



AGENCY: City Council
MEETING DATE: September 24, 2018
DEPARTMENT: Community Development
PRESENTED BY: Marie Jones
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AGENDA ITEM SUMMARY

TITLE:

RECEIVE REPORT AND CONDUCT PUBLIC HEARING ON IMPOSITION OF LIEN AGAINST NATIONSTAR / MR. COOPER IN THE AMOUNT OF \$20,927.79 FOR DELINQUENT NUISANCE ABATEMENT CHARGES RELATED TO 119 PINE STREET

ISSUE:

On January 20, 2018, 119 Pine Street was partially burned to the ground. This property was formerly owned by a hoarder and was the subject of many code enforcement cases over the past ten years. In 2017, the property was red-tagged as uninhabitable due to non-code and unsafe wiring and non-code and unsafe propane heating and cooking setup. The property was also a known location for illegal camping.

In response to the fire, City staff installed barriers around the building, installed stormwater protective devices, hired a company to install construction fencing, and initiated code enforcement against the property owner to abate the nuisance. On March 14, 2018 the insurance company (Assurant) made a payout on the insurance loss to Nationstar / Mr. Cooper in the amount of \$173,285.94.

The Mortgage Holder, Nationstar / Mr. Cooper, foreclosed on the property sometime in the March/April timeframe. Over the course of the following five months, City staff and the City Attorney reached out to Nationstar / Mr. Cooper on multiple occasions without response from Nationstar.

In May of 2018 the City scheduled a hearing between the City Manager and Nationstar / Mr. Cooper to address the nuisance conditions. The property owner was notified by registered letter and did not attend the hearing. City staff continued to try to work with Nationstar to get the partially destroyed building and the many tons of accumulated debris removed from the property with no response from the property owner.

In June of 2018 the property owner attempted to list the property for sale. The City Attorney threatened to file an injunction against the property owner, and to avoid the negative publicity, Nationstar unlisted the property.

Due to a lack of response from Nationstar to the numerous code complaint letters that the City sent to the bank demanding that the bank demolish 119 Pine Street and clean up all related structures and debris, on July 10, 2018, the City began fining the property owner \$1,000 per day per Fort Bragg Municipal Code Chapter 6.12 (Nuisances) and Chapter 1.12 (General Penalty).

On July 12, Nationstar's contractor Above All Property Services obtained a demolition permit for the demolition of 119 Pine Street and all associated structures. Above All Properties underbid the project and encountered difficulties scheduling the delivery and removal of full waste dumpsters by Waste Management and so the demolition process extended over three weeks,

resulting in multiple mobilizations. Additionally, the amount of debris on the property was much more than estimated due to years of hoarding by the former property owner. In total, over 450 cubic yards of waste was removed from 119 Pine Street. The project site was effectively cleared and revegetated by the end of August.

The City sent a demand letter to Nationstar / Mr. Cooper's attorney on August 16, 2018, noting that the owner of the parcel has not paid charges, costs and fines related to the nuisance abatement due to the City.

RECOMMENDED ACTION:

Direct staff to impose a lien against Nationstar / Mr. Cooper in the amount of \$20,928 for delinquent nuisance abatement charges and violation fines related to code violations at 119 Pine Street

ALTERNATIVE ACTION(S):

Provide alternative direction to staff.

ANALYSIS:

The following charges have accrued to the City of Fort Bragg for the code enforcement actions related to code enforcement of 119 Pine Street. The \$20,927.79 noted in the table below includes costs accrued after the property was foreclosed upon by the bank. It also includes the physical improvements which were made to the property (including placing barriers, stormwater devices and warning signage on the property). These improvements totaling \$759.03 were transferred with the property and are included in the table below as reimbursable costs. City Staff also expended considerable time working with the prior owner and the insurance company prior to the foreclosure of the property and its transfer to Nationstar, and those costs cannot be included in the lien and are not included in the table below.

119 Pine Street Code Enforcement Costs and Violation Fines	
Item	Amount
Labor Hours and materials to Install Storm Water Protection Devices and barrier fencing around the property	\$ 759.03
Code Enforcement Abatement Labor Time - Post Foreclosure	\$ 2,473.26
City Attorney Fees - Post Foreclosure	\$ 3,095.50
Code Enforcement Violation Fines	\$ 14,600.00
Total Labor, Materials and Code Enforcement Fines	\$20,927.79

It is important to look at the changing value of the property through this process to understand what the City might consider as a fair settlement.

- Nationstar initially listed the property for sale in May for \$51,000, prior to building demolition.
- The bank spent \$31,230 on the demolition (although the contractor asserts it lost \$11,789 on the building demolition).
- In September of 2018, the property was listed for sale for \$110,000, which represents a \$59,000 increase in value over the May list price.
- After accounting for the demolition costs, the new sales price is \$27,770 higher than the sales price in May.

FISCAL IMPACT:

Placing the lien on the property will allow the City to be reimbursed for expenditures associated with the code enforcement action on 119 Pine Street.

IMPLEMENTATION/TIMEFRAMES:

The lien will be placed on the property as soon as possible. The lien will be paid to the City upon sale of the property; the timing of the property sale is difficult to predict.

ATTACHMENTS:

1. Detailed cost accounting for lien.

NOTIFICATION:

1. Nationstar / Mr. Cooper