



TO: City of Cambridge – Mayor and Council
FROM: Habitat for Humanity Choptank
Nancy Andrew, Executive Director *Nancy Andrew*
DATE: 2 September 2016
RE: Abatement Request – 2015 Tax Sale Property 07-140029 / 443 High Street

This letter is to request abatement on fees associated with the above referenced property in Cambridge which have been applied since the 2015 County tax sale.

Habitat Choptank participates in the County tax sale as a strategy for addressing high-risk properties in the neighborhoods where we build. We specifically target unoccupied and blighted or condemned properties with the goal of redeveloping these parcels with quality and energy efficient homes. Homes are sold with affordable mortgages to income qualifying buyers who have completed Habitat’s home purchasing program: logging 300-400 hours of sweat equity, attending home owner education courses, saving \$4,500 for costs at settlement, and eliminating any outstanding collectible debt.

This property currently includes a 2,620 sq. ft. dwelling which is boarded and condemned. For the tax year, if the current property owner was paying taxes, the parcel would generate \$266.45 in city and county tax revenue. If improved with an owner occupied Habitat Choptank home, like the home at 439 High Street, the property could generate over \$2,400 in combined tax revenue per year.

Since the 2015 tax sale, our attorney has move ahead with the legal procedures and has recently advised us that it is time to record a new deed. We have also secured grant funding to pay for demolition costs and have made application to the City for a demo permit. Unfortunately, we have been advised by the City that over \$7,600 is due against the property for fees applied over the last year.

Habitat Choptank bid over \$6,000 on this property – a relatively high amount for tax sale which was largely accrued fees versus unpaid taxes. As a partner with the City, this was viewed as an investment in our shared goals for revitalization. However, the additional \$7,600 bill, with \$5,010 of that being fees for municipal infractions applied while we were working toward taking ownership, are prohibitive for our redevelopment of this and other such properties that are deteriorating and bringing down neighborhoods most in need of revitalization.



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Council Agenda Report

Date: September 26, 2016

Prepared and Submitted by: Oden C. Wheeler Jr., Director DPW

SUBJECT: Request from Habitat for Humanity Choptank that the City Eliminate Fines and Liens (\$7,378.79) placed by the City on 443 High St.

Recommendation: That Council:

- A. Authorize staff to negotiate an agreement with Habitat for Humanity Choptank to reduce code violation citations and abatement liens placed on 443 High Street, in accordance with the policy established by Council on June 20, 2016.
- B. Reduce existing fines and liens from \$7,378.79 to \$3,573.79, subject to Habitat for Humanity Choptank demolishing the property within 90 days or pay the full costs of citations and fees.

Discussion:

Habitat for Humanity Choptank purchased the above referenced tax certificate at the 2015 tax sale. Since the purchase of the tax certificate, Habitat's attorney has proceeded with the foreclosure process. The property continues to be in violation and has been served with fix and repair notices, and high grass notices. The City has continued to issue fines throughout this process. The City also maintains the property by abating the high grass/weeds in accordance with City Property Maintenance Codes, in the best interest of the surrounding properties and neighborhood.

Habitat for Humanity Choptank has requested an elimination of the amount owed in fees and liens (\$7,378.79) that have accrued since they acquired the tax certificate. However, staff is suggesting that Council be consistent with the policy adopted by the City Council at the June 20, 2016 meeting, which allows staff to negotiate a reduction in citations and fees based on the following terms:

- a. Waiver of any citations that have not yet been to court (open cases);
- b. A \$150 charge for administrative fees on open cases;
- c. Waiver of half the amount of citation cases where there is an Affidavit of Judgement; and
- d. Charge for hard costs of abatements undertaken by the City plus half of the normal administrative fee (to recover direct payments to MDIA).

- e. Requirement that the waivers of costs be subject to the tax certificate holder agreeing, in writing, to bring the exterior of the property up to the International Property Maintenance Code within 90 days or pay the full costs of citations and fees. Approved demolition of the structure would qualify as bringing the exterior up to Code.

Based on the above terms, City Staff has calculated a reduction in citations and fees that will require Habitat to pay the City of Cambridge the reduced amount of \$3,573.79 and a deposit of \$3,805.00. The deposit will be placed in an escrow account, and if the structure is demolished within 90 days from the signing of the agreement, that money will be refunded to Habitat. If the structure is not demolished within 90 days, the City will retain the funds and demolish the structure.

Fiscal Impact:

The City of Cambridge will recover \$3,573.79, which is nearly half of the original amount owed. If Habitat for Humanity Choptank does not demolish the property as agreed, the City will also retain the deposit of \$3,805.00, which it will use to demolish the property.

Approved by: SEJ