



# MEMO

## Finance

To: Legislative Committee  
From: Finance Director, William Van Rossum  
Date: 02/06/2023  
Re: Special Charge Payment Plan

We had some recent special charges that have been issued to property owners that have spurred conversation on how the City can make it easier for property owners to pay these charges as well as increase the probability of getting back the expended funds that come along with these code violation abatements.

Special charges include things like snow removal and lawn cutting, razing, and debris/junk removal expenses. Per the statutes, snow removal from sidewalks, lawn and tree cutting are expressly included in the statutes as allowable for a "special charge," allowing these to be put on the tax bill. However, things like razing, debris/junk, or any other abatement of code violation do not qualify to be transferred to the tax roll. For these other abatement charges, the city can place a lien on the property until it is paid. This is a mechanism to try and collect the cost of these various abatement expenditures before a property switches owners. The lien does not force a payment until the property is turned over. It typically is not a proactive approach to getting the cost back from the abatement.

To be proactive on this collection effort, we would like to explore a payment plan for any special charge/abatement code violation over a certain amount. Based on the amount it could be enrolled in a payment plan with an interest rate close to what the local Credit unions and banks are charging. The term can be based on amount. The higher the amount the longer the term. An example of how this can look is in the table below.

Tiered Amount	Term	Rate
Less than \$1,000	1-year term	Unison 3-year arm rate +.5%
Between \$1,000 and \$5,000	3-year term	Unison 3-year arm rate +.5%
Between \$5,000 and \$7,000	5-Year term	Unison 5-year arm rate +.5%
Greater than \$7,000	10-year term	Unison 7-year arm rate +.5%

This payment plan gives the property owner the option to pay the abatement violation in full, on a payment plan or go to a financial institution to finance the expense. Rather than waiting for the lien to come up in a title search as the property is being sold, with a payment plan we believe our collection rate will be higher as well as expedited.

Community Development Block Grant (CBDG) is another option depending on the abatement situation. CBDG is a regional program that offers Zero-percent deferred loan payment housing rehabilitation loans to low- and moderate- income (LMI) owner-occupied households. Projects could include such actions as replacement of private water or wastewater systems, new electrical or plumbing systems, lead paint or asbestos abatement, roof replacement, or any other rehabilitation deemed necessary to meet housing quality standard (HQS) inspection.

**Recommended Action:** Instruct staff to develop a resolution to implement such a payment plan that can be offered to property owners that have a code violation fee that cannot be transferred to the tax roll for collection.