

**MINUTES  
CITY OF ORMOND BEACH  
CITY COMMISSION WORKSHOP  
GATEWAY SIGNAGE, LEAN PROCESS IMPROVEMENT, AND CFOB  
PRESENTATION ON FORECLOSURES AND ABANDONED HOMES**

---

**May 6, 2014**

**5:30 p.m.**

**City Commission Conference Room**

---

**I. Call to Order**

Mayor Ed Kelley called the meeting to order at 5:30 p.m.

Present were Mayor Ed Kelley, Commissioners James Stowers, Troy Kent, Rick Boehm, and Bill Partington, City Manager Joyce Shanahan, Assistant City Manager and Public Works Director Ted MacLeod, and City Attorney Randy Hayes.

**II. Discussions**

**A. Gateway Signage**

Ms. Joyce Shanahan, City Manager, explained that staff was presenting another option for gateway signage to the City Commission, noting that options had been presented previously at other workshops.

Mr. Paul Momberger, Director of Planning and Landscape Architecture at Zev Cohen and Associates, utilized a PowerPoint presentation to display slides with photographs and drawings of the proposed gateway sign design. He stated that the conceptual design for the sign project had already been reviewed by the Florida Department of Transportation (FDOT), noting that they wanted to ensure the conceptual design was reviewed before completing full design plans. He noted that FDOT had provided them with some comments and advised that most everything in the design was approvable. He explained that FDOT had a new community aesthetic feature agreement that allowed certain latitudes. He noted that it appeared that the designs met all FDOT criteria. He explained that they were seeking the City Commission's direction, in order to make sure that the design they moved forward with was the one that the Commission wanted.

Mr. Momberger outlined the different proposed locations for the gateway signs in the city, explaining that the locations were at the outskirts of the primary roadways where the speed limit was around 45 miles per hour and had curbed locations. He noted that those things were criteria that had to be met in order to locate a sign in the median.

Ms. Shanahan stated that there had been a question regarding why a sign could not be placed on north US1. She explained that she understood that FDOT required that traffic be traveling below 45 miles per hour and that there also must be a curb. She noted that the area contained a swale median and the speed limit was higher so FDOT would not allow a community aesthetic feature there.

Mayor Kelley stated that he had questioned that decision. He asked if there was any wiggle room on locating a sign there and if they could beg and plead with FDOT.

Mr. Momberger stated that there was no wiggle room. He advised that they could beg and plead but he did not think there would be acceptance of the proposed sign location. He noted the criteria and explained that he felt they were lucky to get the signs they wanted approved.

Mayor Kelley stated that the city was putting in a tremendous landscape plan for that area. He stated that it only made sense to have a gateway sign in that location, as well. He asked if they would be better off to look at creating a curb there and then getting permission to put the sign in.

Mr. Momberger stated that the issues with that location involved the curb, as well as the speed limit.

Mayor Kelley asked what the speed limit was; whereby, Mr. Paul MacDonald, Landscape Architect, stated that the speed limit was 55 miles per hour.

Ms. Shanahan stated that staff could continue to look into that.

Mayor Kelley stated it would be worth discussing, even if it involved changing the speed limit in that location to 45 miles per hour.

Mr. Momberger stated that the design speed of the road was 55 miles per hour.

Mayor Kelley noted that was based upon the current usage of the road and not taking into account all of the future development in that location such as Ormond Crossings.

Mr. Momberger stated that the posted speed was different than the design speed. He stated that FDOT determined the design speed and that would not change even if the posted speed was changed.

Mayor Kelley suggested that if the posted speed limit was changed to 45 miles per hour, and FDOT still told them they could only design for 55 miles per hour, then that decision could be appealed; whereby, Mr. Momberger confirmed that they could request a variance.

Mayor Kelley stated that Granada Boulevard was a prime example. He stated that he did not accept FDOT's rejection. He explained that they dealt with FDOT on a monthly basis, and he believed that they were more amenable to certain changes. He stated that having a sign located there would save them from needing to locate another one nearby. He asked for that location to be further evaluated.

Commissioner Boehm asked if the city was able to set the speeds on US1; whereby, Mr. Momberger stated that he did not believe so.

Commissioner Boehm stated that he did not think they could do anything other than request the speed limit be changed, noting that as a city he did not believe they had the authority to change it themselves.

Ms. Shanahan stated that she understood that Mayor Kelley wished for them to continue to ask FDOT if there was any way to receive a variance to place a sign in the median in that location. She stated that staff would continue to pursue that.

Mr. Momberger stated that based on what they believed they could get permitted, the locations of the signs would be as follows: Granada Boulevard east of Williamson Boulevard, Nova Road at the southern city limit, Nova Road at the US1 intersection, US1 at the southern city limit, US1 south of Hernandez Avenue, A1A at Harvard Drive, and A1A north of SR40. He explained the dimensions of the proposed sign, including that it would be 18 feet high. He noted that it would only be four feet wide due to the clearance requirements from the edge of travel lanes, which made for a very vertical feature. He explained that the design attempted to emulate the design of the towers at the Andy Romano Beachfront Park with architectural elements such as cut coquina and a cupola. He noted that the text on the sign had to be vertical in order for it to work with the tower design, explaining that the dimensions for the proposed design he believed would be approved.

Ms. Shanahan explained that it took seven months for the designs to be reviewed by FDOT. She noted that the community aesthetic feature process was new.

Mayor Kelley stated that the Commission had expressed interest in such signs for awhile and were always provided with reasons why they could not be done. He noted that perhaps it was good that they waited until now because of the new community aesthetic feature program being in place. He asked about the sign proposed to be located on A1A north, noting that they would have to receive permission for that sign to be in the right-of-way and receive an easement from Oceanside Country Club.

Mr. MacDonald stated that the sign would have to be placed outside of the FDOT right-of-way. He explained that if it was not located in their right-of-way then it was not a sign that FDOT had to permit; and therefore, did not have to follow their rules.

Mr. Momberger noted that the sign monuments were not breakaway signs, but he explained that if a car hit them the signs would probably break. He explained that there would be a solid fiberglass or concrete substructure inside of the monument.

Ms. Shanahan noted that the prior requirements from FDOT mandated a breakaway sign, but the community aesthetic feature program provided greater latitude.

Commissioner Boehm asked why the height of 18 feet was selected.

Mr. Momberger stated that the letters needed to be legible but they did not want to make it any taller than necessary, because otherwise it might feel like a pole. He noted that they felt that 18 feet was the minimum height in order to present the text legibly at driving speed.

Commissioner Boehm asked whether both sides of the monument had "Ormond Beach" on them; whereby, Mr. MacDonald stated that they both did.

Ms. Shanahan stated that the pictures included in the agenda packet might have made it difficult to envision, noting that the feature looked as tall as a light pole and the perspective was off. She stated that South Daytona had a 12-foot tall sign on US1.

Mr. MacDonald directed Mr. Momberger to display a photograph of that sign in South Daytona.

Ms. Shanahan noted that she believed the sign was lit from the interior.

Mr. MacDonald confirmed that was correct. He pointed out that the letters on the sign were stacked on top of each other with very little spacing, causing the "A" to be only ten inches above the ground. He explained that in the proposed sign design, the cupola was four feet on top and the base was two and a half feet, which accounted for some of the extra height.

Commissioner Boehm noted that it had been indicated that there would be a cost for lighting and landscaping. He asked what the lighting intention was.

Mr. MacDonald stated that the signs would utilize up-lighting.

Commissioner Boehm noted that specifics were not included in the information provided in the agenda packet.

Mr. MacDonald explained that they were still working with FDOT to determine what would be acceptable. He stated that would be part of the next conceptual review when they would need to give FDOT a full plan set and their lighting intentions. He noted that he believed the best way to light them would be from the ground on either side.

Mayor Kelley asked if they looked into potentially using solar lighting.

Mr. MacDonald stated that they did and the issue was where the panels would be mounted. He explained that FDOT would not allow them to place the panels inside the median so they would likely have to put the panels in the right-of-way, which he was not sure would be allowed. He noted that the size of the panel needed to illuminate the feature would be similar to the size of a sheet of plywood. He stated that three of the proposed locations already had power connectivity and would be able to be lit easier.

Mayor Kelley noted that the information provided stated that it would be \$10,000 per location for power.

Mr. MacDonald stated that he felt that was a good average, noting that some locations may be less and some might be more. He stated that until the project was moving forward Florida Power and Light would not visit the sites to have an engineer provide cost estimates, as they once did.

Mr. Momberger displayed slides showing each proposed location with a proposed sign. He noted that the sign proposed by Oceanside Country Club needed to be located outside of the right-of-way to meet the criteria and an easement would be needed from Oceanside Country Club. He asked Mr. MacDonald if the sidewalk there would need to be moved over to accommodate the sign.

Mr. MacDonald stated that there were several possibilities including moving the sign more north towards the church if it could not work in the currently proposed location.

Mayor Kelley asked if it was specified whether real coquina had to be used; whereby, Mr. Momberger stated that it was real cut coquina, just like at Andy Romano Beachfront Park.

Mayor Kelley asked why they would not want to use the artificial coquina that was used at the Sunoco gas station on US1.

Mr. Momberger stated that he believed it did not present the city correctly and felt the city should use real coquina like the historic firehouse and the beachfront park.

Commissioner Partington stated that he did not believe the design was good enough. He stated that it was worth taking the time to get it right. He explained that he was not comfortable with the cost, or five of the seven proposed locations. He stated that he also thought the sign quality was just "okay." He noted that he knew a lot of work had already been put into the sign concept, but he thought some more work was needed.

Ms. Shanahan asked for more specific direction. She asked if Commissioner Partington was not comfortable with the size or the shape of the proposed design. She noted that the cost would be variable based on the design.

Commissioner Partington stated that he would like something simpler but still nice. He noted that Commissioner Kent had pointed out before that the city's sign shop had created some great signs around the city at a very reasonable cost. He explained that he would like to see the words "Welcome to Ormond Beach" on one side and "Thank You for Visiting Ormond Beach" on the other. He noted that he preferred each location to be closer to the city limits at each of the major thoroughfares. He stated that he agreed with Mayor Kelley that the location on North Nova Road did not really need to be included. He opined that sign should be located by S.R. Perrott on US1 or in the median across from the Ormond Beach sign by the river and built on making that area a gateway entrance. He explained that what he desired were options to choose from instead of one option. He noted that he had seen some small towns along A1A in south Florida that had quality wood signs nicely painted and decorated which did a good job in distinguishing each community.

Mayor Kelley stated that a local builder and developer contacted him after reading the proposed costs in the newspaper. He stated that individual told him that if he had the specifications he would put up two of them and have his friends put up the money for the rest of them, explaining that he felt that he could build them for a whole lot less than \$50,000 each. He stated that he thought that was worth looking at and mentioned that he had briefly spoken to Ms. Shanahan about it. He noted that Ms. Shanahan had conveyed to him that there would be liability issues.

Mayor Kelley stated that he thought that the arches and cupola on the Sunoco gas station were well done and simple. He stated that he thought that said "Ormond Beach" as good as anything and that real coquina was not necessary. He explained that his initial impression of the design was that it looked like it should be in Egypt, noting that he was quoted saying that in the newspaper. He confirmed with Mr. Momberger that the structure was limited in width to four feet. He asked if it could be wider at the top than it was at the bottom.

Mr. Momberger stated that if it exceeded the width at the top or the bottom it would be going into the clear zone. He explained that the clear zone was the recovery zone for vehicles between the edge of the travel lane and the edge of the sign, which was six feet.

Commissioner Partington stated that he agreed with Mayor Kelley. He noted that FDOT had rules but he believed that Zev Cohen and Associates could do anything, based on the great work that they had previously done for the city. He stated that FDOT could be negotiated with and it was worth the effort to at least try.

Mayor Kelley stated that he was willing to have FDOT say 'no' more than once. He noted that the north A1A sign would also be problematic. He stated that he would rather have nothing at that location than a sign that was out of place on the side of the road.

Commissioner Partington noted that it took ten years to get their very small sign approved.

Mayor Kelley stated that he believed that small sign cost \$25,000. He stated that sign looked like half a sign.

Commissioner Boehm asked if the signs had to be built if they were approved by FDO; whereby, Mr. Momberger stated that they did not.

Commissioner Boehm suggested that they move forward and build the signs at the sites that they all agreed on and leave the other locations for another day and another discussion. He stated that he agreed with Commissioner Partington relative to the "Welcome to" and "Thank You for Visiting" signs. He noted that he did not know if those were possibilities. He explained that if he was driving and saw that the sign said "Ormond Beach" on the backside while leaving Ormond Beach he would not really know what that meant, especially if he did not pick up that he was entering Ormond Beach when he came in. He stated that he did not know whether it would be clear to those coming and going if it just said "Ormond Beach." He noted that he did not know if they would be able to have lettering

large enough to make that work but to him the purpose of the welcome sign was to welcome visitors and thank them. He stated that the difference in cost would be important to him in the real versus artificial coquina debate. He explained that he did not want it, if it looked cheap.

Mayor Kelley asked whether Commissioner Boehm thought the Sunoco's artificial coquina looked cheap.

Commissioner Boehm stated that he did not but noted that real coquina was something unique. He stated that Zev Cohen and Associates might be able to fashion it so it looked real and no one would ever realize that it was not.

Mayor Kelley asked about having the sign say "Welcome" instead of "Ormond Beach" and instead making the city seal larger. He suggested that only the seal could be lit then.

Commissioner Kent asked if the "Welcome" would not be visible at night then.

Mayor Kelley stated that there would be up-lighting as well but the inside of the seal would be backlit. He stated that most of the proposed locations were already well lit. He asked if they took photographs of how lit the areas were already.

Mr. Momberger asked if Mayor Kelley meant the ambient light already in the locations. He noted that there was light already out there but that it was not focused. He stated that he did not know if there was enough to read the letters or pick up the details of the sign. He explained that was why they felt they needed additional lighting specifically focused on the sign itself.

Ms. Shanahan stated that getting the light to the sites was the issue, noting that in some locations they did have the ability to get the light there easily already.

Commissioner Stowers stated that if the signs were truly located at gateways into the city, he did not have a problem with the words "Ormond Beach" and a seal being on the signs as you enter the city and on the other side having "Thank You" and the seal. He stated that he did not have a problem with the design as presented on the four lane roads. He stated that he was certainly on board with up-lighting and suggested the city seal be larger and located at the bottom rather than the top so it was more visible to vehicles driving by. He stated that he did not like the north A1A sign, explaining that he felt it was not symmetrical and too large for a two lane road. He asked that North Beach Street be looked at. He stated that he thought those signs looked fantastic in those locations. He stated that the size of those signs was appropriate and could serve as a model for similar dual signs on north A1A. He suggested that they also be located further north on A1A, closer to the actual entrance to the city from Ormond-By-The-Sea.

Commissioner Stowers noted that they were providing more suggestions and asking more questions than giving answers. He stated that before they went ahead with even one sign, he would like them to do what they did for the proposed sign previously at the corner of Williamson Road and Granada Boulevard, which was to show a mock up you could drive by and see what it would look like.

Mayor Kelley stated that he liked Commissioner Stowers' idea to place the seal on the base of the sign instead of near the top. He stated that it made much more sense to do that and move the letters up. He noted that the base was two and a half feet tall.

Mr. Momberger stated that the seal could be a little larger if moved to the bottom. He suggested that it could be either after "Beach" at the bottom or located between "Ormond" and "Beach". He stated that it could even be on the actual base itself at the bottom but noted that the landscaping could get in the way.

Mayor Kelley suggested they not put landscaping in or they could increase the height of the base. He stated that if the height of the base was increased it would help lessen the pencil-like shape of the sign itself.

Commissioner Kent stated that Commissioner Partington and Mayor Kelley helped him put the brakes on a previously discussed single welcome sign that was estimated to cost \$220,000 to \$450,000. He stated that he had mentioned at that time that one of his favorite signs in the city was the one at The Casements. He stated that sign had been built in-house by the city for a cost of \$750. He noted that the sign issue was one that had been before them several times but that they all desired to do it the right way and get the best result.

Commissioner Kent addressed Mr. Momberger and Mr. MacDonald and told them that he really liked the design but noted that he was not sold on all of the proposed locations. He stated that he thought the sign conveyed a welcome and explained that he personally did not like signs which explicitly said "welcome to" and "see you next time." He stated that Commissioner Stowers' idea to put the seal at the bottom was a great one. He stated that the design of the sign capitalized on what worked uniquely in the community and gave examples of the fire station, Andy Romano Beachfront Park, and the Sunoco sign. He commended them for coming up with a design that incorporated those features. He stated that he cringed when he saw the photograph displayed of the South Daytona sign. He stated that he liked "Ormond Beach" being on both sides of the proposed sign.

Commissioner Kent agreed with the other Commissioners that the location of the sign proposed for Nova Road was impractical. He stated that he liked Mayor Kelley's idea to push FDOT to be able to make the location they want happen. He addressed the proposed sign on north A1A. He explained that he was glad they were proposing to incorporate A1A as he felt it was important when coming from Daytona Beach to know you were in Ormond Beach, as well knowing you reached Ormond Beach when coming in from the county. He stated that Commissioner Stowers was again right when he spoke about the scale of that sign, which he did not believe needed to be 18 feet tall. He stated that he would also not sign off on the location of that sign, even if it received approval, because it was located already a mile into the Ormond Beach city limits. He explained that he wanted the sign located where you entered Ormond Beach. He stated that he agreed with Commissioner Stowers that the signs should be located at the city limits.

Commissioner Kent noted that the signs could not be made in house for \$750 like The Casements sign. He stated that the \$30,000 price tag was more

palatable than the \$200,000 they had once been proposed. He asked that the veneer be looked at to see what could be done. He noted that lighting was a necessity. He stated that he felt it would look fantastic. He stated that if one had to be built so they could look at, he was comfortable with that. He asked Ms. Shanahan if money was budgeted for the project.

Ms. Shanahan stated that they did.

Commissioner Kent asked how much; whereby, Ms. Kelly McGuire, Finance Director, stated that \$200,000 was budgeted.

Mayor Kelley stated that there was also an additional \$50,000 private donation.

Commissioner Kent stated that he now had to help convince Commissioner Partington that the signs looked great.

Mayor Kelley stated that his concern with the design was the length and height created because of the shortness of the base. He suggested that if the base was increased to four feet, with the seal dropped down onto the base, then "Ormond Beach" would fit still moved up, making the structure look less like an obelisk as it would not be so thin and long.

Commissioner Kent stated that when he saw the South Daytona sign and heard that it was 12 feet in height, he realized that it made sense as to why their sign needed to be 18 feet and have at least a two and a half foot base. He asked Commissioner Stowers what he thought about the idea of the seal being in between "Ormond" and "Beach".

Commissioner Stowers stated that he did not have a problem with that and that he thought the seal being located either at the bottom or in the middle would be fine.

Ms. Shanahan stated that she believed the Commission had some good discussion and that good direction was received from them. She stated that staff would come back to the Commission with other options and continue to revisit this issue.

Commissioner Kent asked when they would be able to do so. He stated that he wanted a timetable so another year did not pass.

Commissioner Boehm asked if they had to go back to FDOT if they changed where the seal or the lettering was located; whereby, Mr. Momberger stated that they did not.

Ms. Shanahan stated that there were two meetings in June and one in July, at the end of July. She stated that they could come back to them at the last meeting in July.

Commissioner Boehm stated that a re-design with the seal at the bottom or a seal in the middle could be shown to them. He confirmed that it would not slow the process down for those types of changes to be made or for sites to be

removed. He stated that they had been talking about the signs for a long time and he wanted to be able to move forward.

Mayor Kelley noted that they did not need to build all of the signs at one time.

Ms. Shanahan stated that the idea was to get the concept approved, as well as one or two major locations finalized.

Mayor Kelley stated that the location on south US1 could be done with no problem. He stated that the ones on West Granada Boulevard, at A1A and Harvard Drive, and on South Nova Road would probably also be acceptable. He stated that they should still push FDOT for the one at US1 and I-95, which may take awhile, but should not keep them from moving forward with the other acceptable locations.

Ms. Shanahan stated that staff would come back to the Commission in July.

Commissioner Kent addressed Mr. Momberger and Mr. MacDonald and stated that the north A1A location was important. He stated that location would be the most difficult for them but requested that they find a location near the city limits.

Mayor Kelley stated that the sign in that location did not need to be the same as the others. He suggested that they recreate the Sunoco concept at that location since it did not have the constraints of some of the other locations. He asked that the four agreeable locations be started this year.

Ms. Shanahan thanked the Commission for their direction.

## **B. Lean Process Improvement**

Commissioner Stowers stated that he was looking at the agenda and the amount of time left before the City Commission meeting started at 7:00 p.m. that evening. He noted that the gateway signage presentation took 45 minutes and they had 45 minutes left.

Ms. Shanahan stated that the lean process improvement presentation should take about 15 minutes.

Commissioner Stowers noted that there was an audience in attendance for the third agenda item, Citizens for Ormond Beach, Inc. Presentation on Foreclosures and Abandoned Homes, and requested that item be moved up so that the audience members were not inconvenienced by that presentation not having adequate time to proceed. He stated that there was just one individual present, Mr. Mike Sibley of James Moore and Company, to give the lean process improvement presentation.

Commissioner Boehm stated that he did not believe the City Commission meeting that evening would run very long. He stated that another option would be to give the CFOB group the option of giving their presentation after the City Commission meeting, noting that they would have more time than they would before that meeting began.

Mayor Kelley suggested that they move the CFOB presentation up. He noted that they would have 40 to 45 minutes until the next meeting.

**C. Citizens for Ormond Beach, Inc. Presentation – Foreclosures and Abandoned Homes**

Ms. Rita Press, Citizens for Ormond Beach (CFOB), thanked the City Commission for the opportunity to present their findings. She introduced the research team that created the report: Ms. Anita Lapidus, Ms. Liz Myers, Ms. Shannon McLeish, Ms. Nancy Scherr, Mr. Norman Lane, Mr. Damien Richards, Mr. Nick Henny, and Mr. Vince Faulkner. She explained that the different presenters would be utilizing a PowerPoint presentation to display slides with photographs of foreclosed and abandoned homes in the City of Ormond Beach as well as facts and figures they had compiled.

Ms. Shannon McLeish, Citizens for Ormond Beach, stated that the photograph of the home displayed was located three houses up from her home and that her family had to walk past that property often. She stated that it smelled horrible and had been vacant for five to six years. She noted that she believed there to be vagrants currently living inside of it. She explained that the home was one of the reasons she was there to speak about the issue.

Ms. McLeish stated that from the beginning of the 2008 foreclosure crisis until the present, the state of Florida had led the nation in both the number and percentage of foreclosures and vacant homes. She stated that the Deltona-Daytona Beach-Ormond Beach area specifically was one of the worst hit in both the state and the nation. She stated that the area had the third highest foreclosure rate in the state and the seventh highest foreclosure rate in the nation. She stated that as of September 2013 the area's foreclosure rate was nearly 11% and the subprime foreclosure rate was over 26%. She explained that historically under normal market conditions, the rate would be less than 1%. She noted that the area also rated seventh highest in the nation in the rate of seriously delinquent mortgages. She stated the vacancy rate was over 18% and did not include vacation homes.

Ms. McLeish displayed a map created by Mr. Lane that showed the location of the 300 homes in the city that were on the cities' lists of such homes. She stated that Forbes magazine published an article last November that stated that even though the vacant homes rate was so high there was a shortage of homes available. She explained that was due to a different metric called "zombie homes," in which Florida led the nation with three times as many instances as the second and third highest ranked states. She further explained that zombie homes were homes that were bank owned or in the foreclosure process that were being held off of the market.

Ms. McLeish stated that past research had shown three major types of impacts on communities and neighborhoods that resulted from foreclosures. She named the impacts as follows: declining property values and physical deterioration, crime and social disorder and population turnover, and local government fiscal stress and deterioration of services. She stated that those impacts were clearly playing out in the local community as documented in their report. She noted that it was important to be cognizant of the fact that they were not at the end of the

crisis and were currently facing ongoing issues. She stated that according to RealtyTrac, which had access to the data for homes that had actually begun the foreclosure process; another 11 million homeowners nationwide remained at risk because they currently owed more than their property was worth. She stated that based on the data they could expect that an inordinate number of such properties were located in Florida and in the local area.

Ms. McLeish explained that an additional factor for concern was adjustable rate mortgages. She noted that those loans would begin adjusting next year and for some years after, and were projected to lead to another rash of foreclosures and abandoned properties. She stated that there had been a brief spate of articles recently that indicated that existing home sales had risen which was also cause for alarm. She explained that the articles had stated that those properties were primarily purchased by giant hedge funds such as Blackstone, for use as rental properties and to be sold as securities to investors.

Ms. McLeish stated that there were numerous problems in neighborhoods where rentals were owned by absentee corporate landlords who were not engaged in the community. She stated that those problems included blight and negative effects on community integrity and property values. She noted that corporate landlords often rented blighted and damaged properties "as is" to persons who did not have the means to repair them. She stated that such issues would be discussed in depth during their presentation on May 14, 2014, which would be held at the Ormond Beach Public Library Auditorium at 5:30 p.m. She stated that it was clear that Ormond Beach was one of the hardest hit cities in the nation. She noted that Deltona and Daytona Beach were equally affected.

Ms. Press stated that she believed all residents of the city loved Ormond Beach. She stated that the city had many wonderful features and facilities of which to boast but the housing bubble had had its effect on the city, leaving it with hundreds of vacant homes in various stages of distress. She noted that many of those homes had been shuttered for years, affecting the value of the surrounding homes. She stated that there was not a neighborhood or a subdivision that had been immune to the problem. She explained that throughout the presentation several of the slides shown would show photographs of deteriorating vacant homes located in the city limits of Ormond Beach.

Ms. Press noted that the slide presented was of 300 North Beach Street, which had a blue tarp over the roof. She explained that street was traveled by thousands of cars daily and was part of the Ormond Beach Scenic Loop. She noted that the slide presented next was of 740 Lindenwood Circle, which had vegetation overgrowth in the front of the home and on the roof. She asked how the Commission would like to be living next to that home and stated that it did not look like a home representative of Ormond Beach to her. She noted that the slide next presented was of 153 Lindenwood Circle, which had a front lawn full of code enforcement citations. She pointed out roof damage, as well. She noted that the slide next presented was of 19 Iroquois Trail, which was located in The Trails neighborhood. She pointed out the open door, rotting wood, and roof issues. She noted that it would be difficult to sell a home next door to this one.

Ms. Press noted that the slide presented next was of 15 Arrowhead Circle. She stated that the home was the result of a reverse mortgage. She pointed out the

damaged garage door, the poor condition of the driveway, and the rotting wood on the home. She noted that the slide presented next was 345 Center Street and that two other homes on that block were also vacant. She pointed out the piling of vegetation on the roof and the overgrown yard. She explained that the home was featured the previous Sunday on Channel 13 News, and they had discovered that the driveway had bricks that were falling apart. She wondered what type of toxic mold was present in all of these homes.

Ms. Press noted that the next slide presented was of 513 Lake Bridge Road, a home which was in her neighborhood and she had to look at daily. She explained that the property was not in foreclosure although it had been vacant for nine years. She pointed out the tape on the window and explained that there was actually a tree growing inside the home. She further explained that the property was the end unit of a four unit townhouse and that the condition of the unit affected the other three units attached. She stated that the structural condition of the unit was abysmal. She stated that because the city did not have an outside structural maintenance code, the townhome continued to deteriorate.

Ms. Press stated that many of these homes had been shuttered for years and that each day that they were vacant they deteriorated a bit more. She stated that those homes depreciated the value of the surrounding homes and discouraged nearby homeowners from investing in and improving their property. She stated that these homes made it more difficult for other homes, including well maintained homes, to receive top dollar for resale if they were located near these vacant homes.

Ms. Press stated that CFOB had asked Volusia County Property Appraiser Morgan Gilreath what impact the deteriorating properties had on the home values of surrounding homes. She stated that Mr. Gilreath told them that the effect of long term unoccupied homes on surrounding values would depend on a number of unpredictable factors, with the number of such homes being located in the neighborhood being most significant. She stated that the degree of deterioration and the level of upkeep of occupied homes in the immediate area would also be considered. She noted that in Ormond Beach there were more than a few homes in many neighborhoods that would meet the criteria. She noted that the next slide presented was of a home that had been occupied when it had no water or electricity.

Ms. Press stated that these types of vacant homes had an effect on the city's revenue. She thanked the city staff for being very cooperative and answering any questions CFOB had and providing them with the information that they requested. She stated that Finance Director Kelly McGuire had stated that the city would normally collect about \$720 per year for water, sewer, refuse, etc. in addition to non-ad valorem taxes and fees which were approximately \$1,000 more per vacancy. She noted that even though those funds did not go into the General Fund, they were funds that the city was missing. She stated that a very conservative estimate of the number of vacant homes was 300, noting that she knew of more than 300 homes from the foreclosure list and tips being given to CFOB's website. She stated that for every 300 homes the annual loss to the city was \$516,000 annually. She noted that did not take into effect the loss of revenue from those who may have their taxes reduced.

Ms. Press stated that it was important to look at the next figure, which was a very conservative estimate. She explained that over a five year period, the city had lost over \$3 million in lost revenue.

Ms. Shanahan clarified that property taxes accrue to the property so the revenue was not lost. She explained that the taxes were uncollectable at the current time but would eventually be collected by the city. She stated that the \$3 million was not lost revenue.

Ms. Press asked for further clarification.

Ms. Shanahan explained that it was not lost because eventually the taxes would be paid when the house was sold, as the taxes accrued to the property.

Ms. Press stated that CFOB's attorney would be speaking next and could speak to that. She stated that the response they received from the citizens that had spoken to CFOB demonstrated that solving this issue should be a top priority for the city.

Ms. Liz Myers, Attorney, Citizens for Ormond Beach, stated that while the taxes were eventually paid, the figure provided by CFOB was based on the lost revenue by the loss of property value.

Ms. Shanahan stated that the question that was asked was how much would the city normally receive in property taxes. She explained that the \$1,000 tax figure provided by CFOB as lost revenue for each vacancy was not lost revenue and would be eventually collected when the property was sold.

Ms. Press stated that it might be a period of time before these properties were able to be sold.

Ms. Shanahan confirmed that was correct but it was inaccurate to say that the city had lost over \$3 million in five years. She stated that she would be happy to discuss those figures with CFOB later.

Ms. Myers stated that CFOB researched 126 vacant properties which were a mix of properties from the city's registered properties list and others that CFOB had received complaints about. She stated that some of the problems uncovered were zombie homes, zombie titles, problems with reverse mortgages, and problems with homestead exemptions. She stated that 52 properties were researched from complaints from the CFOB website, properties that were identified as problems by the city's code enforcement, and properties that had liens placed on them by the city.

Ms. Myers noted that the slide presented was of 120 Colina Place, a property which they had received a complaint about. She explained that both gates to the backyard were open and the property had been vacant for seven years. She stated that their research revealed that Bank of America had foreclosed on the property in 2010. She noted that the next slide in the presentation showed 712 Montana Terrace. She noted that the Commission may be familiar with that property as it contained many city liens.

Ms. Myers stated that foreclosure was a judicial process in Florida. She explained that when a mortgage was seriously delinquent, the bank filed a court action and issued written notice to the homeowner. She further explained that the case then may be decided by a default judgment where the homeowner did not contest or it may proceed to a summary judgment or trial. She stated that in either event, the bank obtained a foreclosure judgment and the property was then sold in a foreclosure sale to satisfy the amount of the mortgage. She explained that if the property did not sell, then the bank would often repurchase the property, which was called real-estate owned property, and the title then transferred into the name of the new title holder.

Ms. Myers stated that a “zombie house” was one where the bank started foreclosure proceedings, and the homeowner moved out, but legally retained title to the property. She explained that the house was still legally owned by the homeowner until the bank completed the foreclosure case, received a judgment, and sold the property. She stated that many properties had multiple foreclosure cases against the same homeowner, sometimes even with the same bank. She stated that they found in their research that the banks voluntarily dismissed some cases and sometimes the court would dismiss cases for lack of prosecution, which meant that no activity had taken place on the case in over a year.

Ms. Myers stated that the city created the registered properties list to deal with this problem, or at least keep an eye on vacant properties. She stated that through the complaints on CFOB’s website and their drives through affected neighborhoods, they discovered properties that were not on the city’s list. She noted that the home displayed on the current slide was 3 Pine Shadows Trail, which was owned by Nationstar Mortgage. She explained that there were three foreclosed properties on the same block: 2 Pine Shadows Trail, 3 Pine Shadows Trail, and 4 Pine Shadows Trail. She pointed out trees growing out of the gutters at the home.

Ms. Myers stated that banks delayed foreclosure properties for a number of reasons. She stated that a delay could be due to working with the homeowner to negotiate a loan modification or a payment plan to keep the homeowner in the home, which was likely not the issue with the majority of properties listed on the vacant registered list. She stated that delays also occurred because sometimes the banks could not locate paperwork or the property was bundled into new securities and sold on a secondary market. She noted that banks may also stall a foreclosure to wait for improved market conditions. She explained that dumping a lot of properties on the market at one time could depress home prices and affect investments. She stated that banks preferred to avoid taking legal and financial responsibility for the home, including paying property taxes, casualty insurance, repairs and maintenance, and homeowner association dues. She explained that federal regulations also limited the time that banks could hold real estate property.

Ms. Myers stated that in their research they found that out of 76 properties that had foreclosure cases initiated, 33 properties had some delay in the foreclosure process. She stated that from the complaints properties that figure was higher, as 54% had delays. She stated that 12 properties were clearly zombie properties as the bank had begun foreclosure proceedings and the cases had been dismissed either for lack of prosecution or voluntarily by the bank and new cases had not

yet been filed. She noted that in those properties the original homeowner still owned legal title and the homes were sitting empty. She asked if the owners, who may have left the property years prior during the initial foreclosure filing, know that they still owned legal title. She stated that they did not know as public records could not tell them that. She stated that those properties often fell into disrepair and the city lost revenue because of it.

Ms. Myers noted that the home displayed on the current slide was 48 North Saint Andrews, where a foreclosure case from 2009 had recently been reopened. She stated that the property was clearly vacant and in legal limbo. She stated that the CFOB website had received multiple complaints about that particular property.

Mayor Kelley stated that case was settled last week.

Ms. Myers stated that a peculiar thing they found in their research was instances where the banks would go all the way through the foreclosure process, including receiving a judgment, and then before the property sold ask the courts to vacate the judgment. She explained that was called a "zombie title," and the original homeowner often had no idea that the foreclosure sale did not go through because they never received notice about the sale cancellation or the judgment being vacated because they no longer resided in the home. She noted that the property was then essentially un-foreclosed. She stated that an example of that occurrence was 108 Fiesta Drive where an order of foreclosure was entered in February 2013, then vacated by motion of the plaintiff in September 2013. She stated that the home had four foreclosure proceedings initiated since 2006 and as of that day the titleholders were still the owner of the home, instead of the lender.

Ms. Myers stated that another problem they encountered in their research was homestead exemptions. She explained that some properties, including some owned legally by banks, had received homestead exemptions. She stated that the bank was aware that properties listed on the city's registered list of vacant homes did not have occupants; and therefore, should not be given homestead exemptions. She stated that allowing banks to receive homestead exemptions was costing the county and the city tax revenue. She stated that CFOB spoke with Mr. Gilreath about this issue and found that the homestead exemption was for an entire year, noting that some of the properties may have had owners living in them before the bank took title; and therefore, the bank received the benefit of the homestead exemption for that year. She explained that they also found several properties that had institutional owners and had received a homestead exemption for consecutive years. She noted that those cases clearly needed to be investigated, and they would be happy to share their findings with Mr. Gilreath.

Ms. Myers noted that the slide presented was of 513 Lake Bridge Drive, which had been vacant for nine years and still received a homestead exemption. She noted that the next slide presented was of 15 Arrowhead Circle, a home with a reverse mortgage. She explained that reverse mortgages were mortgages which allowed homeowners 62 or older to borrow against the equity in their home without the need to pay back the loan until they move or die. She stated that increasingly heirs had run into problems after the death of a family member with a reverse mortgage. She explained that lenders must notify heirs up to 30 days

from when the loan becomes due to determine whether they want the property and they have up to six months to arrange financing. She stated that in addition heirs were allowed to pay only 95% of the current fair market value of the property, which was often less than what the loan was for, because of depressed home prices. She stated that lenders were often failing to inform heirs of their rights.

Ms. Myers noted that the next slide presented was of 14 Woodlands Circle. She stated that they had received a complaint about the property and noted that it also had a reverse mortgage. She pointed out that the property was actually one side of a duplex and that the owner of the property that shared a wall with it had been concerned about the vacant and crumbling property that was attached. She stated that the homeowner also had their property values decreased and had tried to protect her investment by replacing her roof and extending it slightly beyond the shared wall, as well as mowing the vacant lawn.

Ms. Myers stated that there were significant problems with properties owned by estates. She stated that they researched ten properties that were owned by estates and many had stalled foreclosure proceedings. She noted that the slide presented was of 204 North Ridgewood Avenue, a property where three foreclosure cases were filed. She explained that the first had been in 2006 and was voluntarily dismissed by the bank, the second in 2009 that was dismissed by the court for a lack of prosecution, and one in 2010 that was voluntarily dismissed after receiving a 60-day lack of prosecution notice. She stated that the property's listed titleholder since 2001 was an estate. She stated that the issue deserved further study. She displayed a slide with three more photographs from the 204 North Ridgewood Avenue property.

Ms. Myers stated that abandoned properties posed a threat to the community. She stated that when a property has been clearly vacant and listed on the city's registered list, foreclosure proceedings should proceed quickly. She noted that although they could not force the banks to move more quickly, they had some suggestions to help the city manage and resolve unwanted properties. She stated that the city and Volusia County should explore the cases of banks receiving homestead exemptions, as that situation directly affected tax revenue.

Ms. Anita Lapidus, Attorney, Citizens for Ormond Beach, stated that she would be outlining CFOB's recommendations to the city to deal with the foreclosures and abandoned homes problems:

1. To educate the public and get information to residents about foreclosure alternatives through workshops with qualified personnel, something the city already did. She stated that the city sponsored outreach programs in partnerships with non-profit agencies such as Community Legal Services of Mid-Florida, Mid-Florida Housing Partnership, and Citizens for Ormond Beach. She stated that those programs should prove valuable in preventing abandonment of homes and keep hardworking citizens in their homes in the city. She stated that they hoped to see frequent and well publicized programs to maximize success in the future.
2. To provide code enforcement with additional staff. She explained that the need for additional staff was unquestionable and that code enforcement could

not be proactive against blight with its current level of personnel. She stated that additional staff would enable code enforcement to monitor abandoned homes and update lists more efficiently. She stated that staff would also be able to bring more cases to resolution. She explained that CFOB thought that two additional staff members would be a good start. She noted that there were safety issues involved and noted that one of the slides presented had a photograph of 137 Shady Branch Trail which had an open gate. She pointed out that beyond the gate there was a pool and that the open gate was an invitation for children to swim without adult supervision. She noted that fortunately that home was sold.

Ms. Shanahan stated that anytime the city was advised of a life safety issue, the city would act immediately. She explained that they would use city funds to board or secure fences and place a lien on the property. She stated that she appreciated the direness of that issue.

Mayor Kelley stated that he could recall several instances where that was done. He stated that Commissioner Partington brought one up and it had been corrected. He explained that if staff was aware of any safety issues they corrected them right away.

Ms. Lapidus stated that if there was more staff, the city could know about more issues and handle them quicker.

3. To amend regulations to include penalties against the mortgagee, using examples of the Code of Ordinances in the cities of Coral Gables and Margate. She stated that the first regulatory proposal was to define "local" as there was no definition in the Code of Ordinances. She stated that there was less incentive for mortgagees hundreds of miles afield to be concerned about the condition of the homes they owned. She suggested that local be defined to mean the area within the city border.

Ms. Lapidus stated that the ordinances also needed to be amended to make it easier to cite mortgage companies that were in control of the abandoned properties. She stated that currently the ordinances did not do enough to encourage upkeep. She stated that the failure might be in that the mortgagee who had control of the property was not the party from whom Ormond Beach sought enforcement. She stated that both Coral Gables and Margate were among the numerous municipalities across the country that had regulations allowing enforcement in the first instance against the mortgagee. She stated that the ability to seek abatement costs and other remedies against the party in control would provide motivation for upkeep and see that Ormond Beach was actually reimbursed for its costs.

Ms. Lapidus stated that it was necessary to provide clarity as to what was expected of exterior maintenance in Ormond Beach. She stated that while some exterior standards were provided in the Code of Ordinances, a clearer list that could be enforced would promote ease and fairness in enforcement. She noted that CFOB had included a copy of the ordinances of Coral Gables and Margate in their report in the agenda packet for consideration as well as a proposed ordinance containing the specific amendments they recommended.

4. For the city coordinate with the county to provide Ormond Beach with regular data, preferably through communicating computers. She stated that in comparing the abandoned property list with the information they received from the county appraiser's office and the county clerk, they discovered numerous discrepancies. She opined that in this day and age that should not occur. She noted that it did not appear that there was interagency data exchange, which reduced efficiency. She stated that fees and taxes were being lost by not pursuing them for abandoned properties that were not registered and allowed unnecessary homestead exemptions. She stated that properties on the list appeared to have been sold in 2012.
5. For the city to establish a committee to monitor and review the progress and conditions of abandoned properties in the city and make further recommendations to the City Commission. She stated that the committee's sole function would be to review the situation and would be likely to make sure something was done. She suggested that the committee could include professionals in fields of real estate, finance, and law, so that the Commission could obtain numerous informed view points. She stated that stakeholders could have a voice and make suggestions that others would not dream of. She stated that the Commission had numerous matters to consider and monitoring this situation would strain its resources.
6. To raise the abandoned property registration fee. She stated that the current \$150 fee had not been changed since 2010 and was not paying for an adequate program. She stated that the program should pay for itself and if the banks were paying enough for the property they would be keeping it up or disposing of it.

Ms. Lapidus noted that there were more ideas that cities and towns across the country were trying in an effort to preserve their quality of life. She stated that Ormond Beach sought to preserve and prosper, and she hoped that their presentation and recommendations would be helpful in doing so.

Ms. Press thanked the Commission for allowing them the time to make their presentation. She noted that the Commission had to move onto their City Commission meeting, which was to start in a few minutes. She thanked Mr. Clair Crookston, Highlander Corp., who assisted in putting together the PowerPoint presentation. She stated that she hoped that the Commission considered the information presented and understood that the issue needed to be a top priority.

Mayor Kelley stated that a city advisory board could be established to review the issue and be on top of the information each month. He asked Ms. Shanahan to look into that. He thanked CFOB for their presentation and stated that he would like the ability to digest the information.

### **III. Adjournment**

Mayor Kelley noted that there was not time to proceed with the Lean Process Improvement item.

Ms. Shanahan asked if the Commission preferred to ask Mr. Sibley to come back on another date to present or if they would like to ask him to give his presentation after the Commission meeting.

Mayor Kelley and Commissioner Partington suggested another date.

The meeting was adjourned at 6:55 p.m.

Transcribed by: Colby Cilento