



COMMUNITY DEVELOPMENT DEPARTMENT

City of Surprise Abandoned and Foreclosed Property Action Plan

Introduction

Abandoned properties have a detrimental impact on the welfare of the residents of Surprise, including increased blight and crime, creating attractive nuisances, and decreasing the general welfare of the neighborhoods of Surprise. With this in mind, City Council created an Ad Hoc Citizen Committee that examined the foreclosure situation and developed a set of recommended approaches to deal with this matter.

The City of Surprise continues to identify, examine, and implement effective tools and strategies to manage the negative impact abandoned properties have on the residents of Surprise, including the development of comprehensive strategies to effectively deal with the negative impacts of foreclosed and abandoned properties.

There are approximately 700 foreclosed homes in the City of Surprise. These properties are located throughout the city and affect virtually every neighborhood. The foreclosure crisis is a nationwide problem that will likely continue until the overall economy improves, credit markets soften, and the housing stock begins to adjust. Until this occurs, the City of Surprise must be as proactive as practical to stabilize neighborhoods with a number of strategies.

Staff from Community Development, Police, Neighborhood Services, Code Enforcement, and the Legal Departments have formulated this action plan to comprehensively address abandoned and foreclosed properties.

Specific components of the action plan include:

1. Preventative Measures (such as awareness and counseling)
2. Property Identification and Mapping
3. Community Outreach
4. Proactive Patrols and Inspections
5. Civil and Criminal Penalties
6. Neighborhood Stabilization

This action plan also includes two case studies which identify how some of these strategies are already being put to use.

1. Preventative Measures

As the number of foreclosures has increased, lenders are becoming more receptive to working with homeowners to keep them in their home. Occupied homes are far less likely to incur the problems associated with abandoned properties. This places an increased importance on enhancing the awareness of foreclosure prevention information. The Foreclosure Ad Hoc Committee sponsored a workshop that created awareness about methods to avoid foreclosure. In order to continue this education process, the City of Surprise currently offers the following information and links on our website - foreclosure prevention tips, legal referrals, and access to numerous housing and foreclosure prevention counselors. Additionally, staff from Neighborhood Services regularly provides access to foreclosure prevention information to Surprise residents via public events, community meetings, and resident inquires to the Neighborhood Services office. Per the recommendation of the Foreclosure Ad Hoc Committee staff has developed partnerships with four nonprofit organizations that will be able to provide foreclosure counseling services to Surprise residents. The organizations include Community Services of Arizona, Neighborhood Housing Services, Community Housing Resources of Arizona, and Chicanos Por La Causa. Surprise residents are being provided with these services free of charge as long as they go to the established offices.

In an effort to communicate with the largest lenders, most of whom now own property in the City of Surprise, the Community Development Department will send a letter to each of the lenders CEOs, Community Relations and Legal Departments. The city will outline the manner in which all property in the City of Surprise should be maintained and the expectation for their respective companies to be a positive member of our community. Additionally, the city will highlight the enforcement strategies the city is employing to minimize the effects abandoned and foreclosed properties.

Responsible Division – Community Development, Neighborhood Services, and Communications.

Timeline – Current and Ongoing. Update website as additional educational and awareness opportunities are identified.

2. Property Identification and Mapping

Identification of abandoned and foreclosed properties needs to be a multi-faceted approach utilizing the residents of Surprise, HOAs, and city staff. Although no one method to identify abandoned and foreclosed properties is foolproof, the City of Surprise has a unique combination of programs and tools to ensure abandoned foreclosed properties that are presenting negative effects are quickly identified.

The Neighborhood Services Division currently has access to a database which is compiled by Maricopa County. The database provides the address and trustee for every foreclosed property. These properties can be easily mapped to identify concentrations of foreclosed properties.

Community Development staff will utilize the database to identify Surprise homeowners who have received the initial notice from a lender regarding the foreclosure sale of the property. The Community Development Department will notify the homeowners of the resources available to avoid foreclosure as well as their responsibilities to continue to maintain the property in accordance with state statute, city code, HOA CC&Rs, and their respective lending agreements.

Responsible Division – Community Development, Neighborhood Services, and GIS.

Timeline – Current and Ongoing. Database and map to be updated biweekly.

3. Community Outreach

The City of Surprise through the use of the HOA Connection and Neighborhood Watch programs can develop a system to increase self-reliance within its neighborhoods and identify properties that need resources from Police and Code Enforcement. Many of the HOAs have covenants, conditions, and restrictions that mandate notification of ownership transfer. This information should be provided to the local Neighborhood Watch or HOA board to assess the property for potential violations and referred to Police and Code Enforcement as necessary. In addition to the Neighborhood Watch, the Surprise Police Department also offers Crime Prevention education opportunities, Risk Assessment Programs, and Citizen Patrols who can conduct periodic welfare checks on unattended properties.

In an advisory report to the City Council, the Foreclosure Ad Hoc Committee recommended the creation of an HOA Presidents Board. The Community Development Department has initiated this process and is developing a database of HOA presidents for each of the 50+ HOAs in Surprise. City staff has begun communicating to each of the presidents the creation of this roundtable meeting to increase communication within the community, share ideas to address common issues, and identify methods to pool resources. The first meeting will occur in March 2009.

Responsible Division – Community Development, Neighborhood Services, and Police.

Partners – Homeowner’s Associations.

Timeline – Current and Ongoing. Regular outreach to HOAs needed to keep unattended property maps current.

4. Proactive Patrols and Inspections

The mapping of properties that are known foreclosures, coupled with referrals from HOAs, will provide us with an opportunity to monitor concentrated foreclosure areas. The Police Department does use directed patrols in neighborhoods that have high rates of foreclosure and in those areas where police calls for service can be traced back to a foreclosed property. Code Enforcement and Building Safety inspectors are also conducting proactive property maintenance and structural inspections throughout the city.

Responsible Division – Police, Community Development, Code Enforcement and Building Safety.

Timeline – Current and Ongoing. Review results of patrols, adjust directed patrol zones as necessary when foreclosure patterns and calls for service change.

5. Civil and Criminal Penalties

A key component in any strategy designed to address problem properties is the ability to compel compliance through civil and criminal violations. On December 11, 2008, the Mayor and Council approved on first reading the adoption of local court rules governing proceedings involving the adjudication and penalties of civil violations of the Surprise City Code. Additionally, on January 8, 2009, the Mayor and Council will be asked to consider an amendment of Section 105-25 of the Surprise City Code to allow for violations to be designated a civil or criminal violation. These actions by the Mayor and Council will allow Code Enforcement to issue civil citations in a timely manner to address owners who do not voluntarily correct property maintenance violations.

Furthermore, the local court rules will provide the Surprise Municipal Court a graduated fine schedule with mandatory minimum fines and maximum fines of \$2500.00 per day per violation. The City Attorney has directed the City Prosecutor to ask for maximum fines in any case involving an abandoned or foreclosed property. To address unauthorized persons using abandoned and foreclosed properties, the Code Enforcement Division will request all owners of abandoned and foreclosed properties to complete an authority to arrest form for each property. This strategy will assist the Police Department when they contact individuals on abandoned properties.

Responsible Division – Legal, Courts, Police, Community Development, and Code Enforcement.

Timeline – Ordinance amendments in process. Several court cases in progress.

6. Neighborhood Stabilization

As part of the Federal Housing and Economic Recovery Act of 2008, a set-aside of funding was delineated to implement the Neighborhood Stabilization Program (NSP) with the intent of creating programs that would stabilize neighborhoods in the wake of the foreclosure crisis. Cities were analyzed nationally to determine the level of need dependent upon the quantity of foreclosed homes, the number of sub-prime mortgages, and the mortgage default rate. As a result, the Department of Housing and Urban Development established an allotment for Surprise of up to \$2,197,786, which will be made available dependent upon HUD approval of an action plan. The City of Surprise submitted an action plan, which was approved by City Council, to HUD in November. Upon the receipt of a notice to proceed from HUD, the Neighborhood Services Division of Community Development will purchase up to 12 foreclosed and abandoned properties. Existing homes on these properties will either be rehabilitated and sold to income qualified buyers, or the homes will be demolished, rebuilt and then resold.

Responsible Division – Community Development Neighborhood Service Division.

Timeline – Action Plan Submitted To HUD. Notice to proceed anticipated in January. Acquisition in Spring 2009. Demolition, Rehabilitation and New Construction Activities In Summer 2009.

Case Studies

Many of the programs and strategies discussed are already being used effectively by the City of Surprise. For example, a resident identified a Brown Family Community that was in various stages of development ranging from homes that had just been framed, to homes that were near completion. Recognizing that Brown Family Homes had ceased operations, the resident contacted the Building Safety Division. Staff from Building Safety initiated communication with the lender of the development. The lender and representatives from Building Safety reviewed the properties and identified the necessary actions required to ensure the community was viable and safe. The lender then hired a property management firm to make all of the necessary corrections to protect their investment and the neighborhood.

Another example of existing strategies working was a report to Code Enforcement of a home that was being “stripped” of its lights, fans, and other items. Code Enforcement responded to the property and did note the lawful owner was removing items from the home, but in the process had created an electrical system violation. Code enforcement also identified several other property maintenance violations that are now being addressed through the enforcement process.

Summary

The Mayor, Council, City Manager, and Foreclosure Ad Hoc Committee asked the City of Surprise to identify, examine, and implement efficient and successful strategies to minimize the damaging impact of abandoned and foreclosed properties. Staff recommends that the Mayor and Council endorse this action plan and ask the City Manager to ensure that the necessary resources to continue its implementation are requested as part of the FY2010 budget process.