

# RECORD OF PROCEEDINGS

Minutes of

Meeting

Lilienthal Southeastern, Inc., 1-800-837-1904, Re-Order 66665K

Thursday, January 23, 2020

Held

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**ITEM 1: CALL TO ORDER:** Mayor Williams called the Riverside, Ohio City Council Work Session to order at 6:00 p.m. at the Riverside Administrative Offices located at 5200 Springfield Street, Suite 100, Riverside, Ohio, 45431.

**ITEM 2: ROLL CALL:** Council attendance was as follows: Ms. Campbell, present; Mr. Denning, present; Ms. Franklin, present; Ms. Fry, present; Deputy Mayor Lommatzsch, present; Mr. Teaford, present; and Mayor Williams, present.

Staff present was as follows: Mark Carpenter, City Manager; Gary Burkholder, Community Development Director; Tamara Ennist, Zoning Administrator; and Katie Lewallen, Clerk of Council.

**ITEM 3: EXCUSE ABSENT MEMBERS:** No council members were absent.

**ITEM 4: ADDITIONS OR CORRECTIONS TO AGENDA:** No changes were made to the amended agenda.

**ITEM 5: APPROVAL OF AGENDA:** Mr., Denning motioned to approve the agenda. Mr. Teaford seconded the motion. All were in favor; none opposed. **Motion carried.**

**ITEM 6: WORK SESSION ITEMS:**

**A) ProChamps (Vacant Property Ordinances)** – Mr. Carpenter introduced Stan Urban of ProChamps. He opened with stating that he works for a vendor that does not come in to cities and ask for money. Their company gives the cities money every year, no catch. He stated since coming on board in 2018, by the end of the year in 2019 they went from three communities in Illinois; they now have 35. He stated they will identify all their foreclosures and vacancies, not just by street address, but by property name of the owner, property manager hired by the owner, any legal department used in filing a foreclosure, names, addresses, phone numbers, and emails; and they charge the banks. The banks that initiate a foreclosure are the property owners once foreclosed. He read a sample ordinance that discussed property registration and a fee, which is determined by the city. He stated that fees are generally collected twice a year.

When he was a city manager, he never looked at it for the money; he wanted to know who owned the properties that he was spending \$75,000 - \$100,000/year to cut grass and didn't know where to send the bills. It is time consuming to do the research. Banks are to notify the municipality when there is a foreclosure, but it is hard to know which bank has foreclosed when there are so many branches. He stated his company does the research and finds out which branch does the foreclosure. They pull the pin numbers, track them down, and post them on a web-based program. The city manager then picks who he wants to have access to that. Their system will interface with other property maintenance programs.

He stated the company began in 2009, and nationally, they have over 250 municipalities. Out of the 250, no one has ever opted out. Their agreement is a 2-year agreement that automatically renews unless the city gives 30-days' notice. He showed council a picture of the city with red dots indicating foreclosures. There are 81 active foreclosures all over the city, not concentrated in any area. The 81 were from data he received a few days ago. Deputy Mayor Lommatzsch asked where he got the information. He stated he got it at the courthouse. He explained that he got the addresses and then created the maps. The number indicates how many are on a block in foreclosure and where the color changes it indicates full foreclosure or a renegotiation that hasn't been closed or in some process. He added that the other number of 56 are potential foreclosures. The resident has been notified that they are soon to be put in foreclosure if circumstances don't change. He provided an additional sheet that indicated the 81 foreclosures and 260 vacant properties. They broke out that there are 800+ total vacancies; 128 are rental properties, 209 are for sale, 34 are estimated seasonal snowbirds, leaving 280 vacant zombie houses. They also indicated there



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are over 4,000 rental units in the city. Additional pages showed potential earning upon becoming partners with ProChamps. He stated that the city can set the fees, but that properties are constantly being bought, sold, and bundled by banks.

Ms. Campbell asked if the owners have to register the house. Mr. Urban stated that owner needs to be defined. His company defines it by the bank. Some homes where there is no one left in the family to own are true zombie properties. Nationally, 87% are collected, but 13% are not. His company provides the city the information. They only contact the banks, never the residents. Ms. Campbell asked what happens if there is no family, no person left to take over the home of someone who has passed away. He stated they will notify the city of the last rightful owner of the property. It is then up to the city if they wish to issue a judgment against the vacant property and take it to court to take it by foreclosure. The city could also put a lien against it and make it a public safety issue and condemn it.

Ms. Fry asked if on the foreclosures and the rental properties is he talking about the same property owners. Mr. Urban stated at that point they are talking about who owns the property. They find out where the owner of the rented properties lives, contact them, and let them know, by ordinance, they need to tell them who is the local contact, property maintenance person, etc... otherwise they are in violation of the ordinance. They provide two different services: foreclosures and vacancies; rentals. He recommended they use his services for foreclosures and vacancies first and then they can come back and talk about rentals. Rental collection rate is closer to 55%. He discussed how rental owners are hard to contact, especially out of the area. He added that fire and police tend to want to know how many rooms are in apartments and who is the contact for those. He stated that they do not do rental alone, they will do all of them together or just foreclosures and vacancies.

Mr. Carpenter asked about vacant lots, if it would be treated the same as a vacant structure. Mr. Urban stated they will do it that way, but they don't recommend vacant lots. None of his communities do lots. He discussed a mayor in another town with a population of 75,000 that has 150 business shopping centers with big stores sitting empty. They do not want to do this to be like they are collecting money to balance the books.

Ms. Campbell asked about a landlord that had a vacant property and just used it for storage. Mr. Urban indicated he would provide a sample best practice ordinance. They will be able to add or remove items. They can make whatever changes to the ordinance they wish.

Ms. Fry asked if all the collected information was public information. Mr. Urban replied that once it is provided to the city, then it becomes public information. ProChamps is not a public entity, but once the city gets the info, it is public. She asked about the personal information that is collected. Mr. Urban replied that they do not gather names, race, sex, etc... if talking rentals. They gather the name, address, phone and type of rentals that a property owner has along with a contact person. It is gathering information of the property owner to hold them accountable.

Deputy Mayor Lommatzsch stated her concern was snowbirds and that the city has a lot. Mr. Urban stated there are 34 snowbird properties, and they do not go after them. He reviewed the process they use for vacant homes, which are properties that are vacant 60 days or more and not on the market to be sold or rented. Snowbirds should notify the city when they are gone. Deputy Mayor Lommatzsch stated there is nothing legally in place to have them do that. Mr. Urban stated the ordinance would include it. She added it is not a bad idea to put something in place that way the fire department would know. Ms. Franklin discussed her rental property and that if she is not in compliance then her property is assessed \$1,000 per week. She went back to the city to find out how the new ordinance reads and what is required of a property owner.

Mayor Williams asked the cost of annually grass cutting. Mr. Carpenter stated they budget approximately \$50,000 for abatement, but closer to \$30,000 for grass cutting. Mayor



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Williams was concerned with the number of properties that are bank owned where we are cutting the grass and being ignored by the banks. Ms. Ennist stated that a lot of the properties they mow are not owned by the banks. Mayor Williams commented that it may be a way to recoup some of the money from investors in the community that are not holding up their end of the bargain on maintenance and such through a foreclosure or whatnot, but that this may be a step in the right direction. He asked if they assess. Mr. Carpenter stated they do tack on a fee that gets assessed to the property. Ms. Ennist stated they also add an abatement fee that goes on to the property. It was over \$20,000 last year. That is the mowers fee, and an abatement fee of \$125 is added on top of that. Mr. Denning stated that other benefit is having the correct name of the person to get a hold of regarding who is responsible for the property. Ms. Fry asked Ms. Ennist if she knew how many rental properties were being mowed. Ms. Ennist stated that Riverside has a higher non-owner occupancy rate than a lot of communities, but she did not know the percentage. They are required by law to cite the individual and the address that shows up on the auditor's tax record. They go above and beyond and will send to both the owner and the tenant. She said approximately ¼ to 1/3 of the letters go to the tenants, but she is not comfortable with just throwing that number out as she has not calculated it. Mr. Urban stated when he worked as a city manager maybe seven percent came back as non-deliverable. Ms. Ennist stated they get some of those. Mr. Urban stated they will cut the time it takes to find the information the city needs. Their company will contact the state and get information so the city does not have to.

Mr. Urban showed an example of his company's program and how information is added. He explained how the information is easily downloadable and usable in the property maintenance program the city currently uses. He explained how banks will bundle properties to sell to other banks. Ms. Ennist asked how they get the fee from the people rather than the bank. Mr. Urban stated if it is not in foreclosure then they go after those people and they refuse to pay after 90 days, they send information to the city that the people have not registered and they cannot do anything further and suggests that the city file a judgment against the property. He explained how photos can be uploaded and attached, then once all violation information is entered, it can then be sent via email to the bank. Discussion was held on how the city can use this program and how it can be customized for the city's needs. Mayor Williams confirmed that they could take the city's codified ordinances and then populate the drop-down menu so that a code enforcement officer could select from the option. Mr. Urban replied that was correct.

Mr. Urban stated that he is paid \$100 per registration regardless of how much the city would like to charge. He listed a number of different costs from varying cities and why they chose higher or lower fees. Mr. Denning stated he looked at this as being able to have the needed information for property maintenance rather than being a money maker. Mr. Urban showed council another city, Dolton, IL, that has enlisted the program. Their population is 19,000, and they registered 819 properties, which shows there is a problem. However, the bigger problem is that there are no listed active violations meaning that nobody is using the program. All they care about is getting the money.

Mr. Urban stated that the bank is responsible for inspecting their property and providing that information. Ms. Ennist asked how they get the banks to do the inspection each year. Mr. Urban replied that they don't; they need to know if the bank is telling the truth or lying. Then, if they are lying, they get an officer to enter the property and condemn it; it is a matter of how aggressive the community wants to be.

Mr. Carpenter asked if having this software, they go to a house and there is a grass violation that does not get taken care of, so the city pays the abatement and tack on the fee, can that be used with that and how can it be separated or does it matter? Mr. Urban replied that they tell them what they want and they will program it in there. He added that bills cannot be paid through the software. They are working with a few law firms and are looking for recommendations in Ohio for some that will partner with them to look for judgments on behalf of Riverside on a contingency basis; until they make good on all of the money they

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don't make any money, but he added they aren't there yet. He indicated that on the last page for rentals it is \$25 and not \$100, but the city gets to determine if a 12-flat is \$25 or each unit of the flat is \$25. His company takes \$25 for rentals. He has communities that charge \$50 per unit. They only pull one pin number for one owner. Ms. Fry asked if it mattered if the rental was vacant or not. Mr. Urban stated they can write that in their ordinance and even indicate it can be vacant 60-days or 90-days. He explained some cities that have done it differently. He added that they cannot charge federal property; they can only provide information on what is on federal property.

Questions arose about how this would work in Overlook Homes. Mayor Williams stated they would need to provide more information before he can determine how it is handled. Deputy Mayor Lommatzsch suggested this be put on the agenda at a most convenient time after they see a written contract. Mr. Denning stated they would need to pass an ordinance with the registration. Mr. Urban stated he provided a document with an opt-out clause; a foreclosure and vacant property ordinance best practice that the city can alter, but they will need to see before passing as to determine if they can enforce it; and a separate ordinance for rental properties. He will need to get an agreement form if the city chooses to do rental properties. Deputy Mayor Lommatzsch asked that once the city manager looks it over and massages it to the city's needs that council review it before any legislation. Mr. Carpenter stated he recommends another work session after they determine what the city's needs are and what would be in the contract and in the legislation. Mr. Urban stated if they are having another work session that he would participate if he can do it by speaker phone, unless they really need him present.

## ITEM 7: COUNCIL MEMBER COMMENTS

Mr. Denning stated that this is important to them, but a higher priority is to have a work session to talk about residential streets and what they are going to do in the near future.

**ITEM 8: ADJOURNMENT:** Mr. Denning motioned to adjourn. Ms. Campbell seconded the motion. All were in favor; none were opposed. The meeting adjourned at 7:10 pm.



Peter J. Williams, Mayor



Clerk of Council