require landscape maintenance, which would require contract staff or Town employees. The Town would eventually be reimbursed for these expenses through the lien process, however, until payment is received, the Town pays the ongoing expenses. These expenses continue to accrue until the property is sold.

The inherent problem with a landscape maintenance code is that it must be a uniformed requirement for property maintenance town-wide. It would have to apply to all properties whether privately owned, bank-owned or owner occupied to avoid charges of selective enforcement or discriminatory enforcement. The Town currently has no residential on-site landscaping ordinance or standards.

(Foreclosed Property Update Continued)

The section regarding signage identifying the local property management company is an effective tool in having an immediate contact when a new violation exists on the property. The downside is that with the frequent turnover of banks and bank owned property, it will take additional staff time to ensure that the signage is current. If the signage is not current, the property owner would be subject to daily fines. These fines would then be placed as a lien against the property, which would be paid at the time the taxes were due or at the time of sale.

One problem with the signage requirement is that it will create a proliferation of signage in residential neighborhood areas and may contribute to illegal unauthorized entry of vacant properties. Staff recently conducted a survey. In the first hour and one-half, over 51 properties out of approximately 270 were identified as vacant. Most of the properties were in compliance with existing codes and were fairly new homes. The properties were grouped closely together and it is unknown whether they were bank-owned. The visual impact created by having signage on all vacant properties may be contrary to our sign code, which regulates a reduction of signage in residential areas. The signage may also have an adverse impact on the marketability of neighborhoods.

Chula Vista staff reported that their ordinance was enacted because they do not have budgeted money to carryout the abatement of blighted conditions on vacant properties. The Town of Apple Valley has an aggressive abatement process that includes property owner notification (due process), enforcement, abatement, and restitution (lien or repayment by property owner).

After reviewing existing ordinances for upkeep of foreclosed properties, staff has determined that there are sufficient provisions in existing Town and State codes that can be used for this purpose. During the review, it was determined that administrative remedies which have proved effective throughout California were also present in the Town of Apple Valley Municipal Code. Code Enforcement staff have been using the Administrative Citation Process with positive results.

Administrative Citations have succeeded where traditional Code Enforcement notices have failed. Banks are currently inundated with foreclosed properties and it has been staff's experience that when banks are called regarding a property, they are not sure if they own the property or not. When staff leaves a message at a bank REO (real estate owned) department they do not return phone calls.

Code Enforcement has found success utilizing the newly updated administrative citation process. Banks have been more responsive to Town Code Enforcement Notices when they are attached to an administrative citation. More banks have contacted the Town to ask that the citations stop and then they ask for time to complete the clean up.

Staff recommends the continued use of existing codes to deal with all vacant properties and property maintenance issues. Staff also recommends that the Town continue to track

(Foreclosed Property Update Continued)

Abandoned Residential Property Registration legislation to determine effectiveness and the staff time required to implement the provisions of the new regulations.