

ORDINANCE NO. 21, 2022 SERIES

AN ORDINANCE ESTABLISHING PROCEDURES FOR ACQUIRING VACANT AND ABANDONED PROPERTY WITHIN THE CITY OF FRANKFORT AND TRANSFERRING IT TO USEFUL OWNERSHIP THROUGH THE CREATION OF THE FRANKFORT NEGLECTED PROPERTY DEVELOPMENT PROGRAM

WHEREAS, there are properties identified within the City of Frankfort that are chronically vacant, underutilized or abandoned; and

WHEREAS, many such properties have outstanding code enforcement or tax liens, and/ or require significant use of City staff and funds related to code violation abatement efforts, increased policing due to public safety concerns, and other necessary actions; and

WHEREAS, the City has determined that some of these properties may have a strong potential of being put back to productive use by community-minded developers, organizations or adjacent residents; and

WHEREAS, the chief impediment to the adaptive reuse of these properties is difficulty in obtaining ownership; and

WHEREAS, the City has a unique ability to facilitate the transfer of ownership through foreclosure and other governmental authority;

NOW THEREFORE, BE IT ORDAINED by the Board of Commissioners of the City of Frankfort, that a new Chapter of the City of Frankfort Code of Ordinances is hereby adopted as follows:

FRANKFORT NEGLECTED PROPERTY DEVELOPMENT PROGRAM

I. DEFINITIONS.

For the purpose of this Chapter the following definitions shall apply unless the context clearly indicates or requires a different meaning.

A. COMMUNITY DEVELOPER.

A developer, charitable organization, or individual determined by the City to meet the following criteria:

1. Shall be in "Good Standing" with the City of Frankfort, which shall mean the Community Developer has all necessary City business and regulatory licenses, has no active City Nuisance Code violation cases or outstanding Code liens, and has no outstanding liens or debts to the City including delinquencies on any City real or personal property taxes or occupational license taxes, or other charges, fees, taxes, fines, or penalties;
2. Shall have a written project plan, including estimated completion schedule, for improvement of the property;
3. Shall have example(s) of other similar projects brought to completion in a timely manner; and
4. Shall document the financial capacity to complete any proposed project.

B. DONATED PROPERTY.

A property donated to the City in accordance with Section V of this Ordinance.

C. ELIGIBLE PROPERTY.

A property determined by the City Board of Commissioners to be a Donated Property or determined by the Program Committee to at a minimum meet the following criteria:

1. The property is subject to existing Code Enforcement and/or City Property tax liens;
2. The Planning & Community Development Department has exhausted all available avenues for enforcement and compliance through its typical procedures; and
3. The property is:
 - a. A vacant unimproved lot;
 - b. Has outstanding code violations of a nature to consider the property a "Dangerous Structure or Premises" as defined in Section 107.1.5 of the City of Frankfort Nuisance Code; and/ or
 - c. On the City Abandoned Property List per Chapter 100 of the City of Frankfort Code of Ordinances.

D. GOOD NEIGHBOR PROPERTY OWNER.

A City of Frankfort real property owner determined by the City to meet the following criteria:

1. Shall own residential real property within the City of Frankfort which is adjacent to an Eligible Property;
2. Shall demonstrate how acquiring an Eligible Property shall benefit the owner's adjacent property, including a plan for maintaining and/ or improving the Eligible Property;
3. Shall agree not to sell the Eligible Property for at least two (2) years after acquisition; and
4. Shall meet the criteria for Community Developers set forth in subsection (A)(1) and (2) of this Section.

E. PROGRAM.

The Frankfort Neglected Property Development Program established in this ordinance.

F. PROGRAM COMMITTEE.

The City Manager, Planning Director, City Solicitor, and up to two (2) additional City employees designated by the City Manager. The Program Committee shall meet at in the Large Conference Room at City Hall on the second Tuesday of each month at 9:00am EST, and shall call special meetings as needed.

G. VERIFIED APPLICANT.

A Community Developer or Good Neighbor Property Owner who has submitted an Application regarding interest in an Eligible Property and who is determined by the Program Committee to meet all Application requirements established in Section III of this ordinance.

II. ELIGIBLE PROPERTY IDENTIFICATION PROCESS.

Eligible Properties will be identified based on the criteria contained in the definition of “Eligible Property” in Section I of this ordinance. The potential properties will initially be identified by the Planning Director who will then forward the properties to the Program Committee. The process for placing properties on the list of Eligible Properties is as follows:

- A. The Planning Director will submit to the Program Committee relevant information to consider, including but not necessarily limited to:
1. Property Donation Application, if applicable;
 2. Nuisance Code enforcement case history, including any verification (if there is an existing structure on the property) that a structure has been deemed a “Dangerous Structure or Premises” as defined in Section 107.1.5 of the City of Frankfort Nuisance Code or verification that the property is legally eligible for foreclosure proceedings;
 3. Information on any proposed or pending foreclosure actions by parties other than the City;
 4. Property tax delinquency history and any City liens placed on the property;
 5. Status of whether the property is on the Abandoned Urban Properties List; and
 6. PVA records, maps, and photos of the general condition of the property.
- B. The Program Committee shall meet to review the relevant information and consider the property for inclusion in the Program as an Eligible Property.
- C. Except for those properties identified in paragraphs 1 and 2 of this subsection, the Program Committee shall submit written notification to the Board of Commissioners of each designated Eligible Property. One or more members of the Board of Commissioners may request the property be added to the next City meeting agenda for further discussion or for consideration of overriding the Program Committee’s designation of the property as an Eligible Property. If the Board of Commissioners votes to override the designation, the property shall not be included in the Program and shall not be eligible for inclusion in the Program for a period of twelve (12) months.
1. A Donated Property shall be evaluated and approved as an Eligible Property only in accordance with Section V of this Ordinance.
 2. A property for which an appeal is filed shall be evaluated and approved as an Eligible Property only in accordance with subsection D below.
- D. Appeal Process.
1. If the Board of Commissioners does not override the designation of the property as an Eligible Property and foreclosure proceedings will be required to acquire the property, the Planning Director shall send a first class letter to the owner of the property as listed by the Property Valuation Administrator informing them:
 - a. That the property is being considered for inclusion in the Program;
 - b. The intention of the Program and how the property qualifies;
 - c. The process for appealing the inclusion of the property in the Program to the Board of Commissioners; and
 - d. That if the property owner does not appeal the inclusion within two (2) weeks of the date notification was sent, or if the Board of Commissioners denies the appeal, the property may be approved for the Program by the Board of Commissioners, posted on the City’s website as an Eligible Property, and foreclosure proceedings may be initiated.
 2. If no later than two (2) weeks from the date the notification letter is sent, the owner submits a written request to appeal the decision to include their property in the Program, the appeal shall be heard by the Board of Commissioners at its next regular meeting. The property shall not be placed in the Program while the appeal is pending.
 3. Upon the decision of the Board to deny the appeal, the property shall be declared an Eligible Property and the City shall take appropriate action to acquire the property, including but not limited to foreclosure proceedings.
 4. Upon the decision of the Board to uphold the appeal, the property shall not be added to the Program and shall not be considered for inclusion in the Program for a period of twelve (12) months.
 5. Regardless of the Property’s ultimate Program eligibility status, nothing in this Section shall prohibit the City from taking any other action regarding the property authorized or required by law, including foreclosure proceedings.

III. PROGRAM GUIDELINES.

The Program is designed for the City to identify abandoned/neglected properties and to partner with Community Developers or Good Neighbor Property Owners who would like to acquire those properties and commit to improving them. The Program process is as follows:

- A. The City will identify and approve Eligible Properties per Section II of this ordinance.
- B. The City will place the Eligible Properties on the City’s website for at least one month prior to initiating foreclosure (if foreclosure is necessary) or surplusing the property if already owned by the City.

- C. A party interested in acquiring an Eligible Property shall submit to the City a Community Developer Application or Good Neighbor Application, whichever is applicable. Each Application shall at a minimum include the Applicant's name, address and contact information, identification of the Eligible Property they are interested in acquiring; and provide information demonstrating compliance with the criteria for a Community Developer or Good Neighbor Property Owner as set forth in Section I of this ordinance.
- D. If at least one (1) Verified Applicant, as determined by the Program Committee, is received for an Eligible Property, the City may initiate a foreclosure action to acquire ownership, bid on or otherwise proceed with acquiring an Eligible Property, or proceed with the steps for transferring an Eligible Property already owned by the City.
- E. Once the City owns an Eligible Property, the Program Committee shall work with a Verified Applicant to agree to terms of transfer, which shall include, but not be limited to, a detailed plan for elimination of blight and a right of reversion to the City if the required milestones are not met by a specific time period.
- F. Upon a Verified Applicant's written agreement to the terms of transfer, the City shall surplus the Eligible Property in accordance with KRS 82.083, which allows the City to convey the property to a Verified Applicant with or without compensation for economic development purposes which includes the elimination of blight.
- G. If more than one Verified Applicant is interested in an Eligible Property, the City shall choose a Verified Applicant on a first come first serve basis. If for any reason the Verified Applicant and the City do not agree to terms of transfer, the City shall continue to the next Verified Applicant.

IV. FUNDING FOR ELIGIBLE PROPERTY ACQUISITION.

- A. Implementation of the Program shall be conditioned upon approval of Program funding in the City budget. The Program Committee shall present to the Board of Commissioners a funding request at least annually detailing anticipated costs for foreclosure actions or other related costs.
- B. The Program Committee shall have the authority to determine the maximum amount to bid on a particular Eligible Property at a foreclosure sale or purchase amount through any other acquisition process, except that if the determined maximum bid or purchase amount exceeds \$20,000, the Program Committee shall obtain authorization of the Board of Commissioners prior to bidding on or otherwise purchasing the property.

V. PROCESS FOR DONATING REAL PROPERTY TO THE CITY.

- A. Any person owning real property within the City of Frankfort may apply to donate the property to the City by filling out a Property Donation Application.
- B. The application shall contain the following information:
 - 1. Property owner name, address and contact information;
 - 2. Address of the proposed donated property; and
 - 3. A statement confirming the property has no outstanding liens, except that vacant, unimproved lots may have outstanding mowing liens, which may be released by the City if the property is accepted as a Donated Property.
- C. The Program Committee shall meet to evaluate the property to determine if it is in the best interest of the City to accept the property because it is suitable for governmental or public use, or is suitable for inclusion in the Program as an Eligible Property.
- D. The Program Committee shall present any recommended property to the Board of Commissioners to be accepted as a Donated Property, upon which the property shall be conveyed to the City and any City liens shown by evidence to cause a financial hardship to the property owner shall be released.
- E. Upon conveyance, a Donated Property suitable for inclusion in the Program as an Eligible Property shall be listed as such and surplused in accordance with this ordinance.

First Reading on the 24 day of October, 2022
 Final adoption on the 21 day of November, 2022

S/Layne Wilkerson
 T/Mayor

Attest:

S/Chermie Maxwell
 T/City Clerk

Summary: This ordinance establishes procedures for purchasing vacant and abandoned property within the City of Frankfort and transferring it to useful ownership through the creation of the Frankfort Neglected Property Development Initiative.

S/Laura Milam Ross
 T/City Solicitor

Published by title & summary on November 30, 2022.