

Holding Owners Accountable For Blighted Properties

The problem we face: Omaha has a serious and growing problem with deteriorating and abandoned properties. This problem has a long history and complex roots. Omaha Together One Community (OTOC) has worked with the Mayor and City Council for several years to improve the process and resources available for housing code enforcement. OTOC has advocated for several years that the Mayor and City Council need to: (1) hire, train and support an adequate staff of Housing Code inspectors; (2) provide the funding (about \$1 Million) to demolish 100 condemned structures each year; (3) and develop and adopt enforcement policies which reduce the number of buildings which deteriorate to the point where they are abandoned by the owner and the City must step in to demolish. *The City of Omaha is about to consider adopting a Vacant and Abandoned Property Ordinance, one of the strategies which OTOC has proposed since August, 2013.*

Examples of condemned buildings, now demolished, which have plagued communities all over our City:



District 1



District 2



District 3



District 4

Funding for demolition of condemned buildings: Since 2009, Omaha Together One Community (OTOC) has consistently advocated that the City of Omaha increase funding for demolition. Since 2014, the City Council and Mayor have agreed to invest \$957,000 each year in demolishing condemned buildings and the number of demolitions has increased from about 50 a year to nearly 100 each year. Nevertheless, the number the abandoned, condemned buildings has continued to rise to over 880.

The Growing Problem of Condemned and Abandoned Buildings

The list is growing longer because public funding for demolition can't keep pace with the growing number of unsafe buildings that need to be removed. Between 2009 and 2012, on average the City of Omaha annually tagged 217 structures for demolition and funded the removal of only 36 condemned buildings. From 2013 on, the City has funded demolition for about 100 condemned buildings each year but the total number of condemned buildings has grown. *Why is this?*

- While some responsible owners pay to demolish their condemned buildings, many others abandon their property and don't pay the taxes or the cost of demolition.
- When the City of Omaha pays to demolish a condemned building it files a lien against the private property. According to figures from 2008, nearly 75% of the City of Omaha's demolition liens are delinquent. Unpaid demolition liens on tax delinquent property are stripped off when the vacant land is sold years later in a tax foreclosure sale.
- According to OTOC analysis about 70% of these major code violations are in rental properties or properties where the former owner has abandoned the property and the bank holding the mortgage has refused to foreclose and take responsibility for the property. So some irresponsible landlords and some large, international banks are shifting the burden of these properties to Omaha taxpayers.
- Since 2013, OTOC has proposed that the City Council follow the lead of other cities like Lincoln, Minneapolis, Albuquerque, Cincinnati, Wilmington and Chicago to create a vacant property registration ordinance that helps track property owners, encourages a minimum level of property maintenance and recovers some portion of the costs incurred by the municipality to deal with vacant properties. **Below is a summary of the Omaha proposed ordinance:**



Omaha Abandoned and Vacant Property Ordinance (Proposed)

The proposed Omaha Abandoned and Vacant Property Ordinance is a registration program for three categories of commercial and residential property.

(1) Abandoned: Vacant and tax delinquent, foreclosed or in the process of foreclosure.

(2) Neglected: Vacant and deteriorated, including:

- multiple code violations,
- repeatedly unsecured for more than 30 days,
- boarded up for more than 90 days,
- uninhabitable due to storm or fire damage and no consistent effort to repair,
- substantial deterioration caused by failure to maintain and correct code violations
- unsafe (condemned) for more than two years.

(3) Vacant: Vacant, with or without a building on the land.

Two Exemptions:(1) Listed for sale, not foreclosed, and not vacant for more than six months.

(2) Under construction with valid building permit.

Registration After Notice From the City: After receiving a notice from the City, the owner and the holder of a mortgage (mortgagee) have 30 days to register the property, and pay a \$500 registration fee for abandoned or neglected property. The property must be re-registered (and \$500 fee paid) every ninety days until it no longer qualifies for registration. An additional \$500 civil penalty may be assessed every ninety days for failure to register abandoned or neglected property.

Duty of Mortgagee to Inspect: Mortgagees have a duty to inspect property before sending notice of a mortgage default. Mortgagees must register vacant property within 10 days after the inspection, without waiting for notice from the City. Occupied property must be inspected every four weeks until either the mortgage default is cured or the property is vacant and subject to registration.

Registration must include a plan and timeline to sell, repair or demolish the property. While registered, the Owner and mortgagee must maintain and secure the property.

Violation of the ordinance is a misdemeanor offense. Owners (but not mortgagees) are personally liable for unpaid registration fees and civil penalties that also become liens against the property.

OTOC encourages you to learn about this proposed ordinance and to support it

What you can do:

- 1) Go to the OTOC website at www.otoc.org to read OTOC's 2013 position paper about how to improve housing in Omaha. A link to the paper is included in the post about the City Council hearing.
- 2) Contact you City Council member and the Mayor to support this ordinance.
- 3) Attend the City Council meeting on **Tuesday, October 6** City beginning at 2 p.m. to demonstrate support for the ordinance. OTOC will post the likely time for the hearing on this ordinance as soon as it is known.