

# **PUBLIC HEARING ON RECORDING LIENS ON PROPERTIES FOR REIMBURSEMENT OF THE COSTS OF SIDEWALK REPAIRS**

Presenters:

Rick Bruneau, Director of Finance

John Ristow, Director of Transportation

John Kachmanian, Deputy Director, Finance – Revenue Management



# SIDEWALK REPAIR CRITERIA

- Repair areas may include sidewalk, driveway approach, curb & gutter, and/or parkstrip located adjacent to property.
- Repair criteria includes:
  - Vertical separation of more than one-half (1/2) inch.
  - Ramping: rise or depression of more than one (1) inch within eight (8) inches, in conjunction with a vertical separation.
  - Hole or opening in a break or construction joint of one (1) inch or more.
  - Breaking away, spalling, or chipping of concrete with a depth of more than one-half (1/2) inch.



# INITIAL SIDEWALK REPAIR NOTICE

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- State law ([Streets and Highways Code, Chapter 22 of Division 7, Part 3](#)) and San José Municipal Code ([Section 14.16.2200](#)) place responsibility of sidewalk repairs with the adjacent property owner
- Department of Transportation generates a repair notice after inspection determines repairs are needed
- Inspections conducted as the result of community requests and City staff field observations



# SIDEWALK REPAIR ACTIVITY

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- Vast majority of sidewalk repairs are completed and resolved successfully
- Proposed liens are for property owners who have not reimbursed the City for the expenses associated with City contractor repairs
- FY 2022-23 Sidewalk Repair Activity (through April 30, 2023)
  - 4,887 sidewalk repairs completed
    - \* 68% of repairs completed by property owner
    - \* 32% of repairs completed by City contractor
  - 3,337 property owners completed sidewalk repairs using their own contractor
    - \* ~\$192K in Sidewalk Repair Inspection Fees
  - 1,550 properties were serviced by City Contractor
    - \* ~\$111K in Sidewalk Repair Inspection Fees
    - \* ~\$1.84M advanced from the General Fund to repair sidewalks



# FINANCIAL HARDSHIP PROGRAM

- FY 2022-2023 Financial Hardship Budget (through May 9, 2023)
  - Transportation received 100 requests for sidewalk hardship and approved 89 properties (~\$390K)
  - In FY 2021-2022, Transportation approved 117 properties for hardship (~\$473K)
- Eligibility is based on income guidelines set forth by the U.S. Department of Housing and Urban Development, in accordance with Area Median Income (AMI):

Qualifying Income Limits for Financial Hardship		
Number of Dependents	Below 50% AMI	Below 80% AMI
1	\$59,000	\$92,250
2	\$67,400	\$105,400
3	\$75,850	\$118,600
4	\$84,250	\$131,750
5	\$91,000	\$142,300
6	\$97,750	\$152,850
7	\$104,500	\$163,400
8	\$111,250	\$173,950
<b>Hardship Support</b>	<b>100%</b>	<b>50%</b>



# REPAIRS PROCESS OVERVIEW AND TIMELINE

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- Sidewalk Repairs & Noticing (August – October)
  - 3 Repair Notices, including a brochure (with financial hardship information) and property door hangar, are sent to property owner over a 3-month period
  - If the property owner has not completed the repair work, the City contracts to complete the repair(s)
- Invoicing, Payment & Delinquency Process (November – March)
  - After the repair work is completed, Department of Transportation issues an invoice with an amount due and payment due date
  - If payment is not made by the due date OR the property owner has NOT entered into an agreed-upon payment plan, Finance sends 30-day, 60-day, and final notices
- Lien Process (March – August)
  - ✓ City Council approves a memorandum to set a public hearing for the cost of sidewalk repairs
  - ✓ Transportation sends two notices of intent to lien to delinquent property owners
  - ✓ Transportation hosts administrative conference(s) for property owners to discuss their bill(s)
  - ☐ City Council holds a public hearing to record liens on properties for the reimbursement of repairs
  - ☐ Special Assessment is placed on the Santa Clara County Secured Property Tax Bill



# CITY COUNCIL APPROVAL TO SET PUBLIC HEARING

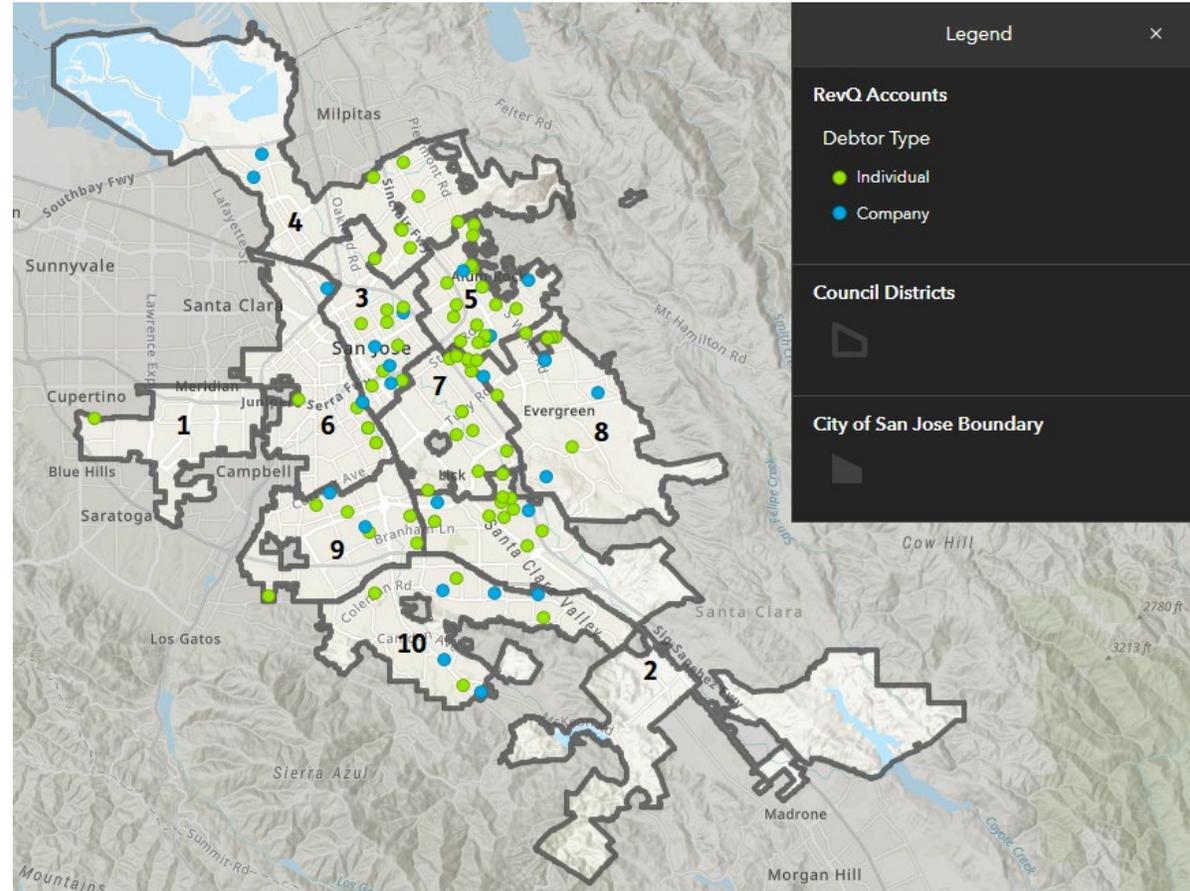
- On March 28, 2023, City Council approved a memorandum to set a public hearing for the cost of sidewalk repairs on June 13, 2023
- The memorandum was coordinated with the Department of Transportation, the Office of the City Attorney, and the City Manager’s Budget Office
- The memorandum included the schedule to file sidewalk repair liens on delinquent properties:

	<b>Action</b>	<b>Date</b>
<input checked="" type="checkbox"/> City Council	Set Public Hearing	March 28, 2023
<input checked="" type="checkbox"/> Department of Transportation	Mail First Notice Regarding Administrative Conferences and Public Hearing Date	April 7, 2023
<input checked="" type="checkbox"/> Department of Transportation	Mail Second Notice Regarding Administrative Conferences and Public Hearing Date	April 11, 2023
<input checked="" type="checkbox"/> Department of Transportation	Conduct Administrative Conferences	April 25-26, 2023
	<input type="checkbox"/> Conduct Public Hearing	
City Council	<input type="checkbox"/> Adopt Resolution Confirming Director's Report for Proposed Liens	June 13, 2023



# DELINQUENT SIDEWALK INVOICES PENDING LIEN

- 122 Delinquent Sidewalk Repair Invoices
- Sidewalk Repair Fees: ~\$187K
- Delinquency Fees: ~\$54K
- Lien Fees: ~\$16K
- **Total: ~\$257K**
  
- Average Invoice Balance: ~\$2.1K
- Average Invoice Age: ~743 Days



# RECOMMENDATIONS

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- a) Conduct a public hearing on recording liens on properties for the reimbursement of the cost of sidewalk repairs;
- b) Adopt a resolution confirming the Report from the Director of Finance concerning the delinquent sidewalk repair costs and the assessments contained in the report, and;
- c) Direct the recording of liens and the placement of charges as set forth therein on the 2023-2024 Santa Clara County Secured Property Tax Bill for the cost of sidewalk repairs.

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