

# Mayor and Council Communication

**DATE:** 01/23/24

**M&C FILE NUMBER:** M&C 24-0055

**LOG NAME:** 23LIEN ADJUSTMENT POLICY

## **SUBJECT**

(ALL) Adopt Resolution Adopting Code Compliance Lien Write-Off and Adjustment Policy and Find that Such Policy Serves a Public Purpose and that Adequate Controls are in Place to Ensure the Public Purpose is Carried Out

---

## **RECOMMENDATION:**

It is recommended that City Council:

1. Adopt the attached Resolution adopting the Code Compliance Department's Lien Write-Off and Adjustment Policy; and
  2. Find that the Lien Write-Off and Adjustment Policy serves a public purpose and that adequate controls are in place to ensure that the public purpose is carried out.
- 

## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to adopt a resolution adopting the Code Compliance Lien Write-Off Adjustment Policy, effective January 1, 2024. This change is necessary due to the updated Financial Management Policy Statements (FMPS) for Accounts Receivable in October 2023.

The newly adopted FMPS policy for Accounts Receivable limits adjustments to 60 days. Code Compliance Department has a unique situation with mowing, boarding, nuisance abatement and demolition billing/liens in that these charges can accumulate over many years and can take even more years to fully collect.

While the Code Compliance Department has used an effective policy since 2007, with the current changes to the FMPS policy, it is necessary to update the Code Compliance Department Policy and allow for more than 60 days of adjustment.

Over time, the Code Compliance Department has worked with various city council members to establish practices allowing the Director, or Director's designee, to approve adjustments under established parameters and guidelines when, in the best professional judgment, it is appropriate to do so. Fees are most often adjusted because of tax foreclosure, a lien was filed after a recorded sale of a property, a lien was filed on the wrong property, City records were lost or the value of the property is less than the outstanding balance due to the City.

This policy is established because the Code Compliance Department recognizes that under certain circumstances reasonable adjustments to outstanding liens/charges is needed and serves a public purpose. The Code Compliance Department, as a standard practice, does not waive out of pocket expenses on any request. Instead, the attached policy provides parameters and guidance to the Code Compliance Department on waiving and adjusting administration fees and some interest in order to collect the unpaid out of pocket balance and promote future land/structure improvements, improve safety/quality of life in neighborhoods and eliminate future City nuisance abatement costs. Such adjustments serves a public purpose and the policy provides adequate controls to ensure that the public purpose is carried out.

As an example case, a vacant lot with long-term ownership issues, could have up to 10 mowing liens. The average out of pocket cost to the City is \$70.00 a mow, or \$700.00 total. However, each individual mow adds a \$250.00 administrative fee (accounting for officer investigation time, case management, required notices, billing and indirect administration) or \$2,500.00 (three times higher than the out of pocket City expense; however, it also discourages property owners from having the City be their mowing contractor/debt service that they pay later). With lower value lots, it is good public policy to adjust a portion of the administration fee. The Department does not adjust fees for properties with higher market values.

This policy's goal is to ensure compliance with State Law, the City of Fort Worth's Code of Ordinances, save tax-payer dollars, and promote development on properties that are burdened with the following issues:

- Older liens or liens with timing/proper party issues; and
- For small dollar liens, the process of attempting to enforce the lien may cost more taxpayer resources than would be recovered if the lien were paid off; and
- Unresolved liens that cloud a title and may hamper property transfers and could impede development or home ownership.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

---

## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies approval of these recommendations will have no material effect on City funds.

**Submitted for City Manager's Office by:** Valerie Washington 6199

**Originating Business Unit Head:** Brandon Bennett 6322

**Additional Information Contact:** David B. Carson 6336