

FINANCE AND ADMINISTRATION COMMITTEE

February 22, 2024

2:00 p.m.

Councilman Denny Wayne Conference Room (Busch Building, 4th Floor)

MEMBERS

PRESENT: Matthew Simpson, Chair; Heather Hardinger; Monica Horton; and Brandon Jenson.

MEMBERS

ABSENT: None.

STAFF

PRESENT: Maurice S. Jones, Deputy City Manager; Jordan Paul, City Attorney; David Holtmann, Director of Finance; Jody Vernon, Assistant Director of Finance and Comptroller; Brock Rowe, Director of Building Development Services; Brad Musick, Assistant Director of Building Development Services; Anita Cotter, City Clerk; and Julie Greer, Deputy City Clerk.

GUESTS: Isabelle Walker, Community Partnership of the Ozarks Housing Collaborative; and Regina Sarber, Housing Authority of Springfield.

Mayor Pro Tem Matthew Simpson, Chair, called the meeting to order at approximately 2:03 p.m., and roll call was conducted. Present: Heather Hardinger, Monica Horton, Brandon Jenson, and Matthew Simpson. Absent: None.

Councilwoman Horton moved to approve the minutes of the November 30, 2023, meeting as presented. Councilwoman Hardinger seconded the motion, and it was approved by the following vote: Ayes: Hardinger, Horton, Jenson, and Simpson. Nays: None. Absent: None. Abstain: None.

Councilwoman Hardinger moved the Finance and Administration Committee hold a closed meeting to discuss confidential or privileged communications between a public governmental body and its auditor, including all auditor work product pursuant to Section 610.021(17) RSMo; and this meeting, record, and vote shall be closed and the Finance and Administration Committee would reconvene in open session. Councilwoman Horton seconded the motion, and it was approved by the following vote: Ayes: Hardinger, Horton, Jenson, and Simpson. Nays: None. Absent: None. Abstain: None

The meeting reconvened in open session at approximately 2:25 p.m.

Mayor Pro Tem Simpson introduced the next agenda item as the continued discussion regarding Resolution 10722 and introduced Brock Rowe, Director of Building Development (BDS), as today's presenter.

Mr. Rowe explained the Finance and Administration Committee was charged by Section 2 of Resolution 10722 to conduct an analysis of escalating fees and/or fines related to “chronic” nuisance properties and to provide recommendations based on such analysis to City Council no later than six months after the adoption of the Resolution.

Mr. Rowe reviewed the current 275-day process for dangerous buildings in Springfield, beginning with an initial inspection and going all the way through to demolition. He pointed out the stages where a hearing was conducted (150 to 170 days) and where a finding of fact was produced (170 to 200 days).

Mr. Rowe reviewed Section 26-77 (Penalty for failure to comply with order of director of building development services) in the current City Code. He noted the recommendation was to add a second paragraph to this section which would read, “(2) Chronic Nuisance Penalty. Any person that allows or causes chronic nuisance properties to exist in the city shall, upon conviction in municipal court, be fined \$1,000.00 unless the person who violates the order is not a resident of the property, in which case such maximum fine shall be \$2,000.00. Chronic nuisance properties are: a) properties for which there has been a final order under Section 26-70 two or more times under the same ownership; or, b) two or more properties under the same ownership for which there has been a final order under Section 26-70.”

Mr. Rowe explained in more detail how the penalties would work with the proposed language, noting properties for which there has been a final order under Section 26-70 two or more times under the same ownership or for two or more properties under the same ownership which had gone through the entire penalty process would go to Municipal Court.

Mr. Rowe noted the next task for staff was to define “substantial progress.” It was recommended that the definition be housed in Section 26-62 (Conditions of buildings or structures constituting public nuisance). The proposed language would be added to the existing language, “For purposes of this section, substantial progress is such that would allow an outside, objective observer to reasonably conclude that there has been considerable abatement of the conditions that make a property a danger, a nuisance, or in need of maintenance.” He explained that was the best definition without going into a lot of detail; an outside observer could deem there had been substantial progress.

Mr. Rowe reviewed the following recommendations in response to the charge listed in Resolution 10722:

1. Repeal Rental Registration Program. (NPWG p. 13)
2. Investigate a Rental Inspection Program suitable for Springfield. (NPWG p. 13)
3. Multiple Clean Green Vouchers. (NPWG p. 5)
4. City Council acknowledge support for a shift from mostly complaint based to a primary strategic code enforcement process while still responding to citizen complaints.
5. Lobby to change RSMo 67.410 to change mailing requirements for notices. (NPWG p. 8)
6. Changes to chronic nuisance and substantial completion. (Res 10722)
7. Make an effort to facilitate a Property Care Team initiated by the neighborhoods. (NPWG p. 5)

8. Be a primary clearing house for community-based assistance to neighborhoods. (NPWG p 5)

Councilman Jenson expressed his appreciation for the recommendations. He expressed his concern about the lack of a time-based component under the nuisance penalty criteria regarding the issuance of citations. Mr. Rowe responded only a final order would be considered, not a citation. Councilwoman Hardinger noted this would apply to someone who had ample time to address and resolve the issue but had not made a reasonable attempt. Mr. Rowe explained the penalty would only apply to someone who had gone through the whole process at least twice before; he noted this person would know they were in violation and were simply refusing to correct the issues.

Councilwoman Horton asked for clarification regarding the first 90 days of the process. Mr. Rowe explained it was not related to the number of complaints but was applicable to those who had gone through the complete 275-day process. Councilwoman Horton noted if a neighbor had called regarding issues at a property three times within the last three years or within the last year, they may consider it to be a chronic nuisance. She stressed the importance of communicating abatement and how things were being resolved. Councilwoman Horton emphasized the importance of citizens being aware of the City's 80-percent compliance rate.

Councilwoman Horton noted if a neighbor was still filing complaints, and the property owner was addressing them, it would not fall under the definition of blight. Mr. Rowe responded this only applied to blighted buildings; it did not address tall grass. Mr. Rowe noted there was already an escalating fine in place for repeated citations regarding tall grass.

Councilwoman Horton emphasized the importance of citizens understanding how impressive the 80-percent compliance rate was, as individuals could perceive that nothing was being done to address the issues. Mr. Rowe responded the goal was 100-percent compliance.

Councilman Jenson noted he had recently met with the West Central Neighborhood Alliance, and reported they had been maintaining a list of properties which had exhibited blighted conditions. They noted over the last three years, over 50 percent of them had been fully remediated or were in the process. Councilman Jenson noted the real problem was the properties which have been issues for years and exhibit no meaningful progress. He agreed the proposed language was crafted to be much more focused and punitive, which was the point of a fine.

Councilman Jenson asked about the language regarding same ownership outlined in the proposed Part 2 of Section 26-77. He noted he was aware of the common practice for someone to open a limited liability corporation and purchase a few properties under that name and then open a new limited liability corporation and purchase additional properties under that name. He asked at what level the ownership would be determined. Mr. Rowe responded staff members were checking State Law to see what was allowed. Councilman Jenson expressed his opinion the officers needed to be held responsible.

Councilman Jenson asked for clarification regarding the proposed language describing the outside, objective observer, noting this could mean different things to different people. He noted

BDS staff members could determine there had been substantial progress on a property, but it might appear to other outside objective observers there had not been substantial progress. He asked about the possibility of requiring a work plan with deadlines. Mr. Rowe responded the BDS staff members had discussed this extensively; when someone was purchasing a property which had gone through the whole process and had an order of abatement, the buyer must meet with BDS staff. The staff members ask for information regarding the plans for the property and provide information to the buyer about the violations and provide copies of the notices. The buyer is informed that the sale will not stop the process. The buyer is able to obtain a 45-day permit; the property is then re-evaluated after 45 days. If substantial progress has not been made, the process would continue.

Mr. Rowe noted “substantial progress” was a legal term because there would be a lot of gray area if just one person were making the determination; he explained that was why the City’s legal team settled on that language. He asked Jordan Paul, City Attorney, about the terminology. Mr. Paul responded affirmatively, noting “reasonable person” would be considered the objective standard.

Councilman Jenson asked how it would be reconciled if BDS determined there had been substantial progress occurring on a property, but another entity did not agree with that determination. Mr. Brock responded the City would need to consider the goal, whether the goal was to tear down the house or whether the goal was to reinvest in housing stock. He explained the goal of BDS was to try to keep the housing stock. He noted it costs the City a lot of money to demolish a house, and sometimes that is not recouped; it is very costly, and then there’s a vacant lot to deal with.

Maurice S. Jones, Deputy City Manager, asked what it costs the City to tear down a house. Mr. Rowe responded it generally costs \$15,000 to \$20,000 if there is no asbestos or lead involved, but it could be \$35,000 to \$50,000. The lots are generally worth about \$10,000, so the BDS goal is always to try to get houses repaired. Mr. Rowe explained that was one of the reasons for the recommendation to have BDS become a hub for community-based assistance to neighborhoods; he noted the importance of getting people the right information and directing them to the entities which could provide assistance with home repairs.

Mr. Rowe further explained the importance of early intervention, such as with a Property Care Team; he noted users could view properties on Google Earth and notice when maintenance stopped three years ago. Those are the properties currently being demolished. He explained there was a moment in time when the maintenance stopped, and a Property Care Team could intervene early and offer assistance.

Mr. Rowe emphasized the importance of allowing grace for people to be able to reinvest in housing stock. Investors sometimes wait to sell a property in order to have funds to repair a property they just purchased. He also noted property owners could experience difficulty getting contractors to do the work and problems created by supply shortages. He explained he understood the frustration of the neighborhood in dealing with these issues for 275 days or longer, but he expressed the importance of grace. He explained it was important to work with a property owner if an outside observer would indicate progress was being made. He further noted

once a house was removed from a neighborhood, it became a detriment; he expressed his opinion a vacant lot was never good.

Councilman Jenson expressed his opinion the structures were more detrimental. He expressed his agreement regarding the need to provide grace for most property owners, but he explained it was his opinion there were some who would abuse that. He asked if there was any limitation on how long a building permit could be continued if the owner were making very, very slow progress, such as replacing one window per month.

Mr. Rowe responded substantial progress would be more than one window per month and explained staff members would have to re-evaluate that. He explained building permits for new construction were for 180 days; after an inspection, they could be extended another 180 days. BDS has had new construction projects which have lasted for two or three years, such as hospitals.

Mr. Rowe explained the need for him to be consistent with every project; having the outside observer language would be helpful because it would allow the ability to show grace would allow staff to be consistent. Councilman Jenson responded he trusted the judgment of BDS staff but asked staff to be especially mindful of how much grace was being allowed for those individuals.

Councilwoman Hardinger noted one of the things the Community Involvement Committee discussed was the process was in place for a reason, but there were a lot of mitigative interventions that could be infused into the process. She further noted the mitigative steps could be implemented long before the BDS process. She expressed her opinion there were more organizations and groups which had developed who could accomplish more in the mitigative stage; the City could try to focus resources on those properties so they were not at risk for falling into disrepair, and this would prevent them from going through this process at all.

She expressed her opinion the fines were appropriate based on the amount of staff time and resources that went into the process. She noted the community working with neighborhoods could prevent BDS from having to do this at all. She noted there was a large number of properties currently in the BDS process and also large number which was at risk of being brought into the process.

Councilwoman Hardinger explained the Community Involvement Committee may need to do a more in-depth review of some items after meeting the deadline for Resolution 10722.

Mayor Pro Tem Simpson noted the most successful penalty was the one that did not need to be assessed.

Councilwoman Hardinger expressed her opinion City staff members should not spend their time assessing fines and noted part of the communication needed to include the desire to work with property owners who were having issues getting their property up to code and getting it out of that danger zone. She noted some people have properties they have inherited or cannot afford to repair, but there were community resources to assist before the properties fell into severe

disrepair. She noted the penalty portion was part of the process but expressed her opinion the Committee would like it to be rarely needed.

Councilman Jenson noted his appreciation for the work the Community Involvement Committee had been doing, as they were charged with figuring out how to help property owners so they did not get to the penalty process. He noted the charge to the Finance and Administration Committee was to figure out how to handle it once a property did get to the penalty phase.

Councilwoman Hardinger noted there may be an evaluation period to see if the recommendations were working as anticipated.

Mr. Rowe pointed out the recommendations which could make an impact on the process. He specifically noted number four and explained 60 percent of the time inspectors were going out on calls that turned out not to be violations. He noted recommendation number four would support shifting from a mostly complaint-based response to a strategic code enforcement process while still responding to citizen complaints. Mr. Rowe Brock explained the inspectors could use GIS and cover the city in quarter-mile increments to review the properties. Inspectors could be moved to various sections of the city as needed. He noted the goal was to get to the point where no property was ever deemed chronic.

Mr. Jones noted there would need to be an education component to communicate with the public on what qualified as chronic. Councilwoman Hardinger added it would be beneficial to educate new property owners regarding what to look for and what responsibilities property owners have. She expressed her opinion realtors and other groups could assist with this. She expressed her opinion even property owners with the best of intentions sometimes struggled.

Mr. Rowe noted he had been a guest speaker for two investor groups to provide information on blighted buildings. He noted he reviewed the permit processes with the groups. He explained while BDS was an enforcement arm of the City, it was his goal to provide information and solutions. He noted there was a poverty issue in Springfield, and people sometimes just did not have the funds to complete projects. He explained it could cost \$20,000 to \$30,000 to replace a roof and noted most people would not have that money readily available. He explained adding siding to a home could cost \$15,000. He noted window replacement could cost another \$20,000. He noted some property owners just do not have those large sums of money and may be just living paycheck to paycheck.

Councilman Jenson asked if investors had been referred to any of the resources available via the Housing and Urban Development (HUD) grants. Mr. Rowe responded he had not discussed the HUD grants because he was not familiar with them. He noted that was something which could be done by BDS as part of serving as the information hub.

Councilwoman Hardinger noted one of the items being discussed was positioning the City to be a clearinghouse for resources and to help manage the larger issues. She expressed her opinion there were a lot of things the City currently did that could be managed collaboratively with community partners. Mr. Rowe responded the importance of bringing everyone to the table was one of the big take aways from his attendance at the Vacant Property Leadership Institute.

Councilwoman Horton noted it appeared to her that recommendation number one would go before City Council for consideration of repealing the Rental Registration Program, and this would initiate recommendation number two, the investigation of a rental inspection program suitable for Springfield. She noted the Nuisance Property Work Group wanted to repeal the Rental Registration Program and institute a rental inspection program. She expressed her opinion three of the recommendations were within the Committee's purview.

Mayor Pro Tem Simpson noted the specific recommendations before the Committee were the Code changes to Section 26-77 and Section 26-62. He commended Mr. Rowe and his team for their excellent work. He noted his hope was the penalty would not have to be used and problems could be mitigated well before a property became a nuisance property.

Mayor Pro Tem Simpson expressed his appreciation for the discussion regarding substantial progress. He noted it was meaningful to have an objective standard.

Mayor Pro Tem Simpson noted it would be the Committee's decision on whether to forward the recommended changes to City Council.

Councilman Jenson noted one other element that had recently been brought to his attention regarding fees and fines related to chronic nuisance properties was regarding enforcement and how it would impact tenant-occupied structures. He noted he had information shared with him from other cities which required the landlord to pay relocation expenses for tenants if they were forced to move because of a dangerous building posting. He asked if staff could research regarding this and provide information at the next Committee meeting.

Councilwoman Horton noted her personal experience was that a property owner would relocate a tenant to another unit at no cost. Mr. Jones responded staff members would conduct research regarding this.

Councilman Jenson asked if this would be built off of the Tenant Relocation Assistance required under Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and adapting it so it would apply to a private property owner if the tenant were forced to vacate due to the property owner's failure to maintain the property. Mr. Paul asked if he meant it would be specific to the posting of a dangerous structure. Councilman Jenson responded affirmatively.

Councilman Jenson asked the Committee members if the best approach would be to advance the recommendations based on what staff had completed.

Mayor Pro Tem Simpson responded the Committee's charge was very narrow and focused on fees, and that was what Mr. Rowe had presented.

Councilwoman Hardinger noted, as a member of the Finance and Administration Committee and Chair of the Community Involvement Committee, the Community Involvement Committee intended to forward recommendations to City Council and possibly refer certain items back to a

Committee for discussion. She expressed her opinion these recommendations would provide a framework to start working through the issues and begin taking action.

Councilwoman Horton asked if a motion was needed regarding recommendation number one and recommendation number six. Mayor Pro Tem Simpson responded the Committee would be forwarding a recommendation regarding the Code changes. He noted the Committee could forward the proposed changes to Section 26-77 and 26-62 to the full Council.

Councilwoman Horton asked about a recommendation for the Rental Registration Program. Mayor Pro Tem Simpson responded that was not part of the charge to the Committee; the charge to the Committee only addressed penalties.

Councilman Jenson moved to recommend forwarding the proposed changes to Section 26-77 and Section 26-62 of the City Code to the full Council. Councilwoman Hardinger seconded the motion, and it was approved with the following vote: Ayes: Jenson, Horton, Hardinger, and Simpson. Nays: None. Absent: None. Abstain: None.

Mayor Pro Tem Simpson thanked Mr. Rowe for the presentation.

Councilwoman Horton moved to adjourn. Councilwoman Hardinger seconded the motion, and it was approved by the following vote: Ayes: Jenson, Hardinger, Horton, and Simpson. Nays: None. Absent: None. Abstain: None.

The meeting adjourned at approximately 3:09 p.m.

Completed by Julie Greer