

CITY OF ABSECON

ORDINANCE 10-2018

AN ORDINANCE OF THE CITY OF ABSECON, COUNTY OF ATLANTIC AND STATE OF NEW JERSEY AMENDING AND SUPPLEMENTING CHAPTER 150 OF THE CODE OF THE CITY OF ABSECON TO INCLUDE ARTICLE III, ENTITLED "REHABILITATION OF ABANDONED PROPERTY."

WHEREAS, the City of Absecon ("City") is a municipal entity organized and existing under the laws of the State of New Jersey and located in Atlantic County; and

WHEREAS, abandoned properties create a wide range of problems, such as fostering criminal activity, creating public health problems and otherwise diminishing the quality of life for residents and business operators in those areas; and

WHEREAS, abandoned properties diminish the property values of neighboring properties and have a negative effect on the quality of life of adjacent property owners, increasing the risk of property damage through arson and vandalism and discouraging neighborhood stability and revitalization; and

WHEREAS, the continued presence of abandoned properties, which are presumptively considered to be nuisances in view of their negative effects on nearby properties and the residents or users of those properties, in the City of Absecon acts a significant barrier to the City's continued progressive development and revitalization; and

WHEREAS, pursuant to N.J.S.A. 40:48-2, the City Council is authorized to enact and amend ordinances as deemed necessary for the preservation of the public health, safety and welfare and as may be necessary to carry into effect the powers and duties conferred and imposed upon the City by law; and

WHEREAS, on February 5, 2015, the City Council adopted Resolution 01-2015, which created Chapter 150, Article I, entitled "Vacant and Abandoned Residential Property," requiring creditors to provide the City Clerk with notice of a pending foreclosure action; and

WHEREAS, on January 21, 2016, the City Council adopted Resolution 02-2016, which amended and supplemented Chapter 150 to include Article II, entitled "County-Wide Registration Program," providing for the participation in a county-wide registration program established by the Atlantic County Improvement Authority; and

WHEREAS, City Council desires to amend and supplement the Chapter 150 of the City Code to adopt the provisions of the Abandoned Properties Rehabilitation Act, N.J.S.A. 55:19-78 et. seq., to provide a means to further address the negative impacts abandoned properties have on the health, safety and welfare of the City.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council of the City of Absecon, County of Atlantic, and State of New Jersey, as follows:

SECTION 1: The Code of the City of Absecon, Chapter 150, is hereby amended and revised to be entitled "Abandoned Real Property."

SECTION 2: The Code of the City of Absecon is hereby amended and supplemented to include in Chapter 150, Article III entitled "Rehabilitation of Abandoned Property," which shall provide as follows:

§ 150-19. Abandoned property criteria.

- A. Except as provided in N.J.S.A. 55:19-83, any property that has not been legally occupied for a period of six months and which meets any one of the following additional criteria may be deemed to be abandoned property upon a determination by the designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5, that:
- (1) The property is in need of rehabilitation in the reasonable judgment of the designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5, and no rehabilitation has taken place during that same six-month period; or
 - (2) Construction was initiated on the property and was discontinued prior to completion, leaving the building unsuitable for occupancy, and no construction has taken place for at least six months as of the date of a determination by the designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5;
 - (3) At least one installment of property tax remains unpaid and delinquent on that property as of the date of a determination by the designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5; or
 - (4) The property has been determined to be a nuisance by the designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5, in accordance with N.J.S.A. 55:19-82 for one or more of the following reasons:
 - (a) The property has been found to be unfit for human habitation, occupancy or use pursuant to (N.J.S.A. 40:48-2.3);
 - (b) The condition and vacancy of the property materially increases the risk of fire to the property and adjacent properties;
 - (c) The property is subject to unauthorized entry leading to potential health and safety hazards; the owner has failed to take reasonable and necessary measures to secure the property; or the municipality has secured the property in order to prevent such hazards after the owner has failed to do so;
 - (d) The presence of vermin or the accumulation of debris, uncut vegetation or physical deterioration of the structure or grounds have created potential health and safety hazards and the owner has failed to take reasonable and necessary measures to remove the hazards; or
 - (e) The dilapidated appearance or other condition of the property materially affects the welfare, including the economic welfare, of the residents of the area in close proximity to the property, and the owner has failed to take reasonable and necessary measures to remedy the conditions.

B. A property which contains both residential and nonresidential space may be considered abandoned pursuant to N.J.S.A. 55:19-78 et seq., so long as 2/3 or more of the total net square footage of the building was previously legally occupied as residential space and none of the residential space has been legally occupied for at least six months at the time of the determination of abandonment by the designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5.

§ 150-20. Establishment of abandoned property list.

A. The designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5, shall identify abandoned property within the City of Absecon for the purpose of establishing an abandoned property list. The abandoned property list shall include, for each abandoned property identified, the tax block and lot number, the name of the owner of record, if known, and the street address of the lot. The Designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5, may add properties to the abandoned property list at anytime, and may delete properties at anytime when he or she finds that the property no longer meets the definition of an abandoned property.

B. An abandoned property shall not be included on the abandoned property list if rehabilitation is being performed in a timely manner, as evidenced by building permits issued and diligent pursuit of rehabilitation work authorized by those permits. A property on which an entity other than the City of Absecon has purchased or taken assignment from the City of a tax sale certificate which has been placed on the abandoned property list may be removed if the owner of the certificate pays all municipal taxes and liens due on the property within 30 days after the property is placed on the list; provided, however, that if the owner of the certificate fails to initiate foreclosure proceedings within six months after the property was first placed on the List, the property shall be restored to the abandoned property list in accordance with the provisions of N.J.S.A. 55:19-103.

C. The designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5, shall establish the abandoned property list and any additions or deletions thereto by authorizing the publication of the list in the official newspaper of the City of Absecon, which publication shall constitute public notice, and, within 10 days after publication, shall send a notice, by certified mail, return receipt requested, and by regular mail, to the owner of record of every property included on the list. The published and mailed notices shall identify property determined to be abandoned, setting forth the owner of record, if known, the tax lot and block number and street address. The designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5, in consultation with the Tax Collector, shall also send out a notice by regular mail to any mortgagee, servicing organization, or property tax processing organization that receives a duplicate copy of the tax bill pursuant to N.J.S.A. 54:4-64(d). When the owner of record is not known for a particular property and cannot be ascertained by the exercise of reasonable diligence by the Tax Collector, notice shall not be mailed but instead shall be posted on the property in the manner as provided in N.J.S.A. 40:48-2.7. The mailed notice shall indicate the factual basis for the finding of the designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5, that the property is abandoned property as that term is defined herein and in N.J.S.A. 55:19-54, and shall specify the information relied upon in making such finding. In all cases, a copy of the mailed or posted notice shall also be filed by the designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5, in the Office of the Atlantic County Clerk. This filing shall have the same

force and effect as a formal notice under N.J.S.A. 2A:15-6. The notice shall be captioned with the name of the City of Absecon as "plaintiff" and the name of the property owner as "defendant," as though an action had been commenced by the City against the owner.

- D. An owner or lienholder may challenge the inclusion of his property on the abandoned property list by appealing that determination to the City Council within 30 days of the owner's receipt of the certified notice or 40 days from the date upon which the notice was sent. An owner whose identity was not known to the designated Public Officer, or such other public officer designated or appointed by the City Council pursuant to N.J.S.A. 40:48-2.5, shall have 40 days from the date upon which notice was published or posted, whichever is later, to challenge the inclusion of a property on the abandoned property list. For good cause shown, the City Council shall accept a late filing of an appeal. Within 30 days of receipt of a request for an appeal of the findings contained in the notice, the City Council shall schedule a hearing for redetermination of the matter. Any property included on the list shall be presumed to be abandoned property unless the owner, through the submission of an affidavit or certification asserting that the property is not an abandoned property, can demonstrate that the property was erroneously included on the list. The affidavit or certification shall be accompanied by supporting documentation, such as, but not limited to, photographs, repair invoices, bills and construction contracts. The sole ground for appeal shall be that the property in question is not abandoned property as that term is defined herein and in N.J.S.A. 55:19-54. The City Council shall decide any timely filed appeal within 10 days of the hearing on the appeal and shall promptly, by certified mail, return receipt requested, and by regular mail, notify the property owner of the decision and the reasons therefor.
- E. The property owner may challenge an adverse determination of an appeal with the City Council pursuant to subsection D of this Section 150-20, by instituting, in accordance with the New Jersey Court Rules, a summary trial proceeding in the Superior Court, Atlantic County. Such action shall be instituted within 20 days of the date of the notice of decision mailed by the City Council. The sole ground for appeal and new hearing before the Superior Court shall be that the property in question is not an abandoned property as that term is defined in N.J.S.A. 55:19-54. The failure to institute an action of appeal on a timely basis shall constitute a jurisdictional bar to challenging the adverse determination, except that, for good cause shown, the court may extend the deadline for instituting the action.
- F. The City shall promptly remove any property from the abandoned property list that has been determined by the Governing Body or on appeal not to be abandoned and may, in its discretion, remove properties from said list whenever the Governing Body deems such removal appropriate under the circumstances.
- G. The abandoned property list shall become effective, and the City of Absecon shall have the right to pursue any legal remedy with respect to properties on the list, at any time after at least one property has been placed on the list and following the expiration of the period for appeal with respect to that first property or upon the denial of an appeal brought by the property owner of that first property.

§ § 150-21. Interested parties may request additions to the abandoned property list.

- A. Any interested party may submit a written request to the City Council asserting that any property within the City of Absecon should be included on the abandoned property list. The written request must specify the street address and block and lot number of the property to be included and the grounds for its inclusion. Within 30 days of receipt of any such request, the City Council shall provide a written response to the party, either indicating that the

property will be added to the list or, if not, the reasons for not adding the property. For the purposes of this section, the term "interested parties" shall include any resident of the City of Absecon, any owner or operator of a business within the City of Absecon or any organization representing the interests of residents, business owners or otherwise engaged in furthering the revitalization and improvement of the neighborhood in which the property is located.

- B. Any interested party may participate in a redetermination hearing regarding the inclusion of a property on the abandoned property list. Upon written request by any interested party, the City Council shall provide that party with at least 20 days' notice of any such hearing. The party shall provide the City Council with notice at least 10 days before the hearing of its intention to participate and the nature of the testimony or other information that it proposes to submit at the hearing.

§ § 150-22. Removal of property from abandoned properties list.

- A. An owner may request removal of their property from the Abandoned Properties List prior to sale of the tax sale certificate by paying all taxes and City liens due, including interest and penalties, and:
 - (1) By posting cash or a bond equal to the cost of remediating all conditions because of which the property has been determined to be abandoned pursuant to N.J.S.A. 55:19-55 and by posting cash or a bond to cover the cost of any environmental cleanup required on the property, evidenced by a certification by a licensed engineer retained by the owner and reviewed and approved by the City Council, stating that the cash or bond adequately covers the cost of the cleanup; or
 - (2) By demonstrating to the satisfaction of the City Council that the conditions rendering the property abandoned have been remediated in full; provided, however, that where the City Council finds that the owner is actively engaged in remediating the conditions because of which the property was determined to be abandoned, as evidenced by significant rehabilitation activity on the property, the City Council may grant an extension of time of not more than 120 days for the owner to complete all work, during which time no further proceedings will be taken against the owner or the property.
- B. If the owner has posted cash or a bond in order to have a property removed from the abandoned property list and the conditions because of which the property was determined to be abandoned have not been fully remediated within one year of the date of posting the cash or bond, or, in the case of a property which requires a remediation of any known, suspected or threatened release of contaminants, if the owner has failed to enter into a memorandum of agreement with the New Jersey Department of Environmental Protection or an administrative consent order, as the case may be, or if an agreement or order is in effect but the owner has failed to perform the remediation in conformance with the agreement or order, then the cash or bond shall be forfeited to the City, which shall use the cash or bond and any interest which has accrued thereon for the purpose of demolishing or rehabilitating the property or performing the environmental remediation. Any funds remaining after the property has been demolished, rehabilitated or cleaned up shall be returned to the owner.

§ 150-23. Sale of restricted tax liens.

- A. Notwithstanding the provisions of N.J.S.A. 54:5-19, or the provisions of any other law to the contrary, if a property is included on the abandoned property list and the property taxes or other City liens due on the property are delinquent for six or more quarters as of the date of

expiration of the right to appeal the property's inclusion on the list or, if an appeal has been filed, as of the date that all opportunities for appeal of inclusion on the list have been exhausted, then the tax lien on the property may be sold in accordance with the procedures of the Tax Sale Law, N.J.S.A. 54:5-1 et seq., on or after the 90th day following the expiration of that time of appeal or final determination on an appeal.

- B. The City of Absecon may, at its option, require that the sale of the tax sale certificate or any subsequent assignment or transfer of a tax sale certificate held by the City be subject to the express condition that the purchaser or assignee shall be obliged to perform and conclude any rehabilitation or repairs necessary to remove the property from the abandoned property list pursuant to N.J.S.A. 55:19-55 and to post a bond in favor of the City to guarantee the rehabilitation or repair of the property. The City Council may waive a requirement to post a bond imposed by the City for any purchaser, assignee or transferee of a tax sale certificate that provides documentation acceptable to the City Council that the purchaser, assignee or transferee is a qualified rehabilitation entity as defined in N.J.S.A. 55:19-80. The cost of rehabilitation and repairs and the cost of the bond shall be added to the amount required to be paid by the owner for redemption of the property. The purchaser, assignee or transferee of the tax sale certificate who is required to rehabilitate and repair the property shall be required to file the appropriate affidavits with the Tax Collector, pursuant to N.J.S.A. 54:5-62, representing the amounts of monies expended periodically toward the rehabilitation or repair of the property. A purchaser, assignee or transferee shall be entitled to interest on the amounts expended, as set forth in the affidavits, at the delinquent rate of interest for delinquencies in excess of \$1,500 in effect for the time period when the amounts were expended, pursuant to N.J.S.A. 54:4-67. The tax sale certificate purchaser, assignee or transferee, with the authority of the City of Absecon, shall be permitted to enter in and upon the property for the purposes of appraising the costs of rehabilitation and repair and to perform all other acts required to guarantee the completion of the rehabilitation or repair of the property. No rehabilitation or repair work shall be commenced, however, until proof of adequate liability insurance and an indemnification agreement, holding the City of Absecon harmless, has been filed with the City Clerk.
- C. If the City of Absecon acquires the tax sale certificate for a property on the abandoned property list, then, upon 10 days' written notice to the property owner and any mortgagee as of the date of the filing of the notice pursuant to N.J.S.A. 55:19-55, the City shall be permitted to enter upon the property and remediate any conditions that caused the property to be included on the abandoned property list. No remediation shall be commenced, however, if within that ten-day period the owner or mortgagee shall have notified the City in writing that the owner or mortgagee has elected to perform the remediation itself. When the owner or mortgagee elects to perform the remediation itself, it shall be required to post bond in favor of the City of Absecon in order to ensure performance. The amount and conditions of the bond shall be determined by the City Council.
- D. The cost of remediation incurred by the City of Absecon, as so certified by the entity incurring the cost upon completion of the remediation, shall constitute a lien upon the property first in time and right to any other lien, whether the other lien was filed prior to or after the filing of any lien by the City, except for City taxes, liens and assessments and any lien imposed pursuant to the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq., together with any interest thereon. The certification of cost shall be filed and recorded as a lien by the entity incurring the cost with the Atlantic County Clerk.

E. The clearance, development, redevelopment, or repair of property being maintained as an abandoned property pursuant to this chapter shall be considered a public purpose and public use, for which the power of eminent domain may be lawfully exercised.

§ 150-24. Special tax sale and criteria for bidders.

A. The City of Absecon may hold special tax sales with respect to those properties eligible for tax sale pursuant to N.J.S.A. 54:5-19 which are also on the abandoned property list.

B. The City Council shall establish criteria for eligibility to bid on properties at the sale, which may include, but need not be limited to:

(1) Documentation of the bidder's ability to rehabilitate or otherwise reuse the property consistent with City plans and regulations; commitments by the bidder to rehabilitate or otherwise reuse the property, consistent with City plans and regulations;

(2) Commitments by the bidder to take action to foreclose on the tax lien by a date certain; and

(3) Such other criteria as the City Council may determine are necessary to ensure that the properties to be sold will be rehabilitated or otherwise reused in a manner consistent with the public interest.

C. The City Council may establish minimum bid requirements for a special tax sale that are less than the full amount of the taxes, interest and penalties due, to help ensure that the properties will be rehabilitated or otherwise utilized in a manner consistent with the public interest.

D. The City Council may combine properties in said special tax sale into bid packages, and require that bidders place a single bid on each package, rejecting any and all bids on individual properties that are submitted.

E. The City Council may sell said properties subject to the provision that, if the purchaser fails to carry out any commitment that has been set forth as a condition of sale or misrepresents any material qualification that has been established as a condition of eligibility to bid pursuant thereto, then the properties and any interest thereto acquired by the purchaser shall revert to the City, and any amount paid by the purchaser at the special tax sale shall be forfeit to the City.

F. In the event there are two or more qualified bidders for any property or bid package in a special tax sale, the City may designate the unsuccessful qualified bidder whose bid was closest to the successful bid, as an eligible purchaser. In the event that the selected purchaser of that property or bid package fails to meet any of the conditions of sale established by the City pursuant to this section and their interest in the property or properties reverts to the City, the City may subsequently designate the entity previously designated as an eligible purchaser as the winning bidder for the property or properties, and assign the tax sale certificates to that entity on the basis of that entity's bid at the special tax sale, subject to the terms and conditions of the special tax sale.

G. The City of Absecon shall provide notice of a special tax sale pursuant to N.J.S.A. 54:5-26. The notice shall include any special terms of sale established by the City pursuant to this section. Nothing shall prohibit the City from holding a special tax sale on the same day as a standard or accelerated tax sale.

§ 150-25. Expedited action to foreclose right of redemption.

- A. When a person or entity other than the City of Absecon acquires a tax sale certificate for a property on the abandoned property list at tax sale, the purchaser may institute an action to foreclose the right of redemption at any time after the expiration of just six months following the date of the sale of the tax sale certificate.
- B. When the City of Absecon is the purchaser at tax sale of any property on the abandoned property list pursuant to N.J.S.A. 54:5-34, an action to foreclose the right of redemption may be instituted in accordance with the provisions of subsection b of N.J.S.A. 54:5-77.
- C. After the foreclosure action is instituted, the right to redeem shall exist and continue to exist until barred by the judgment of the Superior Court; provided, however, that no redemption shall be permitted except where the owner:
 - (1) Posts cash or a bond equal to the cost of remediating the conditions because of which the property was determined to be abandoned pursuant to N.J.S.A. 55:19-56, as determined by the Court; or
 - (2) Demonstrates to the Court that the conditions because of which the property was determined to be abandoned have been remedied in full.

§ 150-26. Abandoned property status during expedited foreclosure.

- A. If an entity other than the City of Absecon has purchased or taken assignment from the City of a tax sale certificate on a property that has not been legally occupied for a period of six months, that property shall not be added to the abandoned property list under the following limited circumstances:
 - (1) The owner of the certificate has continued to pay all City taxes and liens on the property in the tax year when due; and
 - (2) The owner of the certificate takes action to initiate foreclosure proceedings within six months after the property is eligible for foreclosure pursuant to either subsection a or subsection b of N.J.S.A. 54:5-86, as appropriate, and diligently pursues foreclosure proceedings in a timely fashion thereafter.
- B. A property used on a seasonal basis shall be deemed abandoned only if it meets any two of the additional criteria set forth in N.J.S.A. 55:19-81.
- C. A determination that a property is abandoned property under the provisions of this chapter and N.J.S.A. 55:19-78 et seq., shall not constitute a finding that the use of the property has been abandoned for purposes of municipal zoning or land use regulation.
- D. Upon the request of a purchaser or assignee of a tax sale certificate seeking to bar the right of redemption on an abandoned property pursuant to subsection b of N.J.S.A. 54:5-86, the City Council or the Tax Collector shall, in a timely fashion, provide the requester with a certification that the property fulfills the definition of an "abandoned property" according to the criteria established in N.J.S.A. 55:19-81 and N.J.S.A. 55:19- 82.

§ 150-27. Summary action for control and possession of abandoned property.

- A. A summary action or other action to transfer possession and control of abandoned property in need of rehabilitation to the City of Absecon may be brought by the City or its agent in the Superior Court, Atlantic County. If the Court shall find that the property is abandoned and that the owner or party in interest has failed to submit and initiate a rehabilitation plan, then the Court may authorize the City to take possession and control of the property and to develop its own rehabilitation plan for the property.
- B. Where the City has been granted possession and control, the City may commence and maintain further proceedings for the conservation, protection or disposal of the property, or any part thereof, that are required to rehabilitate the property, recoup the cost and expenses of rehabilitation, and for the sale of the property; provided, however, that the Court shall not direct the sale of the property if the owner applies to the Court for reinstatement of control and possession of the property as permitted by N.J.S.A. 55:19-92.
- C. Failure by the owner, mortgage holder or lienholder to submit a plan for rehabilitation to the City, obtain appropriate construction permits or, in the alternative, submit formal applications for funding the cost of rehabilitation to local, state or federal agencies providing such funding, within the initial six-month period, shall be deemed clear evidence that the owner has failed to take any action to further the rehabilitation of the property.
- D. An owner may defend against a complaint filed pursuant to N.J.S.A. 55:19-84 by submitting a plan for the rehabilitation and reuse of the property which is the subject of the complaint and by posting a bond equal to 125% of the amount determined by the City Council or the Court to be the projected cost of rehabilitation.
- E. Any plan submitted by an owner to defend against a complaint shall be submitted within 60 days after the complaint has been filed, unless the Court provides the owner with an extension of time for good cause shown. A plan submitted by an owner pursuant to this section shall include, but not be limited to:
 - (1) A detailed financial feasibility analysis, including documentation of the economic feasibility of the proposed reuse, including operating budgets or resale prices, or both, as appropriate;
 - (2) A budget for the rehabilitation of the property, including sources and uses of funds, based on the terms and conditions of realistically available financing, including grants and loans;
 - (3) A timetable for the completion of rehabilitation and reuse of the property, including milestones for performance of major steps leading to and encompassing the rehabilitation and reuse of the property; and
 - (4) Documentation of the qualifications of the individuals and firms that will be engaged to carry out the planning, design, financial packaging, construction, and marketing or rental of the property.
- F. Where the Court approves the rehabilitation plan of the owner or other party in interest, then it may appoint the City Council to act as monitor of compliance and progress. If the owner fails to carry out any step in the approved plan, then the City may apply to the Court to have the posted bond forfeited, to transfer possession of the building to the City to complete the rehabilitation plan, and to grant authorization to use the bond proceeds for the rehabilitation.

The owner or other party in interest shall provide bimonthly reports to the City Council on its activities and progress toward rehabilitation and reuse of the property.

- G. If an owner is unsuccessful in defending against a complaint filed pursuant to N.J.S.A. 55:19-84, the mortgage holder or lienholder may seek to be designated in possession of the property by submitting a plan and posting a bond meeting the same conditions as set forth in N.J.S.A. 55:19-87. Their plan must be submitted within 60 days following the Court's rejection of the owner's plan, unless the Court provides the mortgage holder or lienholder with an extension of time for good cause shown. If the Court approves any such mortgage holder or lienholder's plan, it shall designate that party to be in possession of the property for purposes of ensuring its rehabilitation.
- H. The mortgage holder or lienholder, as the case may be, shall provide bimonthly reports to the Court and the City Council on its activities and progress toward rehabilitation and reuse of the property. If the mortgage holder or lienholder fails to carry out any material step in the approved plan, then the City Council shall notify the Court, which may order the posted bond forfeit, grant the City possession of the property, and authorize the City to use the proceeds of the bond for rehabilitation of the property.
- I. Any sums incurred or advanced for the purpose of rehabilitating the property by a mortgage holder or lienholder granted possession of a property, including Court costs and reasonable attorney's fees, may be added to the unpaid balance due to that mortgage holder or lienholder, with interest calculated at the same rate set forth in the note or security agreement, or, in the case of a tax lienholder, at the statutory interest rate for subsequent liens.
- J. If no mortgage holder or lienholder meets the conditions of N.J.S.A. 55:19-88, then the City may submit a plan to the Court which conforms with the provisions of N.J.S.A. 55:19-87. Such plan shall designate whether the City or a qualified rehabilitation entity shall undertake the rehabilitation plan in accordance with the provisions of N.J.S.A. 55:19-90.

§ 150-28. City rehabilitation or designation of qualified rehabilitation entity.

- A. The City Council may designate a qualified rehabilitation entity for the purpose of exercising the City's rights, where that designation will further the rehabilitation and reuse of the property consistent with City plans and objectives.
- B. Regardless of whether the City exercises its rights directly or the City Council designates a qualified rehabilitation entity pursuant to this section, the City shall maintain, safeguard, and maintain insurance on the property while in possession of such property. Notwithstanding the City's possession of the property, the owner of the property shall not be relieved of any civil or criminal liability or any duty imposed by reason of acts or omissions of the owner.
- C. The Court may approve the borrowing of funds by the City to rehabilitate the property and may grant a lien or security interests with priority over all other liens or mortgages other than municipal liens. Prior to granting this lien priority, the Court must find as follows:
 - (1) The City sought to obtain the necessary financing from the senior lienholder, which declined to provide such financing on reasonable terms;
 - (2) The City sought to obtain a voluntary subordination from the senior lienholder, which refused to provide such subordination; and

- (3) Lien priority is necessary in order to induce another lender to provide financing on reasonable terms. No lien authorized by the Court shall take effect unless recorded with the Clerk of Atlantic County.
- D. Where the City has designated a qualified rehabilitation entity to act on its behalf, the qualified rehabilitation entity shall provide bimonthly reports to the City Council on its activities and progress toward rehabilitation and reuse of the property. The City or qualified rehabilitation entity, as the case may be, shall provide such reports to the Court as the Court determines to be necessary. If the Court finds that the City or its designee have failed to take diligent action toward rehabilitation of the property within one year from the grant of possession, then the Court may request that the City designate another qualified rehabilitation entity to exercise its rights, or if the City fails to do so, may terminate the order of possession and return possession and control of the property to its owner.
- E. The City of Absecon shall file a notice of completion with the Court, and shall also serve a copy on the owner and any mortgage holder or lienholder, at such time as the City has determined that no more than six months remain to the anticipated date on which rehabilitation will be complete. This notice shall include an affidavit of the City Council, attesting that the rehabilitation is anticipated to be completed within six months, and a statement setting forth the actions as it plans to undertake consistent with the plan.

§ 150-29. Petition for reinstatement of control and possession by owner.

- A. An owner may petition for reinstatement of the owner's control and possession of the property at any time after one year from the Court's removal of possession, but no later than 30 days after the City of Absecon has filed a notice of completion with the Court or, in the event the notice of completion is filed within less than one year of the grant of possession, within 30 days after the City has filed said notice.
- B. The Court may allow additional time for good cause if that additional time does not materially delay completion of the rehabilitation, place undue hardship on the City or affect any of the terms or conditions under which the City has applied for or received financing for the rehabilitation of the property.
- C. If the owner fails to petition for the reinstatement of control and possession of the property within 30 days after the City has filed a notice of completion or, in any event, within two years after the initial grant of possession, or if the owner fails to meet any conditions that may be set by the Court in granting a reinstatement petition, the Court may grant the City title or authorize the City to sell the property, subject to the provisions of N.J.S.A. 55:19-96.

§ 150-30. Procedure for City to place liens, obtain title and sell property.

- A. The City Council, with the approval of the Court, may place a lien on the property to cover any costs of the City in connection with any proceeding under N.J.S.A. 55:19-78 et seq., incurred prior to the grant by the Court of an order of possession, which may include costs incurred to stabilize or secure the property to ensure that it can be rehabilitated in a cost-effective manner. Any such lien shall be considered a City lien for the purposes of N.J.S.A. 54:5-9, with the rights and status of a City lien pursuant thereto.
- B. Where the City seeks to gain title to the property, it shall purchase the property for fair market value on such terms as the Court shall approve and may place the proceeds of sale in escrow with the Court.

- C. The Court may authorize the City of Absecon to sell the building free and clear of liens, claims and encumbrances, in which event all such liens, claims and encumbrances shall be transferred to the proceeds of sale with the same priority as existed prior to resale in accordance with the provisions of this section, except that municipal liens shall be paid at settlement. The proceeds of the purchase of the property shall be distributed as set forth in N.J.S.A. 55:19-97.
- D. Upon approval by the Court, the City shall sell the property on such terms and at such price as the Court shall approve and may place the proceeds of sale in escrow with the Court. The Court shall order a distribution of the proceeds of sale after paying Court costs in the order of priority set forth in N.J.S.A. 55:19-97.
- E. With the exception of the holding of special tax sales pursuant to N.J.S.A. 55:19-101, the remedies available under N.J.S.A. 55:19-78, et seq. shall be available to the City with respect to any abandoned property, whether or not the City has established an abandoned property list and whether or not the property at issue has been included on any such list.

SECTION 3: All Ordinances contrary to the provisions of this Ordinance are hereby repealed to the extent that they are inconsistent herewith.

SECTION 4: If the provisions of any section, subsection, paragraph, subdivision, or clause of this Ordinance shall be judged invalid by a court of competent jurisdiction, such order of judgment shall not affect or invalidate the remainder of any section, subsection, paragraph, subdivision, or clause of this Ordinance.

SECTION 5: This Ordinance shall take effect upon passage and publication according to law.

DATED: September 6th, 2018

SIGNED: _____
John R. Armstrong, Mayor

ATTEST: _____
Carie A. Crone, RMC, Municipal Clerk

Passed on first reading at a regular meeting of the Municipal Council held on August 23rd, 2018. Laid over and advertised for public hearing and final adoption on September 6th, 2018. Notice is hereby given that the foregoing Ordinance was approved for final adoption by the Municipal Council of the City of Absecon at a regular meeting held on September 6th, 2018.