

QUICK GUIDE: New Tools to Address Blight and Abandonment

February 2011



Housing Alliance
of Pennsylvania

QUICK GUIDE

New Tools to Address Blight and Abandonment

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Introduction

This **Quick Guide** provides a compilation and brief description of state laws recently enacted for Pennsylvania's communities to address the problem of vacant, abandoned and blighted private property.

While addressing blight is a local concern, the solutions are largely enabled by state law. Over the past several years the Pennsylvania General Assembly, in response to demand by local communities, has begun to modernize antiquated laws that stand in the way of local efforts. New individual laws are beginning to weave a "policy infrastructure," or toolkit to transform blighted and abandoned property into quality homes people can afford, gardens and farms for fresh food, new business and industry that create local jobs. This **Quick Guide** describes these NEW TOOLS WE HAVE.

This **Quick Guide** also includes NEW TOOLS WE NEED (but do not yet have), to craft a strong, innovative land recycling system for Pennsylvania. Without these new tools, local communities will continue to be stymied in their efforts to reclaim the blighted and abandoned property that plagues them.

Organization of this Quick Guide:

- A TABLE OF CONTENTS lists the tools in the categories described below.
- A NEW TOOLS MATRIX lists new tools alphabetically and jurisdictional application (cities, counties, etc.), so you can see what laws apply to your borough, township, city or county.
- A GLOSSARY of legal terms helps to decode what these laws actually mean.
- Each TOOL WE HAVE (new laws) and TOOL WE NEED is briefly described on its own page with an overview of what it is intended to do and how to use it. The legal citation is provided so you can ask your local solicitor for more information and guidance.

All the NEW TOOLS described (both those WE HAVE and those WE NEED), are organized into four categories based on their role in a land recycling strategy:

- 1) Blight Prevention – because strong code enforcement is the most effective prevention
- 2) Acquisition – tools to take control of blighted and abandoned property while dealing with all its liabilities
- 3) Disposition – tools to transfer property for beneficial reuse
- 4) Redevelopment Incentives – to encourage and support private market investments in formerly blighted and abandoned properties

We hope you find this guide helpful. We intend to update it as new tools become available. Please let us know what you think!

Elizabeth G. Hersh, Executive Director, The Housing Alliance of Pennsylvania

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Glossary of Terms Related to Blight and Abandonment

Abandoned Property

Technically, property that the owner voluntarily surrenders or relinquishes title to, with the intention of terminating ownership and possession, but without granting the property to another person. In practice, the word is used to describe property that no one is caring for. Few owners formally surrender title to properties, but owners or their heirs do walk away from properties, leaving them “abandoned.”

Abate/Abatement

Eliminating or lessening a problem.

Affidavit

A voluntary declaration of facts written down and sworn to by the person declaring before an officer authorized to administer oaths, such as a notary public.

Appointment

Judge in the court with jurisdiction over a property designates a specific person or entity for a specific job, such as a Conservator under the Blighted and Abandoned Property Conservatorship Law, Act 2008-135.

Articles of Incorporation

Governing documents that detail the terms of a corporation’s existence including the number and classes of shares, the purpose and duration of the corporation.

Blight

This term has never been defined by the courts; rather it is defined by a variety of specific laws. Therefore, a variety of conditions may be required to determine a property blighted, depending on the law(s) applied. That being said, ‘blight’ refers generally to deteriorating property conditions that have deleterious effects on the community in which the property is situated.

CDC

Community Development Corporation (CDC) is a broad term referring to private nonprofit entities, typically serving a low-income community constituency, governed by a community-based board, producing affordable housing, commercial, and/or industrial business-enterprise development, and usually serving a specific geographic location such as a neighborhood or a town.

Code

A building, housing, property maintenance, fire, health or other public safety ordinance enacted by a political subdivision.

Conservator

A person or entity determined to be competent and appointed by a Court of Common Pleas Judge for the protection, rehabilitation or demolition of a property under the Blighted and Abandoned Property Conservatorship Law, Act 2008-135.

Condemnation

The process of taking private property for public use through the power of eminent domain.

Consideration

Something bargained for and received; the reason for entering into a contract. The term often refers to the purchase price for a property.

Glossary of Terms Related to Blight and Abandonment

Convey

To transfer, as in title to a property.

Demise

The conveyance for a set number of years. “Demised property” is leased property.

Devise

The act of giving property by will.

Easement

The right to use land which belongs to another person – or an area above or below the land – for a specific limited purpose (i.e. such as to cross it for access to a public road).

Eminent Domain

The inherent power of a governmental entity to take privately-owned property, especially land, and convert it to public use, subject to reasonable compensation for this taking.

Encumbrance

A claim or lien that is attached to property, such as a mortgage. An encumbrance remains with the property when ownership is transferred, unless it is paid off.

Exchange

The act of transferring interests, each in consideration for the other.

Foreclosure

A legal proceeding to terminate an owner’s interest in property, instituted by the holder of a lien (e.g. a taxing jurisdiction or a mortgagee/lender), either to gain title or to force a sale in order to satisfy the unpaid debt secured by the property.

Grant

(1) To give or confer something with or without compensation; (2) To formally transfer real property by deed or other written instrument.

Hypothecate

To pledge property as security or collateral for a debt, without delivery of title or possession.

Intergovernmental Cooperation Agreement (ICA)

An agreement between governmental bodies that join together for a common benefit. Pennsylvania law governing ICA is found in the Intergovernmental Cooperation Act, as well as the Borough Code, First Class Township Code and Second Class Township Code.

Installment Sales Contract

An agreement to purchase real estate where the purchase price is paid in installments and the deed is transferred upon the final payment.

Joint Venture

A business undertaken by two or more persons or entities engaged in a single, defined project.

Judicial Sale

A sale conducted under the authority of a court.

Glossary of Terms Related to Blight and Abandonment

Land Banks

Single-purpose entities created by local governments to acquire, manage, and dispose of tax delinquent and abandoned properties in a way that maximizes community revitalization.

Land Contract

Technically, any contract for the purchase of real estate. Commonly used to mean an installment sales contract.

Lease Purchase Agreement

A rent-to-own purchase plan under which the buyer takes possession of the goods or real property with the first payment and takes ownership with the final payment. In Pennsylvania, lease purchase agreements are generally considered installment sales contracts rather than leases.

Legal Interest

A legally recognized claim to a property, such as legal title or a lien on the property.

Legally Occupied

Occupancy by the property's owner or with the permission of the owner (see Conservatorship). The term can also mean occupancy in compliance with licensing, permitting, and other laws.

Lessee

A tenant.

Lessor

A landlord.

Lien

A legal right or interest that a creditor has in another's property, usually lasting until a debt or duty that it secures is satisfied.

Lis Pendens

Notice filed with the County Department of Records to warn all persons that the property is the subject of a pending lawsuit.

Municipal Claims and Tax Lien Law (MCTLL)

The Pennsylvania law that governs some real estate tax collection and all municipal claim collection. It governs delinquent real estate tax collection in 1st Class Cities (Philadelphia), 2nd Class Counties (Allegheny County), and municipalities and school districts therein. (The City of Pittsburgh, which is in Allegheny County, also has the Cities of the 2nd Class Treasurer's Sale and Collection Act.) MCTLL governs municipal claim collection in all Commonwealth political subdivisions.

Municipality

Under Pennsylvania law, a county, city, borough, incorporated town or township.

Misdemeanor

A grade of criminal offense below a felony but above a summary offense, generally punishable by fines and imprisonment.

Negotiable Instruments

Glossary of Terms Related to Blight and Abandonment

A written promise to pay a specified sum of money at a specific time or times; a promissory note.

Nonprofit Corporation

A corporation organized under a state's nonprofit corporations law and exempt from state corporate taxes. The term is often used interchangeably with 501(c)(3) tax exempt organizations. 501(c)(3) organizations are exempt from federal taxes under the IRS code if they meet the criteria of a charitable organization. Contributions to a nonprofit corporation are only tax deductible if the organization has been designated a 501(c)(3) by the IRS.

Owner

The holder or holders of title to, or of an interest in, property. With regard to real property, the term may include heirs, assignees, trustees, beneficiaries and lessees.

Owner-Occupied

Residential real property which is the primary residence of the owner. Owner-occupant means a homeowner.

Partnership

A voluntary association of two or more persons or entities who jointly own and carry on a business.

Party in Interest

For the purposes of the Blighted and Abandoned Property Conservatorship Law, Act 2008-135, a person or entity who has a direct and immediate interest in a residential, commercial or industrial building, including: (1) the owner, (2) a lien holder and other secured creditor of the owner, (3) a resident or business owner within 500 feet of the building, (4) a nonprofit corporation, including a redevelopment authority, which is located in the municipality where the building is located, or (5) a municipality or school district in which the building is located.

Petition

A formal written request presented to a court or other official body.

Political Subdivision

A division of a state that exists primarily to discharge some function of local government. Under Pennsylvania law, any county, city, borough, incorporated town, township, school district, vocational school district or county institution district.

Possession

Having direct, physical control over property.

Promisee

Receiver of a promise.

Promisor

Maker of a promise.

Public Nuisance

A property that, because of physical condition or use, has been declared a public nuisance by the appropriate official in accordance with the local housing, building, health, fire or related code, or is determined to be a public nuisance by the court.

Glossary of Terms Related to Blight and Abandonment

Quiet Title

A proceeding to establish a good and marketable, or insurable, title to land by compelling anyone else with an interest in the land to establish a claim or be forever barred from asserting it.

Real Estate Tax Sale Law (RESTL)

The Pennsylvania law that governs tax sales in all counties except Allegheny and Philadelphia. RESTL establishes tax claim bureaus to collect property taxes.

Recital

A preliminary statement in a contract or deed explaining the reasons for entering into it or the background of the transaction, or showing the existence of particular facts.

Release

Relinquishment of a right or a claim; discharge of a debt.

Revenue Bonds

Governmental bonds repayable from public funds.

Superior Lien

A lien placed on property that will be satisfied or paid off prior to all liens inferior to it, regardless of the time the liens were placed on the property.

Tax Claim Bureau (TCB)

Created under the Real Estate Tax Sale Act as a county division to collect all delinquent taxes for the taxing jurisdictions within the county.

Transfer

Any mode of disposing of an asset or an interest in an asset, including a gift, sale, release, lease, or creation of a lien or other encumbrance.

Transferee

Person who receives an interest in property.

Transferor

Person who conveys an interest in property.

Pennsylvania Tax Sale Laws

Municipal Claims and Tax Lien Law of 1923, 53 P.S. §7101 *et seq.* (MCTLL)

Real Estate Tax Sale Law of 1947, 72 P.S. §5860.101 *et seq.* (RETSL)

City of the Second Class Treasurer's Sale and Collection Act, 53 P.S. §27101 *et seq.*

Cities of the Second Class A Treasurer's Sale Act, 53 P.S. § 30901 *et seq.*

Cities of the Third Class Treasurer's Sale, 53 P.S. 37541 *et seq.*



New Tools WE HAVE ...



New Tools WE HAVE ...

Category: BLIGHT PREVENTION – Property Code Enforcement	
Law: Municipal Code and Ordinance Compliance Act	
What does it do? Makes owners who buy property with known code violations abate them within 18 months (structures) or 12 months (lots). Type of property/property characteristics? Property with code violations at the time of purchase or transfer. Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? Code enforcement official. How do you do it? Citation issued against property owner. What's required to use this law? Inspection of property at purchase to assess known code violations upon purchase; inspection of property to assess violation abatement within 12 months of purchase for lots or 18 months of purchase for buildings. Where do you find this law? 68 P.S. §1081 et seq.; Act 99 of 2000.	This law requires any purchaser of a building with known code violations to correct the violations or demolish the building within 18 months (or longer by agreement with the municipality). Any purchaser of a lot with known violations of municipal nuisance ordinances has 12 months to rectify the violations. The act is enforceable by the local municipality with fines ranging from \$1,000 to \$10,000. Enforcement requires inspection of property at sale to document relevant code violation status and a 12 or 18 month reinspection to enforce abatement.

New Tools WE HAVE ...

Category: BLIGHT PREVENTION – Property Code Enforcement	
Law: Crime of Municipal Housing Code Avoidance	
What does it do? Makes multiple code convictions a misdemeanor criminal offense. Type of property/property characteristics? Properties subject to building, housing or property maintenance codes. Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? Code enforcement official and the Office of the District Attorney. How do you do it? After the requisite number of code violation convictions, the code official requests prosecution by the assistant district attorney (ADA). ADA approves and prosecutes. Code official conducts periodic inspections to support prosecution. What's required to use this law? At least 4 convictions against same person for same code violation; Code violation remains unabated; threatens health, safety, property; no reasonable attempt to abate. Where do you find this law? 18 P.S. §7510; Act 70 of 1998.	Currently, violation of a municipality's codes or ordinances governing building, housing and property maintenance standards are typically punishable by imposition of fines and costs, making these violations summary criminal offenses. Incarceration may be imposed only after conviction and willful failure to pay fines. “Housing code avoidance” is a new tool that makes repeated code violations a misdemeanor offense punishable by incarceration without having to first impose fines, or imprisonment may be in addition to fines. Under this law, a 2nd degree misdemeanor may be charged where a code violation remains after four (4) summary convictions for the same violation at the same property. A 1st degree misdemeanor may be charged for five (5) or more summary convictions. Codes officers may file summary charges as part of routine code enforcement. To use the Municipal Housing Code Avoidance Act, an ADA must approve and prosecute the misdemeanor charges.

New Tools WE HAVE ...

Category: BLIGHT PREVENTION - Property Code Enforcement	
Law: 3 rd Class Cities Escalated Code Citations and Penalties	
What does it do? Allows aggressive issuance of citations and increased penalties for code violations that threaten public health, safety or property. Type of property/property characteristics? Properties subject to building, housing, property maintenance, fire prevention, electrical or plumbing code. Where does it apply? What jurisdictions? Third Class Cities. Who initiates? Who can make this happen? Code enforcement official. How do you do it? Code official identifies threats to public health, safety or property and issues a new citation every 5 days. What's required to use this law? Code violations that threaten public health, safety or property and regular inspections and citations by the code official. Where do you find this law? 53 P.S. §39131.1; Act 135 of 1998.	This act allows a Third Class City code enforcement official to issue more than one citation per month (the standard for code violations) when public health, safety or property is threatened. If a code violation poses a threat to public health, safety or property, the code enforcement official may issue a citation every five days instead of monthly. Fines of \$500 to \$1,000 may be imposed for the first two offenses. For the third and subsequent violations, fines of \$1,000 to \$10,000, imprisonment of up to 90 days or both fines and imprisonment may be imposed.

New Tools WE HAVE ...

Category: BLIGHT PREVENTION – Property Code Enforcement	
Law: Blighted and Abandoned Property Conservatorship Law	
What does it do? Allows a court-appointed third party to take control of a blighted property when the owner has died or refuses to act. Type of property/property characteristics? Vacant buildings with code violations/ public nuisance conditions which are: Not legally occupied for a year; Not marketed for 60 days; Not part of a foreclosure action; and Owned longer than 6 months. Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? Owner, lien holder, nonprofit, municipality, school district, resident or business owner within 500 feet of the blighted property. How do you do it? Court action in the County Court of Common Pleas. What's required to use this law? Appropriate building, competent entity to serve as conservator, legal representation. Where do you find this law? 68 P.S. §1101, Act 135 of 2008.	Conservatorship allows a municipality or nonprofit organization (including a redevelopment authority) or nearby neighbor or business owner to initiate a court action to get a third party (conservator) appointed to improve the property when the owner refuses or is unavailable to take care of the property. After giving due process notice to the owner and lienholders, a conservator may be appointed. The conservator is given the right to take possession of the building to bring it up to code, carry out a rehabilitation plan approved by the court, or if rehab is not feasible, to demolish it. If financing is necessary to carry out the court-approved conservator's plan, the court can approve a new first mortgage with priority over any other liens against the property <i>except</i> governmental liens. The owner may regain possession after reimbursing the conservator for costs. If the owner does not redeem the property from conservatorship, the court may approve the sale of the property free and clear of any debt. <i>See also</i> DISPOSITION - Blighted and Abandoned Property Conservatorship Law, under <i>New Tools We Have</i>.

New Tools WE HAVE ...

Category: BLIGHT PREVENTION – Property Code Enforcement	
Law: Neighborhood Blight Reclamation & Revitalization Act – Private Asset Attachment	
What does it do? Allows municipalities to collect costs related to code violations by filing judgments against property owners, not just liens against the properties. Type of property/property characteristics? Property for which its owner has been found guilty of code violations and violations have not been corrected after six months. (Also see statutes noted below with no waiting period.) Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? Municipal code officials and solicitors. How do you do it? Codes officer cites a property for substantial violations; no remediation is done within six months; municipality files a court action against the owner. What's required to use this law? Inspection and issuance of violation notice; prosecution. Where do you find this law? 53 Pa.S.C. 6111, 6112 See also: City of Philadelphia Code, Administrative Code, Section A-503; City of Pittsburgh, Codified Ordinances, § 1001.10(b); Third Class Cities Code - 53 P.S. § 39133; First Class Township Code - 53 P.S. § 56519; Second Class Township Code - 53 P.S. § 66517; Boroughs Code - 53 P.S. § 46202(24)	Municipalities and code officials have the authority to enforce Magisterial District Judges' or Common Pleas Court Judges' findings of guilt and impositions of fines and costs by going after any and all assets owned by the offending property owner, not just the property that is in violation. Code enforcement, or municipal ordinance prosecution, is typically a criminal proceeding that results in the imposition of fines and costs against the property owner. Municipal code abatement (like demolition) is typically the use of the municipal police powers to remedy dangerous property conditions. Municipalities traditionally demolish and lien the property with the code violations. There has been confusion and concern regarding municipalities' ability to pursue in personam actions (legal proceedings against the person) against the property owner responsible for the code violations. Municipalities' have traditionally pursued only in rem actions (legal proceedings against the property in violation). Private asset attachment refers to the action a municipality may take against the offending property owners and any assets they own to enforce municipal codes and to collect fines and costs, as well as to recover the funds a municipality expends to abate dangerous property conditions. The Neighborhood Blight Reclamation and Revitalization Act contains a provision for attaching owners' private assets. In addition, the various municipal codes authorize such actions.

New Tools WE HAVE ...

Category: BLIGHT PREVENTION – Property Code Enforcement	
Law: Neighborhood Blight Reclamation & Revitalization Act - Extradition of Out-of-State Owners	
What does it do? Clarifies that municipalities may extradite property owners who live outside of Pennsylvania who are subject to municipal ordinance prosecutions. Type of property/property characteristic? Property with code violations. Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? Municipal code enforcement officials and solicitors. How do you do it? Full prosecution by municipality. How would it be done? The municipality would pursue municipal code prosecutions against property owners even though they live out of state.	In order for someone to be prosecuted for a crime, including code violations, he must be present in the state where the crime was committed in order to be brought into court. If he is in another state, he can be “extradited,” or transferred by law enforcement officials back to the state where the crime was committed. There has been confusion regarding municipalities’ right to seek the surrender of property owners who live outside of Pennsylvania for prosecution under municipal codes and new laws like The Crime of Municipal Housing Code Avoidance. The Neighborhood Blight Reclamation and Revitalization Act clarifies the municipalities’ right to extradite those property owners. <i>See also</i> BLIGHT PREVENTION –Crime of Municipal Housing Code Avoidance, under <i>New Tools We Have</i>.

New Tools WE HAVE ...

Category: BLIGHT PREVENTION – Property Code Enforcement	
Law: Neighborhood Blight Reclamation & Revitalization Act - Permit Denial	
What does it do? Allows municipalities to enforce their codes by denying permits and licenses to property owners with code violations or tax delinquencies. Type of property/property characteristics? Property with code violations or delinquencies. Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? Municipal officials. How do you do it? Owner applies for a permit or license. Municipal official checks records of other properties owned for code violations and tax delinquencies or municipal claims. Violations or delinquencies do not need to be in the same jurisdiction. What is required to use this tool? Coordination between municipal offices. Where do you find this law? Act 90 of 2010	The Act allows municipalities to deny applications for municipal permits and licenses if: Applicant is delinquent on taxes or other municipal charges, or Any property owned by applicant is in serious violation of code and no substantial action has been taken to abate conditions and comply with code. The violations or delinquencies may be on properties in another municipality, so the municipal official processing the request for the permit will need to research the applicant for other properties owned.

New Tools WE HAVE ...

Category: ACQUISITION – Eminent Domain	
Law: Eminent Domain Code Amendments - Reorganized and Updated Code	
What does it do? Reorders the statute that governs use of eminent domain powers and modernizes associated costs. Type of property/property characteristics? Properties certified as blighted and subject to condemnation proceeding. Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? Municipal official or redevelopment authority. How do you do it? Condemnation procedures remain unchanged (see next pages for prohibition of transfers to certain entities by Act 35 of 2006). What's required to use this law? Statutory authority to condemn and transfer property. Where do you find this law? Pa. Const. Art. 1 §10; 26 P.S. §101 et seq., Act 34 of 2006.	The Eminent Domain Code was reorganized. Costs associated with condemnation and just compensation including the amount paid by the condemning agency for appraisals, attorneys' fees, engineering fees, compensation for business losses, and replacement housing were adjusted. The replacement housing costs are now higher than the federal Uniform Relocation Act.

New Tools WE HAVE ...

Category: ACQUISITION – Eminent Domain	
Law: Eminent Domain Code Amendments - Private Enterprise Prohibitions and Exceptions	
What does it do? Prohibits transfer of property condemned by eminent domain to a private enterprise and provides important exceptions. Type of property/property characteristics? Properties certified as blighted and subject to condemnation proceeding. Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? The municipality or redevelopment authority. How do you do it? Condemnation procedures remain unchanged. What's required to use this law? Statutory authority to condemn and transfer property. Where do you find this law? Pa. Const. Art.1§10; 26 P.S. §101 et seq., Act 35 of 2006.	Prohibits transfer of condemned property to a private enterprise, <i>except</i>: 1. condemnee has consented; 2. transfer to public utilities, RRs, & the like; 3. incidental private use; 4. removal of a nuisance; 5. abandoned property; 6. blight remediation; 7. areas in Philadelphia, Pittsburgh, and Allegheny, Montgomery, Bucks, and Delaware Counties and municipalities therein declared blighted prior to the enactment of the new law, excepted until December 31, 2012; 8. properties taken per §12.1 of the Urban Redevelopment Law (53 P.S. §1712.1); 9. low-income or mixed-income housing developments funded in part with funds from enumerated state and federal programs. Public charities are <i>not</i> private enterprises subject to prohibition and, therefore, <i>can</i> receive properties taken by eminent domain. To declare an area blighted, 51% of properties must meet the definition of blight <i>and</i> constitute at least 51% of the geographic area. In such blighted areas, the condemner may take multiple properties, implicitly including non-blighted properties.

New Tools WE HAVE ...

Category: ACQUISITION – Abandoned Property	
Law: Urban Redevelopment Law	
What does it do? Defines abandoned property and adds abandoned properties to those that can be certified as blighted. Type of property/property characteristics? Blighted properties as defined by this law. Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? Redevelopment authority. How do you do it? Procedures for certification of a blighted area remain the same. What's required to use this law? Blighted Property Review Committee established by ordinance. Where do you find this law? 35 P.S. 1712.1; Act 113 of 2002.	Abandoned properties were added to the categories of those properties that can be certified as blighted under the Urban Redevelopment Law. An abandoned property is one which has been declared abandoned by its owner or is vacant and (1) a lien for demolition costs remains unpaid after six months, or (2) the municipal liens and claims exceed 150% of the fair market value as established by the board of revision of taxes. "Vacant" property is also defined by the Act. Additionally, the project value for a bond requirement for construction contractors is increased from \$500 to \$10,000.

New Tools WE HAVE ...

Category: ACQUISITION – Real Estate Tax Delinquency	
Law: Donation	
What does it do? Establishes a procedure to coordinate the three taxing bodies' waiver of their tax claims upon receipt by one of them of donated tax delinquent property. Type of property/property characteristics? Tax delinquent. Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? A tax delinquent property owner offers the property to one of the taxing bodies. How do you do it? The recipient approaches the other taxing bodies to negotiate the release of their liens on the property. What is required to use this law? Tax delinquency; available owner. Where do you find this law? 72 P.S. §§5860.303, 5860.309; Act 12 of 2006. 53 P.S. §§7108.1, 7143; Act 18 of 2006.	While municipalities have the power to accept donated property under the general power clauses of the various municipal codes, Acts 12 and 18 of 2006 establish a procedure for coordination among taxing authorities to waive tax claims in exchange for the donation of a tax delinquent property. Acceptance of the property by a municipality or other taxing body is optional. The new laws also require tax claim bureaus to maintain lists of delinquent property owners, including their last known addresses, so that credit reporting bureaus can access the information and report property tax delinquencies on credit reports.

New Tools WE HAVE ...

Category: ACQUISITION – Tax Sale Reforms	
Law: Joint Petitions	
What does it do? Amends tax sale laws to allow multiple properties in a petition for tax sale instead of one property per petition. Type of property/property characteristics? Tax delinquent properties that are ready for tax foreclosure. Where does it apply? What jurisdictions? All jurisdictions utilizing the Real Estate Tax Sale Law (RETSL) or the Municipal Claim and Tax Lien Law (MCTLL). Who initiates? Who can make this happen? Tax claim bureau or the foreclosing municipality. How do you do it? Tax claim bureau or municipality files a single petition for tax sale on multiple properties. What's required to use this law? All applicable real estate tax and municipal claim procedures. Where do you find this law? 53 P.S. §7283a; Act 163 of 2004. 72 P.S. §5860.612-2; Act 161 of 2004.	Where a municipality or tax claim bureau has multiple properties to take to tax sale, it may file one petition for the court which includes all of the properties. This tool is being studied for its utility in achieving desirable cost and time efficiencies in the tax foreclosure process. <i>See also</i> ACQUISITION - Bulk Sales, under <i>New Tools We Need</i>.

New Tools WE HAVE ...

Category: ACQUISITION – Tax Sale Reforms	
Law: Changes to Post-Sale Redemption	
What does it do? Changes post-sale redemption under the Municipal Claim and Tax Lien Law (MCTLL) for vacant and occupied properties; eliminates post-sale redemption under the Real Estate Tax Sale Law (RETSL). Type of property/property characteristics? Properties exposed to tax sale at public auction due to unpaid real estate taxes or municipal claims. Where does it apply? What jurisdictions? All RETSL and MCTLL jurisdictions. Who initiates? Who can make this happen? Tax claim bureau or the foreclosing municipality. How do you do it? Follow applicable tax sale procedures. What's required to use this law? All applicable real estate tax and municipal claim procedures. Where do you find this law? 53 P. S. §7293; Act 83 of 2004. 72 P. S. §5860.501(c); Act 5 of 1998.	Tax foreclosure laws traditionally provide for the property owner to redeem their property after it has been subject to a tax sale. Post-sale redemption by the property owner creates periods of uncertainty while waiting on whether property owners will avail themselves of the right to redeem. Uncertainty significantly diminishes the marketability of properties and discourages investment. Property owner redemption should be available prior to a tax sale only, not after a tax sale. The Housing Alliance supports homeowner protections, like more notice and affordable installment payment plans, well in advance of tax sale. MCTLL was amended to eliminate redemption on vacant properties. There is a redemption period of nine months for occupied properties. Because the occupied versus vacant status of a property is difficult to ascertain, title companies are not inclined to insure any properties until after the nine month redemption period. Under the RETSL there is no right of redemption. <i>See also ACQUISITION - Elimination of Post-Sale Redemption, under New Tools We Need.</i>

New Tools WE HAVE ...

Category: ACQUISITION – Tax Sale Reforms	
Law: Single Free and Clear Sale (Allegheny & Philadelphia Counties)	
What does it do? A variety of Municipal Claim and Tax Lien Law (MCTLL) provisions were amended to modernize and expedite tax sales in Allegheny County as had already been done in Philadelphia. Type of property/property characteristics? Property with liens for delinquent real estate taxes. Where does it apply? What jurisdictions? Philadelphia and Allegheny County. Who initiates? Who can make this happen? Foreclosing municipality, tax claim bureau, or claimant. How do you do it? Follow the procedures set out in MCTLL. What's required to use this law? A lien against a property for delinquent real estate taxes and MCTLL procedures. Where do you find this law? 53 P.S. §§7106, 7143, 7147, 7193.2, 7283; Act 20 of 2003.	The traditional tax foreclosure process provides for two tax sales. The first is an 'upset sale' where property is exposed to a public auction for the 'upset price,' a dollar amount that satisfies the debt against the property. If there is no bid at upset sale, a second sale known as a 'judicial sale' or a 'free and clear sale' extinguishes liens against the property. A one-sale process is the modern trend. A single free and clear sale along with modernized due process notice and foreclosure processes significantly expedites tax foreclosure and the viability and re-use of blighted and abandoned properties. MCTLL generally requires both an upset sale and a judicial sale, but MCTLL provisions that apply to Philadelphia have long allowed a one-sale process. MCTLL amendments in 2003 allowed a single free and clear sale and modernized notice requirements to apply in Allegheny County. 2003 MCTLL amendments also expanded the law's definitions, made attorney fees recoverable, clarified calculation of interest, municipal assignment (sale) of liens, and assignee rights. <i>See also</i> ACQUISITION – Single Free and Clear Sale, under <i>New Tools We Need</i>.

New Tools WE HAVE ...

Category: ACQUISITION – Preventing Property Speculation	
Law: Discharge/Right of First Refusal	
What does it do? Allows for a municipality or redevelopment authority (RA) to discharge a tax claim. Type of property/property characteristics? Tax delinquent properties that are scheduled for tax sale. Where does it apply? What jurisdictions? RETSL jurisdictions. Who initiates? Who can make this happen? Municipality or redevelopment authority where property is located. How do you do it? Municipality or RA would likely confer with the County regarding a particular property that is scheduled to go to upset sale. County may grant the right to discharge. What's required to use this law? Municipality or RA with an interest and finances to keep a property from being exposed to tax sale. Where do you find this law? 72 P.S. §5860.501; Act 82 of 2000.	The tax sale of a property can be stopped by anyone who has an interest in tax delinquent real property (like the owner, the owner's heirs, a lien holder) by making full payment of (or "causing the discharge of") the tax claim and all associated charges. A disinterested party may discharge a tax claim and avoid exposure to a sale if the disinterested party is approved by the political subdivision. With this law, a county can grant to a municipality or redevelopment authority a right of first refusal to discharge tax claims, presumably before any disinterested party. Note, however, that discharge of a tax claim is not especially advantageous to municipalities, since discharge simply pays the debt and the property remains with the owner who had been delinquent. In contrast, a grant of a right of first refusal for the municipality during 10-15 days <i>after</i> a high bid is made at the tax sale would be advantageous because the municipality would control, or take title, to the property. <i>See also</i> ACQUISITION - Right of First Refusal, under <i>New Tools We Need</i>.

New Tools WE HAVE ...

Category: ACQUISITION – Prohibited Purchasers at Tax Sale	
Law: Landlords with Revoked Rental License	
What does it do? Prohibits a landlord whose rental license has been revoked from purchasing property at tax sale. Type of property/property characteristics? Tax delinquent properties that are scheduled for tax sale. Where does it apply? What jurisdictions? RETSL jurisdictions. Who initiates this? Who can make this happen? Tax claim bureau (TCB). How do you do it? TCB must qualify bidders at tax sale. What's required to use this law? Adoption and enforcement of rental registration ordinance and code official coordination with TCB and sheriff regarding revoked licenses. Where do you find this law? 72 P.S. §5860.601; Act 5 of 1998.	Certain people may be prohibited from buying properties at a tax sale. The subject of this law is a landlord whose rental license has been revoked by a municipality within a county holding a tax sale. That landlord is prohibited from being able to purchase property at a tax sale. The property at tax sale does not need to be in the same municipality as the property for which the rental license was revoked, only in the same county. <i>See also</i> ACQUISITION – Landlords with Rental License Revocations, under <i>New Tools We Need</i>.

New Tools WE HAVE ...

Category: ACQUISITION – Prohibited Purchasers at Tax Sale	
Law: Delinquent Property Owners	
What does it do? Prohibits anyone who is delinquent in paying a local tax or municipal utility charge from purchasing property at a tax sale. Type of property/property characteristics? Tax delinquent properties that are scheduled for tax sale. Where does it apply? What jurisdictions? RETSL jurisdictions. Who initiates this? Who can make this happen? Tax claim bureau (TCB). How do you do it? TCB must qualify bidders at tax sale. What's required to use this law? Code or revenue official coordination with TCB and sheriff regarding delinquent payers. Where do you find this law? 72 P.S. §5860.619a; Act 133 of 1998.	Certain people may be prohibited buying properties at a tax sale. This law prohibits a person who is tax delinquent with a taxing authority where the tax sale property is located, or who is more than one year delinquent with a municipal utility bill, from purchasing a property at tax sale.

New Tools WE HAVE ...

Category: ACQUISITION – Prohibited Purchasers at Tax Sale	
Law: Housing Code Violators	
What does it do? Prohibits housing code violators from purchasing property at a tax sale. Type of property/property characteristics? Tax delinquent properties that are scheduled for tax sale. Where does it apply? What jurisdictions? RETSL jurisdictions. Who initiates this? Who can make this happen? Tax claim bureau (TCB). How do you do it? TCB must qualify bidders at tax sale. What’s required to use this law? Code official coordination with TCB and sheriff regarding housing code violators. Where do you find this law? 72 P.S. §5860.619; Act 5 of 1998.	Certain people may be prohibited from buying properties at a tax sale. A municipality may petition the court within 15 days of a tax sale to prohibit the transfer of property to a purchaser who has housing code violations on other properties owned. The section does <i>not</i> specify whether the other property owned must be in the same municipality. The definition of “housing code violation” refers to “the local code” rather than the “municipality’s code.”

New Tools WE HAVE ...

Category: ACQUISITION – Prohibited Purchasers at Tax Sale	
Law: Philadelphia Housing Code Violators	
What does it do? Prohibits housing code violators in Philadelphia from purchasing property at tax sale. Type of property/property characteristics? Tax delinquent properties that are scheduled for tax sale. Where does it apply? What jurisdictions? City of Philadelphia. Who initiates this? Who can make this happen? City of Philadelphia. How do you do it? Petition the court overseeing the tax sale. What's required to use this law? Philadelphia code official coordination with Revenue Department and sheriff on housing code violators' bids at sheriff sale. Where do you find this law? 53 P.S. §7283(b); Act 6 of 1998.	The City of Philadelphia may petition the court within 30 days of a tax sale to prohibit the transfer of property to a purchaser who has housing code violations on other properties owned, presumably within Philadelphia. The definition of “housing code violation” refers to “the codes,” implying the codes of Philadelphia, but not explicitly stating such.

New Tools WE HAVE ...

Category: DISPOSITION – Municipal-Owned Properties	
Law: Waiver of Bid Requirements for CDCs	
What does it do? Makes it easier for nonprofit Community Development Corporations (CDCs) to purchase property owned by a municipality. Type of property/property characteristics? Property titled in the name of the municipality. Where does it apply? What jurisdictions? 3rd Class Cities, Boroughs, 1st and 2nd Class Townships. Who initiates? Who can make this happen? A CDC approaches municipality to purchase property owned by the municipality. How do you do it? Municipality confirms prospective purchaser's nonprofit CDC status. What's required to use this law? A nonprofit CDC that is interested in purchasing municipal-owned property. Where do you find this law? 53 P.S. §§36919, 37561 (3rd Class City Code); Act 44 of 1998. 53 P.S. §46201 (Borough Code); Act 54 of 1998. 53 P.S. §56501 (1st Class Township Code); Act 64 of 1997. 53 P.S. §66503 (2nd Class Township Code); Act 12 of 2002.	Property that is owned by and in the name of a municipality may be sold to a nonprofit CDC involved in affordable housing or commercial or industrial redevelopment without advertising or bidding.

New Tools WE HAVE ...

Category: DISPOSITION – County-Owned Properties	
Law: Waiver of Fair Market Value Requirements for Nonprofits	
What does it do? Makes it easier for nonprofit organizations to purchase property owned by county. Type of property/property characteristics? Property titled to a county government. Where does it apply? What jurisdictions? All classes of counties. Who initiates? Who can make this happen? Nonprofit approaches county to purchase property owned by the county. How do you do it? A county confirms prospective purchaser's nonprofit status and activities. What's required to use this law? A nonprofit purchaser of county-owned property. Where do you find this law? 16 P.S. §2306(b) (County Code); Act 73 of 2000.	Fair market requirements may be waived when selling county-owned property to nonprofit organizations engaged in the construction of affordable housing, or for community, industrial or commercial development.

New Tools WE HAVE ...

Category: DISPOSITION – Estate (Deceased Owner) Properties	
Law: Redevelopment Authority Estate Administration	
What does it do? Allows a redevelopment authority to administer disposition of a decedent's real estate. Type of property/property characteristics? Property that is titled in the name of a decedent, where no one has been appointed to administer the estate. Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? The redevelopment authority that serves the political subdivision in which the property is located. How do you do it? The redevelopment authority petitions for Letters of Administration with the Probate Clerk, County Register of Wills. What's required to use this law? A vacant property titled to a deceased owner, no executor or administrator for the property, and a willing redevelopment authority. Where do you find this law? 20 Pa.C.S.A. §§3155, 3311; Act 171 of 2006.	When a person dies (the decedent) leaving assets in his/her name solely, a personal representative (the Executor named in the will, or, if no will, an heir as Administrator) probates the decedent's estate. If a probate estate is not opened by a personal representative, a redevelopment authority may administer the estate for the limited purpose of transferring title on real estate that is titled in the name of the decedent only.

New Tools WE HAVE ...

Category: DISPOSITION – Privately Owned Properties	
Law: Blighted and Abandoned Property Conservatorship Law	
What does it do? After a conservator completes the approved rehab or demolition plan, and if the owner has not redeemed the property, the Judge handling the conservatorship may approve sale of the property to a new owner, terminating the conservatorship. Type of property/property characteristics? Vacant buildings under court-ordered conservatorship. Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? The conservator. How do you do it? By court action. The conservator requests from the court a sale of the property. What's required to use this law? All procedural requirements set out in the law. Where do you find this law? 68 P.S. §1101, Act 135 of 2008.	Conservatorship allows a municipality, nonprofit organization (including a redevelopment authority), nearby neighbor, or business owner to initiate a court action, appointing a third party (a conservator) to rehabilitate the building when the owner refuses or is unavailable to take care of the property. The owner may regain possession after reimbursing the conservator for its costs. If the owner does not redeem the property from conservatorship, the court may approve a sale of the property free and clear of all liens and claims. The proceeds of the sale are distributed in the order specified in the statute, with the conservator's costs being reimbursed after court costs and governmental liens. The owner receives any monies left after payments of all other costs. <i>See also</i> BLIGHT PREVENTION –Blighted and Abandoned Property Conservatorship Law, under <i>New Tools We Have</i>.

New Tools WE HAVE ...

Category: REDEVELOPMENT INCENTIVES – Private Owners/Investors	
Law: Existing Structures Code	
What does it do? Distinguishes new construction from existing building rehabilitation. Type of property/property characteristics? Properties with existing structures. Where does it apply? What jurisdictions? Everywhere in Pennsylvania. Who initiates? Who can make this happen? A builder, contractor, architect, or homeowner when obtaining a building permit. How do you do it? Property developers and code official apply codes for existing structures to the rehabilitation work. What's required to use this law? Application of codes for existing structures. Where do you find this law? 35 P.S. §7210.101 et seq. 34 Pa. Code §403.	Since 2003, the International Existing Building Code (IEBC) has been part of Pennsylvania's Uniform Construction Code (UCC). The IEBC recognizes the difference between new construction and work on existing buildings, and is designed to facilitate rehabilitation of existing structures in a safe and economical manner. This eliminates applying construction codes to building rehabs. <i>See also</i> REDEVELOPMENT INCENTIVES – Smart Code, under <i>New Tools We Need</i>.

New Tools WE HAVE ...

Category: REDEVELOPMENT INCENTIVES –Tax Abatements	
Law: Improvement of Deteriorating Real Property or Areas Tax Exemption Act	
What does it do? Exempts from real estate taxes the amount of the assessed valuation of improvements to certain deteriorated properties, and provides for abatement(s) over a ten-year period. Type of property/property characteristics? Deteriorated properties. Where does it apply? What jurisdictions? Everywhere “deteriorated neighborhoods” are designated by taxing body. Who initiates? Who can make this happen? Property owner must apply for abatement. How do you do it? Municipality adopts an ordinance setting out the terms of the abatements; owner applies. What’s required to use this law? Deteriorated neighborhood designation, ordinance adoption, and abatements. Where do you find this law? 72 P.S. §§4711-203, 4711-303; Acts 83 of 2000 and 235 of 2002.	A local taxing authority may, by ordinance or resolution, exempt from real property taxes, the assessed valuation of improvements to deteriorated properties in a designated “deteriorated neighborhood.” The amendments allow for a graduated ten-year abatement. The amendments also permit a taxing body to devise its own schedule for abatement and set a ten-year limit on the length of the abatements.

New Tools WE HAVE ...

Category: REDEVELOPMENT INCENTIVES – Improvement Districts	
Law: Neighborhood Improvement District Act	
What does it do? Allows property owners in a Neighborhood Improvement District (NID) to pool money from a special property assessment for district improvements. Type of property/property characteristics? Properties within boundaries determined for a Neighborhood Improvement District. Where does it apply? What jurisdictions? Everywhere a special property assessment is approved by property owners. Who initiates? Who can make this happen? Neighborhood interests. How do you do it? The governing body of the municipality must adopt the NID by resolution or ordinance What's required to use this law? An approved and adopted NID, approval of special assessment by property owners. Where do you find this law? 53 Pa.S.C. 6111, 6112 See also: City of Philadelphia Code, Administrative Code, Section A-503; City of Pittsburgh, Codified Ordinances, § 1001.10(b); Third Class Cities Code - 53 P.S. § 39133; First Class Township Code -53 P.S. § 56519; Second Class Township Code - 53 P.S. § 66517; Boroughs Code - 53 P.S. § 46202(24)	Neighborhood Improvement Districts (NIDs) may be established by local municipalities, residents, and businesses that agree to assess themselves and pool these funds to provide services specifically for their neighborhood services and improvements. The legislation provides for the assessment of property owners within the NID to pay for those additional services. Once a NID is established, the municipality should designate a NID management association to administer programs, improvements and services.



New Tools WE NEED ...

New Tools WE NEED ...

Category: ACQUISITION – Real Estate Tax Delinquency	
New Tool We Need: Land Bank Authorizing Legislation	
What would this tool do? Authorize local, stand-alone, single-purpose entities whose sole function is to acquire, manage and dispose of tax delinquent or abandoned properties. For what type of property? Abandoned or tax delinquent properties. Where would it apply? Wherever a municipality or municipalities jointly agree to create a land bank. Who could use this tool? All counties and all municipalities with populations of 10,000 or more; smaller municipalities that join with eligible jurisdictions. What would be required to use this tool? Eligible counties and municipalities would establish land banks by ordinance; smaller municipalities could join with eligible jurisdictions through Intergovernmental Cooperation Agreements. How would it be done? The legislation would specify the structure of the land bank and its powers and duties related to acquisition, maintenance, and disposition of real estate, and to financing.	Land banking represents the best new thinking about how to aggressively and affirmatively deal with blighted, abandoned and tax foreclosed property which is currently sitting fallow, unavailable to the market for appropriate development and bringing down property values in the adjacent area. Land banks, piloted in Flint, Michigan, are single-purpose, public entities charged with compiling, managing and marketing the inventory of tax delinquent and abandoned properties, with the goal of getting them back into productive reuse. The job of the land bank is to bring transparency, efficiency and predictability to land recycling, to make land more readily available for reuse, and to support revitalization efforts as defined locally. Land banks set priorities for the reuse of land, are overseen by an unpaid Board of Directors that hires their own staff or integrates its staffing function within existing government operations. While land banks can be established now, authorizing legislation would provide certain powers, such as the ability to negotiate with municipalities for tax delinquent properties, expedited quiet title procedures, and the land bank's tax-exempt status. Real estate held by land banks is tax exempt so that debt does not continue to accrue on the unproductive property. Without land banks in place, tax delinquent properties are exposed at public auction to be sold to the highest bidder, without regard to his or her capacity for development or impact of the sale on the adjacent properties or community. Or they continue to sit in limbo without a buyer amassing debt and further harming the community. Ideally, land banks are built upon a property tax collection system that includes: • strong homeowner protections; • effective notice to all parties prior to tax sale; • a single free and clear tax sale; • transfer of unsold, tax sale properties to a locally created, fully empowered, self-sufficient land bank for management and disposition.

New Tools WE NEED ...

Category: ACQUISITION – Tax Sale Reforms	
New Tool We Need: Bulk Sales	
What would this tool do? Expedite the processing of tax delinquent properties through the tax sale system, and reduce per property foreclosure costs; deter speculation. For what type of property? Tax delinquent properties exposed to public auction (tax sale). Where would it apply? Everywhere in Pennsylvania. Who could use this tool? Municipalities or tax claim bureaus (TCBs) with multiple properties ready for tax sale. What would be required to use this tool? Multiple tax delinquent properties. This tool would work best where there is an established land bank to receive the properties. How would it be done? Municipality or TCB would file a single petition to take multiple properties to tax sale and could request permission to sell the properties as a package rather than individually. All applicable tax sale law procedures would apply.	Bulk sale is one of many possible elements to create easier, faster and cheaper tax sale procedures to support land banking of unsold tax delinquent properties. Bulk tax sales allow for a single petition to be filed with the court overseeing the tax sale, instead of filing one petition per tax delinquent parcel. It serves to reduce the per parcel costs of the foreclosure proceeding, title clearing and transfer to a land bank. Additionally, by bundling properties for a single bid, municipalities or TCBs can better control redevelopment or direct properties into a land bank. Bulk sales are part of Michigan's foreclosure and land bank process. Requiring a bid on the entire package of properties eliminates the speculative purchaser of per parcel real estate purchases common at Pennsylvania tax sales. The Real Estate Tax Sale Law (RETSL) and the Municipal Claims and Tax Lien Law (MCTLL) allow multiple properties in a single petition but there is uncertainty if just a single bid can be requested. Reform of this provision would give local communities another tool to manage the foreclosure process and land bank operation. <i>See also</i> ACQUISITION – Joint Petitions, under <i>New Tools We Have</i>.

New Tools WE NEED ...

Category: ACQUISITION – Tax Sale Reforms	
New Tool We Need: Elimination of Post-Sale Redemption	
What would this tool do? Create strong homeowner protections prior to tax sale and eliminate post-sale redemption rights under Pennsylvania’s tax collection and tax sale laws. For what type of property? Tax delinquent properties. Where would it apply? Everywhere in Pennsylvania. Who could use this tool? The foreclosing municipality and the homeowner. What would be required to use this tool? All applicable real estate tax collection and tax foreclosure procedures. How would it be done? Homeowners would be notified of the protections available to them well in advance of a tax sale.	Tax sale laws traditionally provide for the property owner to redeem the property after tax sale upon payment of original tax due, penalty, interest, and costs plus an additional 10%. Post-sale redemption is out of reach for most homeowners, so it offers them little protection. It does, however, create uncertainty for the real estate title, causing purchasers to delay making investments in the properties. RETSL currently allows hardship protections, but does not require municipalities or TCBs to offer them. Under MCTLL, there is a nine-month right of redemption for occupied properties. For vacant properties, there is no right of redemption, but title companies are reluctant to issue title insurance until after nine months from sale. Under RETSL there is no right of redemption. Property tax collection and foreclosure should include: • strong homeowner protections in advance of tax sale; • effective, constitutionally strong notice to all parties prior to tax sale; • single free and clear tax sale. <i>See also ACQUISITION – Discharge/Right of First Refusal, under New Tools We Have.</i>

New Tools WE NEED ...

Category: ACQUISITION – Tax Sale Reforms	
New Tool We Need: Single Free and Clear Sale (Statewide)	
What would this tool do? Amend PA’s tax sale laws to allow for a single free and clear sale instead of the current two-sale process (upset and judicial), to modernize and expedite property tax foreclosure. For what type of property? Property with municipal claims or liens for delinquent real estate taxes. Where would it apply? Everywhere in Pennsylvania. Who could use this tool? The foreclosing municipality. What would be required to use this tool? A claim or lien against a property for delinquent real estate taxes or other municipal charges. How would it be done? Constitutionally required notice to owners prior to sale; clear title to purchasers at the single free and clear sale.	The traditional tax sale process provides for two tax sales. The first is an ‘upset sale’ where property is exposed to a public auction with the highest bid starting at the ‘upset price,’ a dollar amount satisfying the municipal debt against the property. The second sale is a ‘judicial sale’ or a ‘free and clear sale’ that extinguishes all debt against the property. A one-sale process is the modern trend. A single free and clear sale, along with modernized notice requirements, can significantly expedite tax foreclosure and the viability and reuse of blighted and abandoned properties. MCTLL generally requires an upset sale and a judicial sale, but MCTLL provisions that only apply to Philadelphia and Allegheny County allow for a single free and clear sale. 2003 amendments also modernized notice requirements for tax sales in Allegheny County. Similar notice requirements and single sales should be available throughout Pennsylvania. Property tax collection and sales should include: • strong owner-occupant protections in advance of tax sale; • effective notice to all parties prior to tax sale; • single free and clear tax sale. <i>See also ACQUISITION – Single Free and Clear Sale, under New Tools We Have.</i>

New Tools WE NEED ...

Category: ACQUISITION – Preventing Property Speculation	
New Tool We Need: Right of First Refusal	
What would this tool do? Give a municipality or redevelopment authority the right to match the highest bid for a property sold at tax sale. For what type of property? Tax delinquent properties that are sold at tax sale. Where would it apply? Everywhere in Pennsylvania. Who could use this tool? Any municipality or RA. What would be required to use this tool? The municipality or RA would have to invoke its right of first refusal with the sheriff or other official conducting the tax sale. How would it be done? Municipality or RA would have to be aware of a particular property of interest that is up for tax sale and then exercise its right of first refusal after the sale.	A right of first refusal (ROFR) is like a trump card giving a right to match a highest bid on a property at tax sale. The municipality or redevelopment authority (RA) for the area in which the property is located would use its ROFR within 10-15 days after a tax sale at which there is a high bid. ROFR would be a way to respond to a concern that the high bidder will not responsibly invest in the property. This also eliminates concerns if the high bidder is a known speculator whose ownership may negatively impact other investments and development next to or near the tax delinquent property. The municipality or redevelopment authority would have to match the high bid, then purchase and take title to the property. The municipality and redevelopment authority typically do not want to purchase properties, but ROFR gives them the option to gain control of strategic parcels. The acquisition costs are very certain after the tax sale, so the municipality or redevelopment authority can determine with some certainty whether the costs outweigh the risks of acquisition. This is preferable to bidding at the auction where the ultimate price is unknown and the act of bidding would actually drive up the price that the municipality or RA would have to pay.

New Tools WE NEED ...

Category: ACQUISITION – Prohibited Purchasers at Tax Sale	
New Tool We Need: Landlords with Revoked Rental License	
What would this tool do? Prohibits landlords whose rental licenses have been revoked from purchasing property at tax sale. For what type of property? Tax delinquent properties that are scheduled for tax sale. Where would it apply? MCTLL jurisdictions. Who could use this tool? The municipality in coordination with the sheriff. What would be required to use this tool? Adoption and enforcement of rental registration. How would it be done? Sheriff must disqualify bidders.	Certain people are prohibited from buying properties at a tax sale. The Real Estate Tax Sales Law (RETSL) prohibits a landlord whose rental license has been revoked by a municipality within a county holding a tax sale from purchasing property at a tax sale. RETSL does not apply in Philadelphia and Allegheny Counties or the City of Scranton. The Municipal Claims and Tax Lien Law (MCTLL) governs municipal claim and property tax enforcement in these areas. MCTLL enforcement culminates with a Sheriff Sale on the properties that have unpaid claims and tax liens. MCTLL should be amended to prohibit any landlord whose rental license has been revoked by any municipality from purchasing property that is sold for unpaid taxes or municipal claims at Sheriff Sale. <i>See also ACQUISITION – Landlords with Revoked Rental License, under New Tools We Have.</i>

New Tools WE NEED ...

Category: REDEVELOPMENT INCENTIVES – Private Owners/Investors	
New Tool We Need: Smart Rehab Code	
What would this tool do? Providing code flexibility to best fit the extent of the rehabilitation intended to be undertaken by a private owner, investor or contractor; distinguish between rehab, change in use, and additions. For what type of property? Existing structures in need of rehab. Where would it apply? Everywhere in Pennsylvania. Who could use this tool? Private owners/contractors working with the code official. What would be required to use this tool? Code official would use smart code standards in issuing a building permit. How would it be done? Property owner and contractor (and architect) would determine the work needed on the property; code official would apply the appropriate standards under the Smart Code.	Since 2003, the International Existing Building Code (IEBC) has been part of Pennsylvania's Uniform Construction Code (UCC). Unlike the IEBC, which puts existing structures into a single category, smart rehab employs three distinct categories: rehabilitation, change of use, and additions. Rehabilitation is further divided into four categories which relate to the extent of work that is to be undertaken: Repair, Renovation, Alteration, and Reconstruction. Smart code provides flexible code standards that best fit the extent of the rehabilitation contemplated. Smart rehab includes provisions for buildings that meet the standards for historic buildings under State and Federal agencies. New Jersey's code excludes the IEBC and instead uses their homegrown, stand-alone "smart rehab code." After adoption in 1998, construction work in existing structures in the five largest cities increased by 60% compared to 1.6% the prior year. NJ's Rehab subcode has become a national model for success in revamping older buildings and encouraging economic revitalization of impoverished communities. (Primary source: Overview of the Rehabilitation Subcode, By George Spais, New Jersey Builders Association, 2005) <i>See also REDEVELOPMENT INCENTIVES – Existing Structures Code, under New Tools We Have.</i>

New Tools WE NEED ...

Category: REDEVELOPMENT INCENTIVES - Private Owners/Investors	
New Tool We Need: Residential Title Claims	
What would this tool do? Give longtime residents the opportunity to take ownership of their homes when the record owners have abandoned the properties. For what type of property? Occupied properties where the property's legal owner cannot be found. Where would it apply? Everywhere in Pennsylvania. Who could use this tool? Long-term residents living in properties where the record owner cannot be found would have the opportunity to make a claim to title based on their possession and the lack of any action by the owner. What would be required to use this tool? Continuous occupancy for 10 years after the owner of record has disappeared. How would it be done? The resident would file a lawsuit to quiet title.	Some of our responsible, long-term residents live with the uncertainty of not being able to obtain title to the homes they are living in because the record owner died or moved and abandoned the property, leaving the property title in legal limbo. Without property titled in their names, residents may be cut off from property insurance, grants or loans for home repair, utility discounts or real estate tax abatements, and payment plans for real estate tax delinquencies. With this tool, these residents may file "quiet title" court actions based in the law of adverse possession after 10 years, rather than the otherwise applicable 21 years. The current 21-year waiting period can force residents to vacate their homes because, over the course of two decades, properties need significant system upgrades, i.e. roof, plumbing, electrical. Without title to the property, they are unable to obtain necessary financing for the expensive upgrades that our older housing stock needs. These become the abandoned properties local governments end up having to demolish at taxpayer expense.

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