



# CITY OF TOPEKA

Department of Neighborhood Relations  
620 SE Madison Street, 1<sup>st</sup> Floor, Unit 8  
Topeka, KS 66607-1118

Tel: 785-368-3711  
[www.topeka.org](http://www.topeka.org)

## MEMORANDUM

**Date:** October 29, 2019

**To:** Brent Trout, City Manager

**From:** Sasha Haehn, Neighborhood Relations Director

**Subject:** Vacant & Foreclosed Property Registration

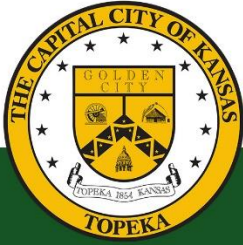
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### **BACKGROUND:**

Neglected and chronically vacant buildings are a major cause and source of blight in both residential and non-residential neighborhoods, especially when the owner of the building fails to actively maintain and manage the building to ensure that it does not become a liability to the neighborhood. Vacant neglected buildings and/or substandard or unkempt buildings discourage economic development and retard appreciation of property values. It is the responsibility of property owners to prevent buildings from becoming a burden to the neighborhood and community and a threat to the public health, safety, and welfare. A vacant or neglected building that is not well maintained and managed can be the core and source of spreading blight in a neighborhood. These properties cost the community more in the provision of public services such as police and fire service, code enforcement and animal control, just to name a few.

Such buildings constitute a nuisance, and to adequately protect public health, safety and welfare, the establishment and enforcement of a registration system to monitor such buildings and to develop a means to decrease the number of vacant and neglected buildings within the city is a tool that should be considered for Topeka. Communities across the country are adopting registration programs in an effort to combat blight in their neighborhoods. These programs offer increased scrutiny, increased and up-to-date contact information for communities and a financial incentive for properties to be moved from vacant, distressed and deteriorating to productive use in the community and a contributing property to the overall value of the community.

Potential property registration programs have been presented to the Governing Body in September and October. The proposed programs include Neglected, Vacant and Foreclosed Property Registration programs. Discussion and concerns regarding the impact of the proposed Neglected Property Registration program on some property owners at the September 10<sup>th</sup> meeting resulted in the program being removed from the list being proposed for consideration.



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Following the October 15<sup>th</sup> meeting, staff worked with the Shawnee County Landlord's Association to solicit feedback and concerns regarding the proposed vacant and foreclosed property registration programs. The major concern expressed was that creating another 'layer' of government on vacant properties in the community would inhibit local landlords and investors from acquiring the properties and trying to fix them up.

In an effort to be responsive to the feedback from the Governing Body and the community, staff reworked the language in the draft ordinance. The threshold time period for staff to consider a property chronically vacant has been extended from 60 days to 180 days and language was added specifying that the properties intended for the program will be chronically vacant and unutilized. Additionally, the registration fee for vacant properties that are not in foreclosure has been lowered to \$125/biannually or \$250/year. Language has been added to specify that properties that have active building permits or active renovation or rehabilitation work ongoing will be excluded from the registration requirements.

The intent of the proposed programs is to incentivize owners of chronically vacant properties and banks holding and neglecting foreclosed properties in a 'zombie' status to put these properties in productive use in our neighborhoods or sell them to an owner that will. Additionally, we want to ensure that properties in foreclosure are being properly maintained by the banks while that process proceeds.

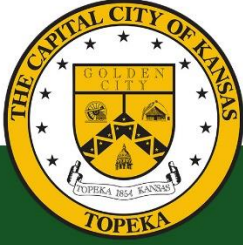
## **FINANCIAL CONSIDERATIONS:**

If the vacant and foreclosure registration is entirely administered by a third-party with contract provisions allowing for no fees to the City, start-up costs for this program will be minimal to none. There may be minor costs related to promoting the program. If a private vendor administers the vacant and foreclosed property registration program, no additional staff will be required at this time. If we do not use a vendor to administer the program, additional administrative staff will be needed to track and maintain data for notification and filing. This would run in excess of \$50,000 in annual salary and benefits, plus an estimated additional \$10k in materials and mailing costs.

Staff is proposing a \$300 registration fee biannually (\$600/year) for Foreclosed properties and \$125 registration fee biannually (\$250/year) for vacant properties. This registration fee will be collected by the vendor and a portion will be returned to the City. *(Pending the outcome of an RFP and contractor selection process)* These fees will be collected to help offset the cost to the City of neglected and blighted properties in the community. Costs related to abatements, securements and the like will be offset by the registration fees collected. Owners who fail to register their properties will be charged a \$250 penalty.

## **LEGAL CONSIDERATIONS:**

The draft Vacant and Foreclosed Property Registration Ordinance has been developed by the Legal Department and is presented for Governing Body consideration.



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## **RECOMMENDATION/ACTION:**

Staff is recommending the creation of the Vacant and Foreclosed Property Registration program. If the Governing Body were to approve an ordinance creating this registration program, rollout of the program will begin in the first quarter of 2020.

If the ordinance is approved, Neighborhood Relations will work with the Contracts & Procurement Division to solicit proposals for third party administration of the program. The RFP will stipulate no cost proposals that offer the provision of splitting the registration fees collected.

Once a vendor is selected, the vendor will notify the financial institutions with local, foreclosed properties immediately of the passage of an ordinance creating the program. This program will require banks, financial institutions etc., to complete an application and pay a registration fee of \$300 biannually (\$600/year). Owners of chronically vacant properties will be required to pay a registration fee of \$125/biannually (\$250/year).

Neighborhood Relations will work to identify a list of chronically vacant properties with no signs of, or imminent plans for rehabilitation or renovations. This list of chronically vacant properties will be provided to the third party administrator of the program and owners will be notified that their property has been identified as potentially qualifying for the Vacant & Foreclosed Property Registration program in Topeka. A request will be included for owners to contact the City to discuss the status of their property. Properties that are determined to be chronically vacant with no plan for renovation or occupation will be required to register and maintain the registration until such time as the property undergoes renovation and/or becomes occupied and in productive use.

The financial institutions with foreclosed properties in Topeka, and owners of vacant properties both residential and commercial, will be required to provide valid and up to date contact information. Financial institutions will be required to have property managers provide their contact information to help ensure that foreclosed properties meet the minimum requirements of the IPMC for securement and exterior property conditions. Property owners of vacant properties living more than 60 miles from Topeka will be required to designate a local agent and provide up to date contact information for that person or business. Foreclosure properties will be required to be registered until the property is sold to an owner in an arm's length transaction, the proceeds of which satisfy the mortgage or lien against the property. Vacant property owners will be required to maintain the registration as long as the property remains vacant with no renovation or rehabilitation work underway.

Property owners who receive a notice to register their property have the right to appeal the decision of the code official regarding the registration requirements or the assessment of a penalty fee, as provided for by the draft ordinance. Appeals may be made by requesting in writing to the code official within ten calendar days from the date of such decision or penalty a hearing before an administrative hearing officer.