



CITY OF
FORESTPARK

City Council Agenda Item

Subject: City of Forest Park Blight Tax Ordinance – Executive Offices

Submitted By: Ricky L. Clark, Jr., City Manager

Date Submitted: February 20, 2024

Work Session Date: March 4, 2024

Council Meeting Date: March 4, 2024

Background/History:

Neighborhood blight and the presence of vacant and abandoned properties have profound negative impacts on afflicted communities. Blighted properties decrease surrounding property values, erode the health of local housing markets, pose safety hazards, and reduce local tax revenue. As part of our ONE Forest Park initiative and our strategic pillars of Neighborhood Sustainability, we are seeking to implement our very first Blighted Property Tax.

Blight's wide-ranging effects are complicated to address, but stakeholders across the nation are developing and implementing strategies to combat it. In 2002, Georgia voters approved a constitutional amendment allowing counties and municipalities to establish a tax incentive program to encourage property owners to remediate or redevelop blighted properties. The Community Redevelopment Tax Incentive Program, operates like a "blight tax." It increases property taxes on blighted properties and subsequently decreases them for a period of time once the property is remediated or redeveloped.

Staff is seeking to implement an ordinance in which a millage rate of 7.0 mills is applied to properties that are maintained in a blighted condition. The proposed ordinance prescribes the process for identification of blighted property to include but not be limited to a required inspection of the parcel, a request made by five (5) residents living in a different household, etc. Upon receipt of the inspection report, a determination shall be made in writing, confirming that the property, per ordinance standards, is in a blighted condition. Persons notified shall have thirty (30) days from the receipt of said notice to request a hearing within Municipal Court. Within 30 days, the Court Clerk shall have ten days to provide notice of the established hearing date; after such hearing, the final ruling shall be deemed final unless a petition is submitted to the Superior Court of Clayton County for a writ of certiorari.

A property owner or person(s) who is chargeable with the payment of ad valorem taxes on real property which has been officially designated pursuant to this article as property maintained in a blighted condition may petition the public officer to lift the designation, after proper inspection to ensure compliance. Real property which has had its designation as maintained in a blighted condition removed by the public officer, as provided in section 3-8-5, Identification of blighted property, of this article, shall be eligible for a decrease in the rate of city ad valorem taxation by applying a factor of 0.5 to the city millage rate applied to the property, so that such property shall be taxed at a lower millage rate than the millage rate generally applied in the municipality or otherwise provided by general law;

such decreased rate of taxation shall be applied beginning with the next tax bill rendered following removal of official designation of a real property as blighted. The decreased rate of taxation may be given in successive years, depending on the amount of cost expended by the person(s) chargeable with payment of ad valorem taxes on the property to satisfy its remediation or redevelopment, with every twenty-five thousand dollars (\$25,000.00) or portion thereof equaling one (1) year of tax reduction; provided, however, that no property shall be entitled to reduction in city ad valorem taxes for more than four (4) successive years.

For calculation purposes: A property worth \$250,000, the fair market value, taxed at 40%, is 100,000. \$100,000 times our current millage rate of .016743 would pay taxes of \$1674.30. An increase of 7% would make the millage rate $100,000 * .023743$, with an additional amount due in taxes of 2,374.30 (this would be the increase based upon the blighted tax, if adopted)

A property worth \$100,000 FMV with a taxed 40% is $\$40,000 * .016743 = \669.72 . An increase to $.023743 * 40,000$ would be \$949.72.

There are various advantages to a higher tax on blighted property. First, the higher tax rate may motivate property owners to stabilize or improve blighted conditions. It may also encourage owners to sell blighted properties to others who are willing to do the work. If a property is vacant or underutilized, the higher tax may encourage the owner to rent it in order to pay the extra taxes. These actions could subsequently increase the blighted property's value and that of nearby properties.

Additionally, because blighted properties often demand higher government services (e.g., public safety and code enforcement services) than other properties, the higher tax allows local governments to recover some of the costs associated with this increased burden.

The main disadvantage to a blight tax is that it could be particularly burdensome for low-income individuals, seniors, individuals with disabilities, and struggling businesses that have been unable to improve the blighted conditions due to economic circumstances or other reasons. In addition, property owners may pass on the cost of the increased taxes or repairs to low-income tenants or businesses that occupy these properties in the form of higher rents. With the efforts of our newly created Beautification Commission, we feel we will be able to alleviate some of these burdens on our legacy residents. An additional disadvantage is that the blight tax would only apply to taxable properties. Blighted properties owned by tax-exempt property owners, like churches and charitable organizations, would not be impacted.

Cost: \$

Budgeted for: _____ Yes _____ No

Financial Impact:

Action Requested from Council: