

*Paul*

No. 360 App. \_\_\_\_\_ 98

FILE OF COUNCIL

FILE NO. 255

BILL NO. 402

Sponsored by Mr. Onorato, May 5, 1998

In Committee on Finance and Budget, June 10, 1998

Affirmatively Recommended

AS AMENDED

**EFFECTIVE DATE: JUN 25 1998**

Resolution authorizing and directing the Department of Finance of the City of Pittsburgh to establish a memorandum of understanding for excluded tax lien properties, repurchased tax lien properties, additional/subsequent tax lien property sales, certain Three Taxing Bodies Property, establishment of a property reserve and a property reserve trust fund.

WHEREAS, the City of Pittsburgh seeks to reduce and reverse the decay and blighting influence of vacant, vandalized and abandoned properties, to restore and enhance the tax base of blighted neighborhoods and the City as a whole, and to encourage and support neighborhood-based solutions and strategies for the elimination of blight and decay and the stimulation of community improvement and growth;

WHEREAS, neighborhood-based non-profit federal tax exempt community development organizations relieve the burden of government in the management and disposition of tax-delinquent property, redevelop and rehabilitate vacant, vandalized and blighted structures and lots, return properties to the tax rolls to the benefit of the community, the City and its citizens, and are uniquely skilled and positioned by virtue of their mission and experience to develop and encourage neighborhood-based solutions to the problems of blight and decay; and,

WHEREAS, the City of Pittsburgh, the Urban Redevelopment Authority of Pittsburgh ("URA") and the Pittsburgh Community Reinvestment Group (PCRG)/Vacant Property Working Group desire to establish and execute a Memorandum of Understanding for: (a) the retention, maintenance, administration and disposition of properties that are, have been or will be excluded from the sale of tax liens to an external purchaser, or have tax liens repurchased from an external purchaser, or are excluded from additional and/or subsequent sales of tax liens, or are certain property of Three Taxing Bodies; and (b) the establishment

of a Property Reserve for the retention and disposition of future neighborhood-based development properties,

**Be it resolved by the Council of the City of Pittsburgh as follows:**

Section 1. That the Department of Finance of the City of Pittsburgh is hereby authorized and directed to establish a memorandum of understanding for excluded tax lien properties, repurchased tax lien properties, additional/subsequent tax lien property sales, certain Three Taxing Bodies property, establishment of a property reserve and a property reserve trust fund, incorporating provisions dealing with the following items:

**I. Administration**

1. The Reserve will operate pursuant to the current Three Taxing Bodies Agreement dated November 30, 1992 and any future amendments thereto, utilizing the existing structure and staff.
2. URA Pre-Application properties approved for placement ~~to be placed~~ in the Land Reserve will be treated as properties being transferred to the URA.
3. The City of Pittsburgh shall provide non-profit Community Development Corporations (CDCs) a period of thirty (30) days to review and exclude properties prior to any tax lien sale. Property as to which a CDC excluded tax liens from a tax lien sale will be placed in a Treasurer's Sale conducted by the City within one (1) year of the exclusion.
4. The City of Pittsburgh will hold excluded property tax liens that are protected under Federal Bankruptcy laws or other court orders until they can be placed in a Treasurer's Sale conducted by the City.
5. The City of Pittsburgh has established a set purchase price to CDCs for Treasurer's Sale properties to further neighborhood development projects. The purchase price for a structure is \$1,000 plus costs with a deposit of \$1,000 and the purchase price for a lot is \$100 plus costs with a deposit of \$600.
6. The City of Pittsburgh will establish a Property Reserve Trust Fund within Three Taxing Bodies for the purpose of funding costs incurred for title clearance and maintenance of reserve properties. Reimbursement for costs incurred while a property is in the Property Reserve will be made by the CDC at the time of closing or default.
7. The City of Pittsburgh will conduct a review of the sold tax liens Portfolio, CDC excluded tax lien properties and the Three Taxing Bodies file to determine which parcels should be classified as green ways and public park land.

## **II. Eligibility**

1. The Reserve will hold up to 300 properties selected for development purposes which have been:
  - a. excluded from a tax lien sale and acquired by the City of Pittsburgh through Treasurer's Sale; or
  - b. repurchased from a tax lien sale (buy-backs) and acquired by the City of Pittsburgh through Treasurer's Sale.

## **III. Categories of Property**

1. The Reserve will hold properties for which a written development and financing plan has been submitted by the CDC to both the URA and the Department of Finance.
  - a. STRUCTURES: Properties with a structure thereon shall be held in the Reserve for a period of up to two (2) years from the date of the City of Pittsburgh's acquisition.
  - b. LAND: Properties which are vacant land shall be held in the Reserve for a period of up to five (5) years from the date of the City of Pittsburgh's acquisition.
2. Acquisition date is hereby defined as the date of the deed into the City of Pittsburgh subsequent to a Treasurer's Sale.
3. Upon special application to the City of Pittsburgh by the CDC, the City may, solely at its own discretion, agree to extend the holding period for an additional time period.

## **IV. Approval & Review Processes**

1. A URA pre-application will be submitted 60 days after the Treasurer's Sale to the URA & Department of Finance by the CDCs prior to the inclusion of a property in the Property Reserve.
2. The URA will prepare a feasibility analysis for all properties proposed to be included in the Reserve and will recommend whether or not the property should be included in the Reserve. ~~The Director of Finance shall resolve appeals of denials.~~ The URA shall consider whether, with respect to the subject land and/or structure, the private real estate market is active, and the URA may promulgate guidelines containing other important factors.
3. The URA reserves the right to review all development and financing plans annually with the CDC.

4. The Department of Finance and the CDCs shall prepare a report on the status of Land Reserve properties for City Council review and approval every 24 month period.

#### **V. Reserve Maintenance**

1. The City of Pittsburgh will perform routine maintenance on properties included in the Reserve. The City of Pittsburgh reserves the right to make any and all improvements necessary to fulfill its responsibility as Three Taxing Bodies Trustee and to safeguard the public's welfare.
2. The CDC that causes property to be placed in the Reserve shall be responsible for reimbursing the Reserve for maintenance costs. An estimated schedule of these costs is hereby attached (See Exhibit A). The CDC will receive an annual itemized statement from the Finance Department of actual costs incurred by the Reserve. The maintenance costs incurred by the Reserve shall be reimbursed by the CDC at the time that title is transferred from the Reserve to the CDC or at the time of default.
3. The City of Pittsburgh may enter into a license agreement with a CDC to provide maintenance services and/or make improvements on any properties included in the Reserve.

#### **VI. Procedures**

1. The City of Pittsburgh will accept a Promissory Note for the Repurchase (buy back) of tax lien properties for \$1,000.00 (structure) or \$600.00 (vacant lot) (~~see exhibit B~~), whichever is applicable.
2. The City of Pittsburgh will agree to accept a Promissory Note with a minimum cash deposit of \$200.00 hand money for properties being acquired through the Treasurer's Sale and placed in the Land Reserve. Default provisions shall apply, as specified in the Proposal to Purchase Reserve Property.
3. The Department of Finance shall establish a property tracking system for each reserve parcel for which a CDC has submitted a Proposal to Purchase. The tracking system will include a date/timeline for departments, personnel, procedures, and maintenance performed by property.

#### **VII. Clearing Title**

1. Quiet title proceedings will be initiated subsequent to the City of Pittsburgh taking title to properties by Treasurer's Deed, as to which a proposal to purchase has been submitted by a CDC.

2. The cost incurred by the City of Pittsburgh for clearing title to a property shall be reimbursed when the CDC purchases the property.

### **VIII. Default Provisions**

1. In the event a CDC has not initiated the process of acquiring title to a property within the time designated, the City of Pittsburgh may remove the property from the Reserve, and said property may be placed in the City of Pittsburgh's general inventory for sale to the general public after giving a written thirty (30) day notification ~~warning~~ of default. The Community Development Corporation that caused the property to be placed in the Reserve shall not be permitted to place additional properties in the Reserve for a period of one (1) year from the time it is determined by the Department of Finance that default has occurred. At the expiration of said year, the CDC must demonstrate to the URA the ability to undertake additional development activities in order to again participate in the reserve process.

### **IX. Severability**

If any section, sentence, clause or phrase of this Resolution is held invalid, or unconstitutional by any court of competent jurisdiction, then said holding shall in no way affect the validity of the remaining portions of this Resolution.

### **X. Exhibits**

The following are exhibits referred to in this legislation that are to be adhered to as mentioned.

#### **EXHIBIT A.**

**ESTIMATED MAINTENANCE AND QUIET TITLE COST SCHEDULE  
AS OF JUNE 1, 1998  
(SUBJECT TO CHANGE)**

<b>BOARD AND SECURE</b>	<b>\$ 200.00</b>
<b>RE-SECURE</b>	<b>\$ 170.00</b>
<b>CREW TREE TRIM REMOVAL</b>	<b>\$ 400.00</b>
<b>SAFETY</b>	<b>\$ 530.00</b>
<b>MIN CLEAN OUT</b>	<b>\$ 210.00</b>
<b>TREE CONTRACTOR</b>	<b>\$ 700.00</b>

<b>ROOF REPAIR</b>	<b>\$ 490.00</b>
<b>LOT CLEANING</b>	<b>\$ 200.00</b>
<b>QUIET TITLE</b>	<b>\$ 900.00</b>

**EXHIBIT B.**

Policies and Regulations Governing the Sale of Tax Lien Exclusion properties and the Buy-Back of Sold Liens

**REGULATION # 6  
POLICIES AND REGULATIONS GOVERNING  
SALE OF TAX LIEN EXCLUSION PROPERTIES**

Pursuant to the administration of the Second Class City Treasurer Sale and Collection Act No. 171 of October, 1984, and Council Resolution Number 666, effective September 27, 1996, the Director of the Department of Finance, as Trustee for The Three Taxing Bodies and/or the Treasurer of the City of Pittsburgh, hereby declares as policy the following:

1. The Community Development Corporation must meet the same approved buyer requirements as other purchasers.
2. Pursuant to Council Resolution 666, effective September 27, 1996, the Community Development Corporation or purchaser must submit a development and financing plan. The URA must review all development plans and financing and will prepare an analysis as to the feasibility of the project including plans not requesting URA funding.
3. A qualified development plan need not include the complete rehabilitation of the property. The CDC may submit a development plan limited to marketing activities, but in such cases the Director of Finance may review the disposition plan for the property or properties and proceeds from the sale not committed to a development project shall be shared equally between the City and the CDC.
4. The City of Pittsburgh will purchase a Title Report for the purpose of clearing title to the property. If the purchasers want title insurance they will be responsible for the cost of any bring-down and the cost of the title insurance.
5. The Community Development Corporation must remit the deposit amount upon signing the proposal to purchase on the 96th day after the Treasurer's Sale.
6. URA Pre-Application properties approved for placement ~~to be placed~~ in the Land Reserve will be treated as properties being transferred to the URA.
7. The purchase price and deposit amounts are :

PURCHASE PRICE

DEPOSIT

Structures	\$1,000.00 + Costs	\$200.00 + \$800.00 Promissory Note
Lots	\$ 100.00 + Costs	\$200.00 + \$400.00 Promissory Note

9. Costs include: Treasurer's Sale advertising cost, title search fee, legal advertising for action to quiet title, Prothonotary fees, and Sheriff's service. The estimated cost is \$900.00 per parcel. Costs also include maintenance cost while in the reserve as per maintenance cost schedule.
10. The buyer must close on the property within thirty (30) days of notification that the deed has been executed.
11. The buyer must pay all closing costs.
12. If requested, the Department of Finance will conduct the closing.
13. In the event a CDC has not initiated the process of acquiring title to a property within the time designated the City of Pittsburgh may remove the property from the Reserve, and said property may be placed in the City of Pittsburgh's general inventory for sale to the general public after giving a written thirty (30) day notification ~~warning~~ of default. The Community Development Corporation shall not be permitted to place additional properties for a period of one (1) year if default occurs. At the expiration of said year ~~which~~, the CDC must demonstrate to the URA the ability to undertake additional development activities.

### EXHIBIT C.

#### REGULATION # 7 POLICIES AND REGULATIONS GOVERNING THE BUY-BACK OF SOLD TAX LIENS

Pursuant to the administration of Council Resolution Number 666, effective September 27, 1996, the Director of the Department of Finance and the Treasurer of the City of Pittsburgh, hereby declares as policy the following:

1. The CDC requesting the buy-back of a sold tax lien (requester) must be approved to purchase City owned property.
2. The CDC must execute and remit a \$1,000.00 Promissory Note for a building and a \$600.00 Promissory Note for a lot, a request to buy-back the lien, and a request to purchase at least twelve (12) weeks prior to a Treasurer's Sale.

3. Pursuant to Council Resolution 666, effective September 27, 1996, the requester must also submit a development and financing plan. The URA will review all development plans and financing and will prepare an analysis as to the feasibility of all projects.
4. If the development plan does not incorporate financing, a Community Development Corporation must secure commitment to fund the project. Upon the expiration of the redemption period of the Treasurer's Sale and the acquisition of the property the Promissory Note shall become null and void. If the CDC is requesting the City to acquire the property they must execute sign a Promissory Note and remit hand money deposit as set forth in regulation #6.
5. If the CDC fails to complete the purchase when notified by the City, the Promissory Note shall become immediately due and payable, without demand or further notice, as liquidated damages to be applied to the costs of all proceedings and other expenses incurred by the City of Pittsburgh.
6. In the event the City is unable to take title to the property for any reason, the Promissory Note will become null and void.
7. If, upon review by the City it is determined that a CDC is consistently requesting the buy-back of tax liens but failing to acquire property at the end of the redemption period, the CDC will not be permitted to request that the City buy back any other liens
8. The CDC will be required to comply with all of the terms for purchasing City owned property.
9. Subsequent to the City of Pittsburgh's acquisition of the property, all provisions of City Regulation #6 become applicable to the property.

Section 2. Any Resolution or Ordinance or part thereof, conflicting with the provisions of the Resolution is hereby repealed so far as the same affects this Resolution.

Passed in Council JUN 16 1998

Approved JUN 19 1998 **TOM MURPHY**  
**MAYOR**

Recorded in R.B. 132 page 356  
in City Clerk's Office.