

REVISED DECEMBER 2012

Includes
Pennsylvania's
Land Bank Law

QUICK GUIDE:
New Tools to Address
Blight and Abandonment
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Housing Alliance
of Pennsylvania

QUICK GUIDE

New Tools to Address Blight and Abandonment

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The Housing Alliance of Pennsylvania
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This Quick Guide provides a compilation and brief description of state laws enacted over the last 15 years 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 with 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.

Glossary of Terms Related to Blight and Abandonment

Negotiable Instruments

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

One who receives a promise.

Promisor

One who makes 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	
<p>What does it do?</p> <p>Makes owners who buy property with known code violations abate them within 18 months (structures) or 12 months (lots).</p> <p>What type of property?</p> <p>Property with code violations at the time of purchase or transfer.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>Code enforcement official.</p> <p>How do you do it?</p> <p>Citation issued against property owner.</p> <p>What’s required to use this law?</p> <p>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.</p> <p>Where do you find this law?</p> <p>68 P.S. §1081 e t seq.; Act 99 of 2000.</p>	<p>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).</p> <p>Any purchaser of a lot with known violations of municipal nuisance ordinances has 12 months to rectify the violations.</p> <p>The act is enforceable by the local municipality with fines ranging from \$1,000 to \$10,000.</p> <p>Enforcement requires inspection of property at sale to document relevant code violation status and a 12 or 18 month reinspection to enforce abatement.</p>

New Tools WE HAVE ...

Category: BLIGHT PREVENTION – Property Code Enforcement	
Law: Crime of Municipal Housing Code Avoidance	
<p>What does it do?</p> <p>Makes multiple code convictions a misdemeanor criminal offense.</p> <p>What type of property?</p> <p>Properties subject to building, housing or property maintenance codes.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>Code enforcement official and the Office of the District Attorney.</p> <p>How do you do it?</p> <p>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.</p> <p>What’s required to use this law?</p> <p>At least 4 convictions against same person for same code violation; Code violation remains unabated; threatens health, safety, property; no reasonable attempt to abate.</p> <p>Where do you find this law?</p> <p>18 P.S. §7510; Act 70 of 1998.</p>	<p>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.</p> <p>“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.</p> <p>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.</p> <p>A 1st degree misdemeanor may be charged for five (5) or more summary convictions.</p> <p>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.</p>

New Tools WE HAVE ...

Category: BLIGHT PREVENTION - Property Code Enforcement	
Law: 3rd Class Cities Escalated Code Citations and Penalties	
<p>What does it do?</p> <p>Allows aggressive issuance of citations and increased penalties for code violations that threaten public health, safety or property.</p> <p>What type of property?</p> <p>Properties subject to building, housing, property maintenance, fire prevention, electrical or plumbing code.</p> <p>Where does it apply? What jurisdictions?</p> <p>Third Class Cities.</p> <p>Who initiates? Who can make this happen?</p> <p>Code enforcement official.</p> <p>How do you do it?</p> <p>Code official identifies threats to public health, safety or property and issues a new citation every 5 days.</p> <p>What's required to use this law?</p> <p>Code violations that threaten public health, safety or property and regular inspections and citations by the code official.</p> <p>Where do you find this law?</p> <p>53 P.S. §39131.1; Act 135 of 1998.</p>	<p>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.</p> <p>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.</p>

New Tools WE HAVE ...

Category: BLIGHT PREVENTION – Property Code Enforcement	
Law: Blighted and Abandoned Property Conservatorship Law	
<p>What does it do?</p> <p>Allows a court-appointed third party to take control of a blighted property when the owner has died or refuses to act.</p> <p>What type of property?</p> <p>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.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>Owner, lien holder, nonprofit, municipality, school district, resident or business owner within 500 feet of the blighted property.</p> <p>How do you do it?</p> <p>Court action in the County Court of Common Pleas.</p> <p>What’s required to use this law?</p> <p>Appropriate building, competent entity to serve as conservator, legal representation.</p> <p>Where do you find this law?</p> <p>68 P.S. §1101, Act 135 of 2008.</p>	<p>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.</p> <p>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.</p> <p>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 except governmental liens.</p> <p>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.</p> <p>See also DISPOSITION - Blighted and Abandoned Property Conservatorship Law, under New Tools We Have.</p>

New Tools WE HAVE ...

Category: BLIGHT PREVENTION – Property Code Enforcement	
Law: Neighborhood Blight Reclamation & Revitalization Act – Private Asset Attachment	
<p>What does it do?</p> <p>Allows municipalities to collect costs related to code violations by filing judgments against property owners, not just liens against the properties.</p> <p>What type of property?</p> <p>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.)</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>Municipal code officials and solicitors.</p> <p>How do you do it?</p> <p>Codes officer cites a property for substantial violations; no remediation is done within six months; municipality files a court action against the owner.</p> <p>What’s required to use this law?</p> <p>Inspection and issuance of violation notice; prosecution.</p> <p>Where do you find this law?</p> <p>53 Pa.S.C.A. §§ 6111, 6112, Act 90 of 2010</p> <p>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)</p>	<p>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.</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>The Neighborhood Blight Reclamation and Revitalization Act contains a provision for attaching owners’ private assets. In addition, the various municipal codes authorize such actions.</p>

New Tools WE HAVE ...

Category: BLIGHT PREVENTION – Property Code Enforcement	
Law: Neighborhood Blight Reclamation & Revitalization Act - Extradition of Out-of-State Owners	
<p>What does it do?</p> <p>Clarifies that municipalities may extradite property owners who live outside of Pennsylvania who are subject to municipal ordinance prosecutions.</p> <p>What type of property?</p> <p>Property with code violations.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>Municipal code enforcement officials and solicitors.</p> <p>How do you do it?</p> <p>The municipality would pursue municipal code prosecutions against property owners even though they live out of state and coordinate with the county’s Office of the District Attorney on extradition of property owners for prosecution.</p> <p>What’s required to use this law?</p> <p>Inspection, issuance of violation notice; Prosecution, re-inspections and tracking the process.</p> <p>Where do you find this law?</p> <p>53 Pa.S.C.A. § 6113, Act 90 of 2010</p>	<p>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.</p> <p>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.</p> <p>See also BLIGHT PREVENTION – Crime of Municipal Housing Code Avoidance, under New Tools We Have.</p>

New Tools WE HAVE ...

Category: BLIGHT PREVENTION – Property Code Enforcement	
Law: Neighborhood Blight Reclamation & Revitalization Act - Permit Denial	
<p>What does it do?</p> <p>Allows municipalities to enforce their codes by denying permits and licenses to property owners with code violations or tax delinquencies.</p> <p>What type of property?</p> <p>Property with code violations or delinquencies.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>Municipal officials.</p> <p>How do you do it?</p> <p>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.</p> <p>What is required to use this tool?</p> <p>Coordination between municipal offices.</p> <p>Where do you find this law?</p> <p>53 Pa.S.C.A. § 6131, Act 90 of 2010</p>	<p>The Act allows municipalities to deny applications for municipal permits and licenses if:</p> <p style="padding-left: 40px;">Applicant is delinquent on taxes or other municipal charges, or</p> <p style="padding-left: 40px;">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.</p> <p>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.</p>

New Tools WE HAVE ...

Category: ACQUISITION – Multiple Properties	
Law: Land Bank Authorizing Legislation	
<p>What does it do?</p> <p>Authorizes local, stand-alone, single-purpose entities whose sole function is to acquire, manage and dispose of tax delinquent or abandoned properties.</p> <p>For what type of property?</p> <p>Abandoned or tax delinquent properties.</p> <p>Where does it apply? What jurisdictions?</p> <p>All counties and every municipality with a population of 10,000 or more, or a consortium of smaller municipalities whose joint population is 10,000 or more may create a land bank.</p> <p>Who initiates? Who can make it happen?</p> <p>City councils and mayors, county commissioners or similar bodies of eligible jurisdictions.</p> <p>How do you do it?</p> <p>Eligible counties and municipalities establish land banks by ordinance; smaller municipalities may join together or join with eligible jurisdictions through Intergovernmental Cooperation Agreements.</p> <p>What's required to use this law?</p> <p>The governing body of the eligible jurisdiction adopts an ordinance and appoints a board, including at least one member of a civic association. The land bank may hire staff or contract with another agency such as a redevelopment authority.</p> <p>Where do you find this law?</p> <p>68 Pa.C.S.A _____, Act 153 of 2012</p>	<p>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. They are being used effectively in Michigan, Ohio, Atlanta, GA, and other cities around the country. Land banks 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 re-use. The job of the land bank is to bring transparency, efficiency and predictability to land recycling, to make land more readily available for re-use, and to support revitalization efforts as defined locally.</p> <p>Land banks set priorities for the reuse of land with community input and are overseen by an unpaid Board of Directors that hires their own staff or integrates its staffing function within existing government operations.</p> <p>Act 153 provides certain powers, such as the ability to negotiate with municipalities for tax delinquent properties, use an expedited quiet title procedure, and issue bonds for financing. Real estate held by land banks is tax exempt so that debt does not continue to accrue on the unproductive property.</p> <p>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. Properties not purchased at tax sale sit in the county repository in legal limbo without anyone to maintain them, further harming the community.</p> <p>Land banks provide a community with the tools for strategic planning, dedicating resources to managing and redeveloping vacant property.</p> <p>See also DISPOSITION – Land Bank Authorizing, under New Tools We Have.</p>

New Tools WE HAVE ...

Category: ACQUISITION – Eminent Domain	
Law: Eminent Domain Code Amendments - Reorganized and Updated Code	
<p>What does it do?</p> <p>Reorders the statute that governs use of eminent domain powers and modernizes associated costs.</p> <p>What type of property?</p> <p>Properties certified as blighted and subject to condemnation proceeding.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>Municipal official or redevelopment authority.</p> <p>How do you do it?</p> <p>Condemnation procedures remain unchanged (see next pages for prohibition of transfers to certain entities by Act 35 of 2006).</p> <p>What's required to use this law?</p> <p>Statutory authority to condemn and transfer property.</p> <p>Where do you find this law?</p> <p>Pa. Const. Art. 1 §10; 26 P.S. §101 et seq., Act 34 of 2006.</p>	<p>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.</p>

New Tools WE HAVE ...

Category: ACQUISITION – Eminent Domain	
Law: Eminent Domain Code Amendments - Private Enterprise Prohibitions and Exceptions	
<p>What does it do?</p> <p>Prohibits transfer of property condemned by eminent domain to a private enterprise and provides important exceptions.</p> <p>What type of property?</p> <p>Properties certified as blighted and subject to condemnation proceeding.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>The municipality or redevelopment authority.</p> <p>How do you do it?</p> <p>Condemnation procedures remain unchanged.</p> <p>What's required to use this law?</p> <p>Statutory authority to condemn and transfer property.</p> <p>Where do you find this law?</p> <p>Pa. Const. Art.1 §10; 26 P.S. §101 et seq., Act 35 of 2006.</p>	<p>Prohibits transfer of condemned property to a private enterprise, except:</p> <ol style="list-style-type: none"> 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. <p>Public charities are not private enterprises subject to prohibition and, therefore, can receive properties taken by eminent domain.</p> <p>To declare an area blighted, 51% of properties must meet the definition of blight and constitute at least 51% of the geographic area.</p> <p>In such blighted areas, the condemner may take multiple properties, implicitly including non-blighted properties.</p>

New Tools WE HAVE ...

Category: ACQUISITION – Abandoned Property	
Law: Urban Redevelopment Law	
<p>What does it do?</p> <p>Defines abandoned property and adds abandoned properties to those that can be certified as blighted.</p> <p>What type of property?</p> <p>Blighted properties as defined by this law.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>Redevelopment authority.</p> <p>How do you do it?</p> <p>Procedures for certification of a blighted area remain the same.</p> <p>What’s required to use this law?</p> <p>Blighted Property Review Committee established by ordinance.</p> <p>Where do you find this law?</p> <p>35 P.S. 1712.1; Act 113 of 2002.</p>	<p>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.</p>

New Tools WE HAVE ...

Category: ACQUISITION – Real Estate Tax Delinquency	
Law: Donation	
<p>What does it do?</p> <p>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.</p> <p>What type of property?</p> <p>Tax delinquent.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>A tax delinquent property owner offers the property to one of the taxing bodies.</p> <p>How do you do it?</p> <p>The recipient approaches the other taxing bodies to negotiate the release of their liens on the property.</p> <p>What is required to use this law?</p> <p>Tax delinquency; available owner.</p> <p>Where do you find this law?</p> <p>72 P.S. §§5860.303, 5860.309; Act 12 of 2006.</p> <p>53 P.S. §§7108.1, 7143; Act 18 of 2006.</p>	<p>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.</p> <p>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.</p>

New Tools WE HAVE ...

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

New Tools WE HAVE ...

Category: ACQUISITION – Tax Sale Reforms	
Law: Changes to Post-Sale Redemption	
<p>What does it do?</p> <p>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).</p> <p>What type of property?</p> <p>Properties exposed to tax sale at public auction due to unpaid real estate taxes or municipal claims.</p> <p>Where does it apply? What jurisdictions?</p> <p>All RETSL and MCTLL jurisdictions.</p> <p>Who initiates? Who can make this happen?</p> <p>Tax claim bureau or the foreclosing municipality.</p> <p>How do you do it?</p> <p>Follow applicable tax sale procedures.</p> <p>What’s required to use this law?</p> <p>All applicable real estate tax and municipal claim procedures.</p> <p>Where do you find this law?</p> <p>53 P. S. §7293; Act 83 of 2004.</p> <p>72 P. S. §5860.501(c); Act 5 of 1998.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Under the RETSL there is no right of redemption.</p> <p>See also ACQUISITION - Elimination of Post-Sale Redemption, under New Tools We Need.</p>

New Tools WE HAVE ...

Category: ACQUISITION – Tax Sale Reforms	
Law: Single Free and Clear Sale (Allegheny & Philadelphia Counties)	
<p>What does it do?</p> <p>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.</p> <p>What type of property?</p> <p>Property with liens for delinquent real estate taxes.</p> <p>Where does it apply? What jurisdictions?</p> <p>Philadelphia and Allegheny County.</p> <p>Who initiates? Who can make this happen?</p> <p>Foreclosing municipality, tax claim bureau, or claimant.</p> <p>How do you do it?</p> <p>Follow the procedures set out in MCTLL.</p> <p>What's required to use this law?</p> <p>A lien against a property for delinquent real estate taxes and MCTLL procedures.</p> <p>Where do you find this law?</p> <p>53 P.S. §§7106, 7143, 7147, 7193.2, 7283; Act 20 of 2003.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>See also ACQUISITION – Single Free and Clear Sale, under New Tools We Need.</p>

New Tools WE HAVE ...

Category: ACQUISITION – Preventing Property Speculation	
Law: Discharge/Right of First Refusal	
<p>What does it do?</p> <p>Allows for a municipality or redevelopment authority (RA) to discharge a tax claim.</p> <p>What type of property?</p> <p>Tax delinquent properties that are scheduled for tax sale.</p> <p>Where does it apply? What jurisdictions?</p> <p>RETSL jurisdictions.</p> <p>Who initiates? Who can make this happen?</p> <p>Municipality or redevelopment authority where property is located.</p> <p>How do you do it?</p> <p>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.</p> <p>What’s required to use this law?</p> <p>Municipality or RA with an interest and finances to keep a property from being exposed to tax sale.</p> <p>Where do you find this law?</p> <p>72 P.S. §5860.501; Act 82 of 2000.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>In contrast, a grant of a right of first refusal for the municipality during 10-15 days after a high bid is made at the tax sale would be advantageous because the municipality would control, or take title, to the property.</p>

New Tools WE HAVE ...

Category: ACQUISITION – Prohibited Purchasers at Tax Sale	
Law: Landlords with Revoked Rental License	
<p>What does it do?</p> <p>Prohibits a landlord whose rental license has been revoked from purchasing property at tax sale.</p> <p>What type of property?</p> <p>Tax delinquent properties that are scheduled for tax sale.</p> <p>Where does it apply? What jurisdictions?</p> <p>RETSL jurisdictions.</p> <p>Who initiates this? Who can make this happen?</p> <p>Tax claim bureau (TCB).</p> <p>How do you do it?</p> <p>TCB must qualify bidders at tax sale.</p> <p>What’s required to use this law?</p> <p>Adoption and enforcement of rental registration ordinance and code official coordination with TCB and sheriff regarding revoked licenses.</p> <p>Where do you find this law?</p> <p>72 P.S. §5860.601; Act 5 of 1998.</p>	<p>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.</p> <p>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.</p> <p>See also ACQUISITION – Landlords with Rental License Revocations, under New Tools We Need.</p>

New Tools WE HAVE ...

Category: ACQUISITION – Prohibited Purchasers at Tax Sale	
Law: Delinquent Property Owners	
<p>What does it do?</p> <p>Prohibits anyone who is delinquent in paying a local tax or municipal utility charge from purchasing property at a tax sale.</p> <p>What type of property?</p> <p>Tax delinquent properties that are scheduled for tax sale.</p> <p>Where does it apply? What jurisdictions?</p> <p>RETSL jurisdictions.</p> <p>Who initiates this? Who can make this happen?</p> <p>Tax claim bureau (TCB).</p> <p>How do you do it?</p> <p>TCB must qualify bidders at tax sale.</p> <p>What's required to use this law?</p> <p>Code or revenue official coordination with TCB and sheriff regarding delinquent payers.</p> <p>Where do you find this law?</p> <p>72 P.S. §5860.619a; Act 133 of 1998.</p>	<p>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.</p>

New Tools WE HAVE ...

Category: ACQUISITION – Prohibited Purchasers at Tax Sale	
Law: Housing Code Violators	
<p>What does it do?</p> <p>Prohibits housing code violators from purchasing property at a tax sale.</p> <p>What type of property?</p> <p>Tax delinquent properties that are scheduled for tax sale.</p> <p>Where does it apply? What jurisdictions?</p> <p>RETSL jurisdictions.</p> <p>Who initiates this? Who can make this happen?</p> <p>Tax claim bureau (TCB).</p> <p>How do you do it?</p> <p>TCB must qualify bidders at tax sale.</p> <p>What’s required to use this law?</p> <p>Code official coordination with TCB and sheriff regarding housing code violators.</p> <p>Where do you find this law?</p> <p>72 P.S. §5860.619; Act 5 of 1998.</p>	<p>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 not 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.”</p>

New Tools WE HAVE ...

Category: ACQUISITION – Prohibited Purchasers at Tax Sale	
Law: Philadelphia Housing Code Violators	
<p>What does it do?</p> <p>Prohibits housing code violators in Philadelphia from purchasing property at tax sale.</p> <p>What type of property?</p> <p>Tax delinquent properties that are scheduled for tax sale.</p> <p>Where does it apply? What jurisdictions?</p> <p>City of Philadelphia.</p> <p>Who initiates this? Who can make this happen?</p> <p>City of Philadelphia.</p> <p>How do you do it?</p> <p>Petition the court overseeing the tax sale.</p> <p>What's required to use this law?</p> <p>Philadelphia code official coordination with Revenue Department and sheriff on housing code violators' bids at sheriff sale.</p> <p>Where do you find this law?</p> <p>53 P.S. §7283(b); Act 6 of 1998.</p>	<p>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.</p>

Category: DISPOSITION – Real Estate Tax Delinquency

Law: Land Bank Authorizing Legislation

What does it do?

Allows land banks to set priorities for properties in their inventories and to market the properties to qualified developers rather than to the highest bidder.

For what type of property?

Properties the land bank owns.

Where does it apply? What jurisdictions?

Any jurisdiction that has established a land bank. All counties and every municipality with a population of 10,000 or more, or a consortium of smaller municipalities whose joint population is 10,000 or more may create a land bank.

Who initiates? Who can make it happen?

Once the land bank is established, the board of directors sets the disposition priorities and policies.

How do you do it?

Eligible counties and municipalities establish land banks by ordinance; smaller municipalities may join together or join with eligible jurisdictions through Intergovernmental Cooperation Agreements.

What's required to use this law?

The governing body of the eligible jurisdiction adopts an ordinance and appoints a board, including at least one member of a civic association. The land bank may hire staff or contract with another agency such as a redevelopment authority.

Where do you find this law?

68 Pa.C.S.A _____, Act 153 of 2012

Once a land bank is established and has acquired properties, it makes an inventory of the properties available to the public. The land bank may also use real estate professionals to market the properties.

Unlike governmental entities which, generally, must sell property to the highest bidder, land banks may set priorities for the reuse of land and sell only to qualified purchasers in order to ensure that the property becomes an asset to the community. In the best land banks, community input is sought regarding land in that neighborhood or town.

The current tax sale system and the practice of online purchases leave communities at the mercy of speculators, often out of state, who flip properties for a quick profit but do nothing to improve the property or the community. Land banks provide communities with tools for strategic planning so that long abandoned eyesores become long term assets.

See also, ACQUISITION – Land Bank Authorizing Legislation, under New Tools We Have.

New Tools WE HAVE ...

Category: DISPOSITION – Municipal-Owned Properties	
Law: Waiver of Bid Requirements for CDCs	
<p>What does it do?</p> <p>Makes it easier for nonprofit Community Development Corporations (CDCs) to purchase property owned by a municipality.</p> <p>What type of property?</p> <p>Property titled in the name of the municipality.</p> <p>Where does it apply? What jurisdictions?</p> <p>3rd Class Cities, Boroughs, 1st and 2nd Class Townships.</p> <p>Who initiates? Who can make this happen?</p> <p>A CDC approaches municipality to purchase property owned by the municipality.</p> <p>How do you do it?</p> <p>Municipality confirms prospective purchaser's nonprofit CDC status.</p> <p>What's required to use this law?</p> <p>A nonprofit CDC that is interested in purchasing municipal-owned property.</p> <p>Where do you find this law?</p> <p>53 P.S. §§36919, 37561 (3rd Class City Code); Act 44 of 1998.</p> <p>53 P.S. §46201 (Borough Code); Act 54 of 1998.</p> <p>53 P.S. §56501 (1st Class Township Code); Act 64 of 1997.</p> <p>53 P.S. §66503 (2nd Class Township Code); Act 12 of 2002.</p>	<p>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.</p>

New Tools WE HAVE ...

Category: DISPOSITION – County-Owned Properties	
Law: Waiver of Fair Market Value Requirements for Nonprofits	
<p>What does it do?</p> <p>Makes it easier for nonprofit organizations to purchase property owned by county.</p> <p>What type of property?</p> <p>Property titled to a county government.</p> <p>Where does it apply? What jurisdictions?</p> <p>All classes of counties.</p> <p>Who initiates? Who can make this happen?</p> <p>Nonprofit approaches county to purchase property owned by the county.</p> <p>How do you do it?</p> <p>A county confirms prospective purchaser's nonprofit status and activities.</p> <p>What's required to use this law?</p> <p>A nonprofit purchaser of county-owned property.</p> <p>Where do you find this law?</p> <p>16 P.S. §2306(b) (County Code); Act 73 of 2000.</p>	<p>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.</p>

New Tools WE HAVE ...

Category: DISPOSITION – Estate (Deceased Owner) Properties	
Law: Redevelopment Authority Estate Administration	
<p>What does it do?</p> <p>Allows for administration of a decedent's estate in order to transfer title on real estate.</p> <p>What type of property?</p> <p>Property that is titled in the name of a decedent only and a personal representative has not been appointed to administer the estate.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>An estate attorney files a petition to become the administrator of the decedent's estate on behalf of the redevelopment authority that serves the political subdivision in which the property is located.</p> <p>How do you do it?</p> <p>The estate attorney conducts a search for heirs and petitions for Letters of Administration with the Probate Clerk, County Register of Wills.</p> <p>What's required to use this law?</p> <p>Real estate with sufficient equity that is titled in the name of a deceased owner and no personal representative for the estate and a redevelopment authority.</p> <p>Where do you find this law?</p> <p>20 Pa.C.S.A. §§3155, 3311; Act 171 of 2006.</p>	<p>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 or third party as Administrator) administers the decedent's estate. If an estate is not opened by a personal representative, a redevelopment authority that serves the political subdivision in which the property is located is so entitled. An estate attorney would petition to become the administrator of the decedent's estate on behalf of the redevelopment authority. The redevelopment authority never takes title to the property. The estate attorney's fees are paid out of the administration of the estate through the sale of the property.</p>

New Tools WE HAVE ...

Category: DISPOSITION – Privately Owned Properties	
Law: Blighted and Abandoned Property Conservatorship Law	
<p>What does it do?</p> <p>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.</p> <p>What type of property?</p> <p>Vacant buildings under court-ordered conservatorship.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>The conservator.</p> <p>How do you do it?</p> <p>By court action. The conservator requests from the court a sale of the property.</p> <p>What’s required to use this law?</p> <p>All procedural requirements set out in the law.</p> <p>Where do you find this law?</p> <p>68 P.S. §1101, Act 135 of 2008.</p>	<p>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.</p> <p>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.</p> <p>See also BLIGHT PREVENTION – Blighted and Abandoned Property Conservatorship Law, under New Tools We Have.</p>

New Tools WE HAVE ...

Category: REDEVELOPMENT INCENTIVES – Private Owners/Investors	
Law: Existing Structures Code	
<p>What does it do?</p> <p>Distinguishes new construction from existing building rehabilitation.</p> <p>What type of property?</p> <p>Properties with existing structures.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere in Pennsylvania.</p> <p>Who initiates? Who can make this happen?</p> <p>A builder, contractor, architect, or homeowner when obtaining a building permit.</p> <p>How do you do it?</p> <p>Property developers and code official apply codes for existing structures to the rehabilitation work.</p> <p>What's required to use this law?</p> <p>Application of codes for existing structures.</p> <p>Where do you find this law?</p> <p>35 P.S. §7210.101 et seq.</p> <p>34 Pa. Code §403.</p>	<p>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 using performance based standards. This eliminates applying construction codes to building rehabs.</p>

New Tools WE HAVE ...

Category: REDEVELOPMENT INCENTIVES –Tax Abatements	
Law: Improvement of Deteriorating Real Property or Areas Tax Exemption Act	
<p>What does it do?</p> <p>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.</p> <p>What type of property?</p> <p>Deteriorated properties.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere “deteriorated neighborhoods” are designated by taxing body.</p> <p>Who initiates? Who can make this happen?</p> <p>Property owner must apply for abatement.</p> <p>How do you do it?</p> <p>Municipality adopts an ordinance setting out the terms of the abatements; owner applies.</p> <p>What’s required to use this law?</p> <p>Deteriorated neighborhood designation, ordinance adoption, and abatements.</p> <p>Where do you find this law?</p> <p>72 P.S. §§4711-203, 4711-303; Acts 83 of 2000 and 235 of 2002.</p>	<p>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.</p>

New Tools WE HAVE ...

Category: REDEVELOPMENT INCENTIVES – Improvement Districts	
Law: Neighborhood Improvement District Act	
<p>What does it do?</p> <p>Allows property owners in a Neighborhood Improvement District (NID) to pool money from a special property assessment for district improvements.</p> <p>What type of property?</p> <p>Properties within boundaries determined for a Neighborhood Improvement District.</p> <p>Where does it apply? What jurisdictions?</p> <p>Everywhere a special property assessment is approved by property owners.</p> <p>Who initiates? Who can make this happen?</p> <p>Neighborhood interests.</p> <p>How do you do it?</p> <p>The governing body of the municipality must adopt the NID by resolution or ordinance</p> <p>What’s required to use this law?</p> <p>An approved and adopted NID, approval of special assessment by property owners.</p> <p>Where do you find this law?</p> <p>53 Pa.S.C. 6111, 6112</p> <p>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)</p>	<p>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.</p>



Land Banks Legislation Summary

Act 153-2012 (HB1682), approved Oct. 25, 2012, effective in 60 days

68 Pa.C.S.A. §§ 2101 et al (2012)

Defined terms (Section 2103)

- **“Land bank”** A public agency established in accordance with the provisions of this act.
- **“Land bank jurisdiction”** All counties, municipalities with populations of 10,000 or more, and consortiums of smaller municipalities where the total population is 10,000 or more may create a land bank.

How land banks are created (Section 2104)

- Land banks can be created by
 - ordinance of a land bank jurisdiction (subject to Home rule charter in Philadelphia)
 - intergovernmental cooperation agreement (ICA) between two or more land bank jurisdictions
 - ICA between a land bank jurisdiction and a municipality or municipalities that are not land bank jurisdictions.
- Intergovernmental cooperation agreements (ICAs) can also be used by school districts and municipalities that are not land bank jurisdictions to collaborate with land banks.
- Establishing ordinance must include:
 - Name of the land bank
 - Members, terms and qualifications of the initial board of directors
 - Method for community input
 - Policies regarding former owner-occupants in homes acquired by the land bank

How a land bank is governed (Section 2105)

- The land bank has a board of directors of between 5 and 11 members (must be an odd number). The number may be adjusted in accordance with the bylaws.
- Board members serve with no compensation except for reimbursement of expenses.
- A board member may be a public officer (elected to municipal office) or a municipal employee.
- The board must include at least one voting member who is a community resident and is a member of a civic organization but who is not a public official or municipal employee.
- The board must adopt a regular meeting schedule; all meetings are open to the public (section 13).

How a land bank is staffed (Section 21066)

- The land bank may hire employees.
- The land bank may contract for the use of municipal personnel.
- Land banks may staff municipal functions.

(See also Section 2107 (7), (8), (9), (12) and (18) and Section 2109(e)(2) for authority to enter into contracts.)

General powers of a land bank (Section 2107)

“all powers necessary or appropriate to carry out and effectuate its purposes and provisions”, including the power to:

- adopt, amend and repeal bylaws
- sue and be sued (including court actions related to title clearing)
- adopt a seal
- borrow money for the operation and work of the land bank
- issue negotiable revenue bonds and notes (see also section 2112)
- procure insurance or government guarantees for financing
- make and execute contracts
- procure insurance against property losses
- invest money
- enter into contracts for management of, collection of rent from, or sale of, real property of the land bank
- design, develop, construct, demolish, reconstruct, rehabilitate, renovate, relocate and otherwise improve real property
- charge and collect rents, fees and charges for the use of real property of the land bank; charge fees for services provided by the land bank
- enter into a license, easement, lease, or option with respect to real property of the land bank
- enter into partnerships, joint ventures and other collaborative relationships with municipalities and other public and private entities for the ownership, management, development and disposition of real property
- manage the operations of the land bank
- do all other things necessary or convenient to achieve the objectives and purposes of the land bank or other laws that relate to the purposes and responsibility of the land bank

Acquisition and holding of property (Section 2109)

- Real property or interests in real property can be acquired by
gift,
devise,
transfer,
exchange,
foreclosure,
purchase,
donation,
from municipalities,
from tax claim bureaus.
- A redevelopment authority (RA) may transfer properties to the land bank without a redevelopment contract if the properties were acquired by the RA prior to the effective date of the land bank law.
- Land bank real property and income and operations are exempt from state and local taxation; except, property that is continuously leased to a for-profit third party for more

than five years at market value is taxed after the fifth year.

- Land banks shall maintain all of their real property in accordance with applicable laws and codes.
- Land banks may only acquire property within their jurisdiction, except by ICA.

Disposition of property (Section 2110)

- The land bank must create an inventory of its real property which is available to the public for inspection.
- A land bank may sell, transfer, lease, or mortgage any real property of the land bank. The amount and form of consideration is determined by the land bank and may include, among other things, money, secured financial obligations, and contractual commitments related to the present and future use of the property.
- Requirements applicable to disposition of real property by municipalities shall not be applicable to disposition of real property by land banks.
- The land bank jurisdiction may establish priorities for the reuse of real property it conveys, including but not limited to uses for:
 - purely public spaces and places;
 - affordable housing;
 - retail, commercial and industrial activities;
 - conservation areas.
- The land bank must consider all duly adopted land use plans.

Financing land bank operations (Section 2111)

A land bank may receive funding in various forms such as:

- grants and loans from the municipalities creating the land bank, from the Commonwealth, from the federal government and from other public and private sources;
- payments for services rendered;
- rents and leasehold payments;
- consideration for disposition of real and personal property;
- proceeds of insurance coverage for losses incurred;
- income from investments;
- tax recapture by agreement with the taxing jurisdictions for not more than 50% of real property taxes collected for five years after transfer of property. School district taxes are included only if specifically agreed to by the school district.

Borrowing and issuance of bonds (Section 2112)

- A land bank may issue tax exempt bonds in accordance with required procedures. Municipalities may, but are not required to, guarantee the bonds.
- Land bank bonds and the income they produce are exempt from state and local taxation.

Other laws that govern land banks (Sections 2113 & 2115)

- Land banks are required to keep records of proceeding and are subject to open meetings, right to know, conflict of interests, and ethical standards laws.

Special powers of land banks

- A land bank has power to discharge and extinguish real property tax liens and claims, subject to the approval of the school district for school taxes. (Section 2117)
- A land bank may file a court action to quiet title in an expedited procedure. Multiple parcels of real property may be joined in a single action to quiet title. (Section 2118)
- Land banks do not have the power of eminent domain (eminent domain is explicitly excluded). (Section 2108)

Dissolution of land bank (Section 2114)

- A land bank may be dissolved by the land bank jurisdiction(s) in accordance with required procedures.
- All real property, personal property and other assets of the land bank shall become the assets of the municipality in which the property is located.
- If there is more than one land bank jurisdiction participating in the land bank, personal property, including financial assets, will be divided among them according to population.

Audits (Section 2119)

- An audit of land bank income and expenses and a report on its activities will be submitted annually to the Department of Community and Economic Development and to the participating municipalities.

Land Banks and Delinquent Property Tax Enforcement (Section 2117)

- Land banks may, by resolution of the land bank board, discharge tax claims and liens owed to municipal members of a land bank.
- The governing body of a school district must approve discharge of its tax claims and liens.
- Any taxes collected by the land bank must be paid to the appropriate taxing authority.
- Municipalities may assign tax claims and liens to the land bank.
- If a land bank acquires tax claims, it must adopt policies providing for repayment agreements for low-income owner-occupants.
- Procedures for foreclosing taxing bodies and land banks relating to the Real Estate Tax Sale Law, the Municipal Claims and Tax Lien Law and Second Class City Treasurer's Sale and Collection Act are provided.
- A foreclosing municipality and the land bank may enter an agreement for the land bank to purchase property at upset sale for the upset price if there is no higher bid. The land bank pays the costs of the sale.
- A foreclosing municipality and the land bank may enter an agreement for the land bank to purchase property at judicial sale; payment of the sales price by the land bank may be in non-monetary promises to perform in accordance with the agreement; land bank receives free and clear title.
- In Allegheny County, in order for a land bank to become purchaser for less than upset price or to pay the sales price by performance, there must be an agreement with a county, city, borough, incorporated town, township, school district or municipal authority whose claims comprise the upset price.
- The land bank must receive the deed within 30 days of confirmation or sale.
- Multiple parcels may be included in petition for a judicial sale.



New Tools WE NEED ...



New Tools WE NEED ...

Category: BLIGHT PREVENTION – Property Code Enforcement	
New Tool We Need: Lender Liability	
<p>What would this tool do?</p> <p>Make banks responsible for exterior code compliance upon obtaining a judgment as part of mortgage foreclosure proceeding in advance of taking title to the mortgaged property.</p> <p>For what type of property?</p> <p>Any properties subject to a security interest or mortgage.</p> <p>Where would it apply?</p> <p>Everywhere in Pennsylvania.</p> <p>Who could use this tool?</p> <p>Municipal code officials.</p> <p>What would be required to use this tool?</p> <p>A code official would have to give notice of violation to the plaintiff-lender on the mortgage foreclosure complaint.</p> <p>How would it be done?</p> <p>In accordance with code enforcement procedures.</p>	<p>Many properties are currently subject to a mortgage that is in default. Mortgage lenders have the right to foreclose on those properties, that is, go to court to get a judgment against the borrower. However, they are not required to actually take title to the properties once they receive a judgment in foreclosure. Municipalities and communities are presently held captive to properties that sit in limbo with no apparent owner. The property owner has been told by the lender to vacate due to a default on the loan, but the lender has not taken, and may never take, title on the property. Code officials are unable to hold anyone accountable for code violations.</p> <p>With a lender liability law, mortgage lenders would be responsible for exterior code compliance upon obtaining a judgment as part of a mortgage foreclosure proceeding. The judgment could become the basis of a sheriff sale at which time the property would be sold or the bank would take title to the property. However, if the bank decides that it does not want to pursue a sheriff sale, it should still be responsible for the minimum code standards.</p>

New Tools WE NEED ...

Category: Prevention - Private Owners/Investors	
New Tool We Need: Residential Title Claims	
<p>What would this tool do?</p> <p>Give longtime residents the opportunity to take ownership of their homes when the record owners have abandoned the properties.</p> <p>For what type of property?</p> <p>Occupied properties where the property's legal owner cannot be found.</p> <p>Where would it apply?</p> <p>Everywhere in Pennsylvania.</p> <p>Who could use this tool?</p> <p>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.</p> <p>What would be required to use this tool?</p> <p>Continuous occupancy for 10 years after the owner of record has disappeared.</p> <p>How would it be done?</p> <p>The resident would file a lawsuit to quiet title.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

New Tools WE NEED ...

Category: ACQUISITION – Tax Sale Reforms	
New Tool We Need: Elimination of Post-Sale Redemption	
<p>What would this tool do?</p> <p>Create strong homeowner protections prior to tax sale and eliminate post-sale redemption rights under Pennsylvania's tax collection and tax sale laws.</p> <p>For what type of property?</p> <p>Tax delinquent properties.</p> <p>Where would it apply?</p> <p>Everywhere in Pennsylvania.</p> <p>Who could use this tool?</p> <p>The foreclosing municipality and the homeowner.</p> <p>What would be required to use this tool?</p> <p>All applicable real estate tax collection and tax foreclosure procedures.</p> <p>How would it be done?</p> <p>Homeowners would be notified of the protections available to them well in advance of a tax sale.</p>	<p>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.</p> <p>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.</p> <p>Property tax collection and foreclosure should include:</p> <ul style="list-style-type: none"> • 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. <p>See also ACQUISITION – Discharge/Right of First Refusal, under New Tools We Have.</p>

New Tools WE NEED ...

Category: ACQUISITION – Tax Sale Reforms	
New Tool We Need: Single Free and Clear Sale (Statewide)	
<p>What would this tool do?</p> <p>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.</p> <p>For what type of property?</p> <p>Property with municipal claims or liens for delinquent real estate taxes.</p> <p>Where would it apply?</p> <p>Everywhere in Pennsylvania.</p> <p>Who could use this tool?</p> <p>The foreclosing municipality.</p> <p>What would be required to use this tool?</p> <p>A claim or lien against a property for delinquent real estate taxes or other municipal charges.</p> <p>How would it be done?</p> <p>Constitutionally required notice to owners prior to sale; clear title to purchasers at the single free and clear sale.</p>	<p>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.</p> <p>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.</p> <p>Property tax collection and sales should include:</p> <ul style="list-style-type: none"> • strong owner-occupant protections in advance of tax sale; • effective notice to all parties prior to tax sale; • single free and clear tax sale. <p>See also ACQUISITION – Single Free and Clear Sale, under New Tools We Have.</p>

New Tools WE NEED ...

Category: ACQUISITION – Prohibited Purchasers at Tax Sale	
New Tool We Need: Landlords with Revoked Rental License	
<p>What would this tool do?</p> <p>Prohibits landlords whose rental licenses have been revoked from purchasing property at tax sale.</p> <p>For what type of property?</p> <p>Tax delinquent properties that are scheduled for tax sale.</p> <p>Where would it apply?</p> <p>MCTLL jurisdictions.</p> <p>Who could use this tool?</p> <p>The municipality in coordination with the sheriff.</p> <p>What would be required to use this tool?</p> <p>Adoption and enforcement of rental registration.</p> <p>How would it be done?</p> <p>Sheriff must disqualify bidders.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>See also ACQUISITION – Landlords with Revoked Rental License, under New Tools We Have.</p>

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