Legislation Details (With Text)

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Title:	Resolution to Direct the City Tax Collector to Advertise 2019 Real Estate Liens				
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Attachments:	1. Notice of Advertisement 2019.pdf, 2. Request for Resolution Ordering Lien Advertisement 2019.pdf, 3. 20-0136 RES Real Estate Lien Ads.pdf				

Date	Ver.	Action By	Action	Result

Resolution to Direct the City Tax Collector to Advertise 2019 Real Estate Liens

Department: Financial & Administrative Services
Council District: All

Public Hearing: No
Advertising Date/By: N/A

Contact 1 and Phone: Rick Lusk, 373-2077
Contact 2 and Phone: Richard Hawk, 373-2353

PURPOSE:
City Council authorization is required to direct the City Tax Collector to advertise the liens on real estate for delinquent public utility services, nuisance abatements, boarding up of structures and demolition of substandard structures accounts for the year of 2019, in accordance with North Carolina General Statute 105-369. According to General Statute 105-369, it is required that the City advertise liens on real property as the first step in the foreclosure process. If the City does not advertise, it does not affect the validity of the liens, but without this necessary step, the City cannot use foreclosure as a collection remedy. It is sometimes necessary to foreclose when all other collection remedies have been exhausted.

BACKGROUND:
Each year the City Tax Collector prepares a report of delinquent accounts owed to the City of Greensboro secured by liens on real property. Existing liens are authorized pursuant to Section 6.31 and 6.83 of the City Charter and North Carolina General Statutes 160A-443(6) and 160A-193. According to the City Charter Section 6.83, utility liens must be advertised for four successive weeks and State Statutes require that special assessment liens (nuisance abatements, boarding up of structures, and demolition of substandard structures) be advertised no earlier than March 1. Historically, the City has advertised both utility and special assessment liens for four successive weeks during the month of March each year in a local newspaper publication that provided the lowest quote. Carolina Peacemaker will continue to perform the advertising this year since their

prior work has remained satisfactory and in accordance with city expectations, while continuing to be cost effective. Prior to advertising, the collection procedures are as follows:

- Notices are mailed to debtor
- Collection calls made to debtor and/or mortgage company (special assessments)
- Debt is submitted to the NC Debt Set-Off Program 60 days past due date
- Letter notifying debtor of intent to advertise is mailed 30 days prior to publication

The current amount of said liens for which advertisement is required is as follows:

	# of Accounts	$ Owed
Public Utility Services	865	$247,970.51
Nuisance Abatements	259	114,636.51
Boarding Up of Structures	27	14,150.06
Demolition of Substandard Structures	2	8,411.82
	1153	$385,168.90

Historically, an average of 20% of the $385,168.90 (primarily public utility services) is usually paid prior to advertising, after the notice of intent to advertise is mailed to customers. Once advertising begins, we expect to receive an additional 5% of public utility services and special assessment (nuisance abatements, boarding up of structure, and demolition of substandard structures) accounts paid, based on previous results.

Lien advertisement is the first step prior to taking any legal action in accordance with N.C.G.S. 105-369. Upon advertisement, actual advertising costs are assessed to the property owner in addition to delinquent amounts and collected through payment, foreclosure, or public utility lien judgment. Other methods of advertising can be used, i.e. Channel 13, internet, etc., but they cannot be used in lieu of the newspaper advertisement per State Statute. A newspaper with general paid circulation in the City must be used; it does not necessarily have to be the largest, but it cannot be based on the following:

- Newspapers with only a few subscribers
- Newspapers with subscribers in only a certain portion of the City
- Free newspapers or internet-only
- Newspapers in existence for less than six months
- Monthly newspapers

In 2019, we also posted the advertised liens detail on the City's web page, for expanded coverage. It is not recommended to use Channel 13 for the data dissemination, however, due to the more than 1100 entries that would need to repeatedly scroll on the screen.

BUDGET IMPACT:
The estimated cost of advertising said liens is approximately $1,000 - $1,300 with a portion recovered from the account holder. If said liens are not advertised, a loss in revenue could potentially result up to $385,168.90.

The advertising fee assessed to the account holder is calculated by the City each year, based on the previous year's lien advertising costs and a small amount is included for inflation and administrative costs. That amount is added to the original amount owed on each delinquent account after the advertising process has been completed and must be paid in order to satisfy the lien.

RECOMMENDATION / ACTION REQUESTED:
The Financial and Administrative Services and Legal Departments recommend that City Council approve

advertisement of the above described delinquent accounts, with said advertisement to commence on March 5, 2020 and continue one day per week for four consecutive weeks.