



Economic Development Committee Meeting

AGENDA

April 3, 2018
City Hall

-
- I. **CALL TO ORDER**
 - II. **MATTERS BEFORE COMMITTEE**
 - 1. Community Improvement Tax Incentive Discussion
 - III. **ADJOURN**



Economic Development Committee Meeting

AGENDA

April 3, 2018

Item:

Discussion - Community Improvement Tax Incentive

Department:

Additional Information:

Financial Impact:

Budgeted Item:

Recommendation / Request:

Viewing Attachments Requires Adobe Acrobat. [Click here](#) to download.

Attachments / click to download

[Community Improvement Tax Incentive Info](#)



To: City Council, City Administrator
From: Sadie Krawczyk, ED Specialist
Department: Administration
Date: 3/29/2018
Description: Item for Discussion – Community Improvement Tax Incentive

Budget Account/Project Name: n/a

Funding Source: n/a

Budget Allocation: 000

Budget Available: 0.00

Requested Expense: 0.00

Company of Purchase:

Recommendation:

Background:

There has been much discussion within the Monroe GICH team, citizens, and staff about the potential of using the “Blight Tax” or “Community Improvement Tax Incentive” tool to address dilapidated, vacant structures around the city. The research presented here is to assist the discussion among City Council regarding this topic.

Attachment(s):

Community Improvement Tax Incentive Potential Timeline for Implementation (1 page)
FAQ’s document (2 pages)

Community Improvement Tax Incentive (Blight Tax) potential timeline:

- 1st Month, Week 1: Called Council Meeting - City Council Discussion of proposed ordinance & public hearings schedule
- 1st Month, Week 2: Press release of ordinance consideration, advertise public meetings and website FAQ's/feedback form (example of [FAQ page](#))
- 1st Month, Week 3: FAQ's and feedback form published online
- 1st Month, Week 4-5: Public meetings @ City Hall & Community Center
- 2nd Month, Week 1: Called Council Meeting – report to council from public meetings
- 2nd Month, Week 2: City Council decision to move forward with ordinance drafting and any additional tools needed (i.e. Derelict Rental Property Ordinance/application for local Home Improvement Grant/Loan program funds)
- 3rd Month, Week 1: Called Council Meeting – ordinance discussion
- 3rd Month, Week 2: 1st reading
- 4th Month, Week 1: Called Council Meeting – ordinance discussion
- 4th Month, Week 2: 2nd reading

Additional resources:

- [Single Family Housing Repair Loans & Grants in Georgia through USDA](#) - EXISTING
- City funded Residential Facade Loan Program (see [Historic Columbus Façade Loan](#) example; would require general funds or other grant such as [USDA Housing Preservation Grant](#))
- [CHIP grant for new construction](#) – city would have to acquire land to construct new homes for low to moderate income individuals; \$600,000 grant for construction, upon sale of homes profit has to go back into CHIP housing activity, however, after this reinvestment, any profit generated can be used as the city sees fit, so this could eventually be the funding source for local revolving loan program or other housing related activity)
- [CDBG Housing Grant](#) – similar to above in that we could receive grant funds to construct or rehabilitate housing for low to moderate income individuals; can be combined with infrastructure activity like we typically use these funds for
- [Derelict Rental Property Ordinance](#) – to address dilapidated rental properties and repeat offenses
- Create a Land Bank Authority to acquire tax delinquent properties and return them to tax-paying status; has the power to sell or lease the property; can also manage, maintain, protect, repair, alter, and insure the property; trade or exchange for other property is also authorized.
- [GMA model ordinance](#) available for reference

Community Improvement Tax Incentive FAQ's

On _____, City Council will consider adoption of a new ordinance to help combat chronic blight in Monroe. Called the Community Improvement Tax Incentive, the proposed ordinance creates a process for declaring properties maintained in a chronically blighted condition, and establishes a mechanism to tax those properties at a higher rate until they are brought into compliance.

The proposed ordinance can be read [HERE](#).

The following is a brief Q&A on key aspects of the proposal. If you have further questions or comments, please submit them through [the feedback form](#). We will work to get an answer for you.

Q: Which properties will qualify for this proposed tax increase?

A: Under this ordinance, a qualifying blighted property must present two or more blighted conditions as defined in the ordinance. The ordinance targets the worst of the worst unoccupied properties that are deemed uninhabitable or unsafe for sustained periods of time. The ordinance does not apply to occupied properties, or properties with less serious problems, such as ones that are in violation solely because of aesthetic reasons.

Q: What's the process for identifying blighted properties that would be subject to increased taxation?

A: An inspection of the property would be performed, a report written, and the code official would make a determination in writing that the property is blighted as defined by the ordinance and qualifies for the increased taxation. The property owner would then be served with this notice. The property owner would have 30 days from receipt to request a hearing in Recorder's Court. A hearing would be set and notice given by legal advertisement. At the hearing, evidence would be presented and the Judge would affirm or reverse the code official's determination. Property owners could then appeal to Superior Court.

Q: How does the increase in taxation work?

A: If the property is upheld as blighted, the City's portion of the property tax bill would be increased by **multiplying the City's millage rate by 7**. Currently, the City's millage rate is 7.421, which means a property owner pays \$7.42 for every \$1,000 of assessed property value. Under this ordinance, the blighted property would instead be taxed at \$51.95 per \$1,000 of assessed value.

Q: What will the City do with this new revenue?

A: Any revenue arising from the increased rate of ad valorem **taxation shall be used only for community improvement purposes**, including defraying the cost of the City's programs to close, repair or demolish unfit structures. The hope is that this ordinance will encourage those who cannot maintain their properties to sell them to those who can. If that does not happen, ownership change may be forced in some cases through tax sale.

Q: Will the taxes go back down when the property comes into compliance?

A: Yes. An owner whose property has been declared blighted may petition the code official to lift the designation after completion of work required under a plan of remedial action or required by court action. Once the blighted designation is lifted, the property then becomes eligible for a decreased rate of taxation. At such time, the City's normal millage rate (currently 7.42 mills) will be **cut in half for up to four years**.

Reader's Questions

Q. If a property owner is unresponsive after 30 days what's the procedure then?

A. If a property owner is unresponsive after 30 days, then they will not have a hearing in Recorder's Court. The property will still then qualify for the increased property tax.

Q. It would be helpful in assessing this proposal to have shown examples of how this approach has succeeded in other cities.

A. Similar initiatives have been successfully implemented in cities throughout Georgia, including Savannah, Albany, College Park, Griffin and Swainsboro.

Q. How will senior citizens be notified other than by TV, Bulletin Board, and meetings?

A. It's important to emphasize that this ordinance applies only to unoccupied homes. No one, seniors or otherwise, will be displaced from their home because of this ordinance. Property owners will be notified directly if their property falls under the purview of this ordinance.

Q. Will there be a lien on their home?

A. A lien would be taken out on a property if the owner fails to pay their property taxes.

Q. Are there government grant available?

A. For occupied homes, there are [Single Family Housing Repair Loans & Grants in Georgia through USDA](#).

Q. Is this a plot to move blacks out of the city?

A. This ordinance will only apply to unoccupied houses and will not displace anyone from their home.

Q. Why aren't landlords held accountable for the blight they cause in the city and county, and are there plans in place to correct this type of injustice and or behavior? They rent houses and refuse to repair them etc. IT'S TIME to put accountability into action, and Make them Keep their rental properties up to code.

A. Landlords are held accountable under the [Derelict Rental Property Ordinance](#). That ordinance focuses on landlords who keep their properties in chronically derelict conditions or allow criminality to persist. The more times the landlord is cited, the higher the fines. Rental properties which are not being kept in good condition can be reported either through the City of Monroe website or the City 311 app.

Q. Have guidelines been established to eliminate harassment?

A. The ordinance is not meant to target or harass any particular group of people, but rather directly address the most neglected, uninhabitable properties.

Q. What assistance will be made available to senior citizens/any citizen, who needs help with the process?

A. Under this ordinance, property owners may request a hearing in Recorder's Court to review the findings of the City.

Q. What about HUD and other public housing facilities. Will they be held accountable also, and how will that be handled?

A. This ordinance only applies to unoccupied housing.