Virtual Sheriff Sales:
Contested Narratives on Tax Sales in Philadelphia, PA

by

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Abstract

This thesis describes a qualitative overview of tax foreclosure auctions in Philadelphia, PA, otherwise colloquially known as sheriff sales. As the rate of displacement of long-term residents has increased in the past few years, greater attention has been called upon official city processes of land acquisition and disposition. By analyzing city council meeting transcripts, reports, news articles, and interviews with key stakeholders in the city, I use the emerging debate on sheriff sales' permanent shift to virtual in 2021 as a lens to interrogate how various stakeholders view tax foreclosure sales overall. Through this qualitative analysis, I identify five main factors that outline the impact of the increasing privatization of a city sanctioned tax enforcement and collection tool: reduced accountability, transparency, accessibility, a disproportionate social impact on marginalized residents, and the discounting of vacant land. Exchanges about tax sales have been grounded in a much larger conversation in the city about neighborhood change and displacement. As homes, community gardens, and gathering spaces have been sold in sheriff sales, many community members have questioned its impacts on their neighborhoods and challenged the city's conceptualization of tax delinquent land. Official categorizations of land as abandoned by the City contrast with how residents have materially cared for the land and staked claims to it. Recognizing land beyond property involves understanding land as a site for people's experiences, aspirations, memories, and visions for different futures. Understanding the land as such calls for a reexamination of sheriff sales as a dominant tool used by the City to collect delinquent taxes and activate land. As displacement in Philadelphia intensifies, the land question is once again gaining urgency.

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Executive Summary

In spring 2021, tax foreclosure auctions in Philadelphia shifted from in person to online. This shift raised significant concerns around opening the flood gates of local real estate to international speculators. Emerging conversations between city officials, community advocates, local real estate investors, and neighborhood residents presented a case study to analyze existing narratives about tools to enforce tax collection and ultimately acquire and dispose land.

Deindustrialization and disinvestment in many American cities in the 1960s and 70s left cities vulnerable to changes in their lean budgets. Raising rates of poverty and vacancy in cities led to climbing rates of tax delinquency and cities' fiscal budgeting in jeopardy. Many turned to harsh tactics to collect on owed property taxes, sometimes at the sake of residents' being displaced from their homes. Increasing participation from private investors in tax sale industry pushed governments to craft policies that prioritized profit over the livelihoods of the most marginalized residents. More cities turned to privatized tax enforcement strategies to save administrative costs.

Tax sales today remain one of the most complicated systems in the US with a patchwork of various policies that can change dramatically from one town to the next. In Philadelphia, tax sales are conducted through a sheriff sale, which is a public auction process through which the City can collect municipal debts owed to them by selling the property on which an unpaid debt is owed. Tax delinquent properties have been disproportionately concentrated in more distressed and lower-income areas of Philadelphia. With a greater proportion of tax delinquencies falling in low-income neighborhoods of color, most tax foreclosure petitions were being sent to some of the most vulnerable residents in the city.

Under pressure to increase collections, Philadelphia officials began to adopt tougher strategies by moving more quickly on new delinquencies, pushing more properties into the foreclosure pipeline, and filing more lawsuits against individual owners in court.

Two main factors are commonly given to justify holding tax foreclosure sales: collecting vital property tax revenue and activating abandoned properties. Despite this justification, five major issues prevent the Philadelphia Sheriff Sale from achieving those two idealistic goals: accountability, transparency, accessibility, disproportionate social impact, and the discounting of vacant land.

State enabling legislation in Pennsylvania allow Philadelphia significant leeway to curate innovative tools that prioritize community residents' well-being and livelihood.[15] Drawing from my research findings, I argue that Philadelphia Sheriff Sales' tax sales should be reexamined and reformed, securing pathways of land security for residents for generations to come.

Introduction

More than a year had passed since the Court of Common Pleas of the First Judicial Court of Pennsylvania had paused all in person auctions on tax delinquent properties, otherwise known as sheriff sales, due to the COVID-19 pandemic.[1] On March 29th, 2021, Philadelphia Sheriff Rochelle Bilal announced that not only would these tax foreclosure auctions resume, but they would also be virtually held and overseen by a private online auction company, Bid4Assets.[2] This would be the first time in the city's history that sheriff sales would be held online.

A few days following this announcement, City Councilmember Cherelle Parker introduced a resolution authorizing council's Committee on Law and Government to hold hearings examining that decision to move sheriff sales online.[2] Additional councilmembers called upon the Sheriff to postpone all sheriff sales until the implications of moving sales online were fully understood.

Many stakeholders across the city expressed shock at the decision to not only resume tax foreclosures sales in the middle of a pandemic, but also to contract with a private third-party company to host the sales online, enabling anyone with an internet connection to acquire properties.[3]

These frustrations were soon aired publicly during a lengthy 6-hour council hearing where city councilmembers interrogated members of the Sheriff's Office, and housing advocates, community gardeners, residents, and local real estate investors testified on the potential impact of the shift to virtual.[3]

Although the hearing focused on the sheriff sales' shift to a virtual platform, some stakeholders raised questions about the priorities and purpose of the sheriff sale itself. Who do these sales prioritize, and what was most valued? Sheriff Bilal argued that virtual sales would eliminate the possibility of favoritism, intimidation, and human error in the process, while the Bid4Assets CEO maintained that virtual sales would bring in more revenues to support county services, reduce REOs (real estate-owned properties) sitting vacant in the community, and bring greater proceeds to the previous owners of the properties.[2]

City councilmembers questioned the Sheriff's intention on whether she was prioritizing the interests of Philadelphia constituents in making the decision to shift online. Some stakeholders testified during the hearing to express fears about out-of-town real estate speculation, while others emphasized the convenience for residents to bid on properties in their community while sitting in the comfort of their home.[4]

The shift to virtual sheriff sales presented a unique opportunity for emerging debate and discourse about tax foreclosure sales by major stakeholders within the city. Community members and organizations had long been advocating for reform with sheriff sales, expressing the disproportionate impact it had on Black and brown residents.[5]

One West Philadelphia resident testified before City Council back in 2018, sharing,

> *"There were 28,000 people on this list for Sheriff Sale for tax delinquent. Six thousand of these people were senior citizens. And I thought about my grandmother and the house I grew up in. ...I'm thinking about these senior citizens living in their homes for 40, 50, and 60 years, some of them second-generation homes....I'm thinking to myself, how is it possible that after 50 years of the Fair Housing Act we have 6,000 senior citizens in this city that are going to lose their homes because they owe less than $10,000 on their home for tax?" - Atiba, Black Homes and Community Preservation Coalition* [4]

Despite these ardent calls for action, politicians and administrators routinely passed the buck to one another, excusing themselves as the ones responsible to implement reform.**Error! Bookmark not defined.** This frustrating engagement led many to think the sheriff sale was near impossible to change. That was until the Sheriff announced the shift to virtual.

Tax foreclosure sales had long been a practice in the City of Philadelphia, having taken place four times a month in the same downtown venue.[3] Homeowners, community gardeners, residents, and many others had long complained about the Revenue Department's opaque process to determine which bulk of tax delinquent properties to send up for sale. As homes, community gardens, and gathering spaces have been sold in sheriff sales, land sales have become a controversial topic in Philadelphia.[6] One city councilwoman's personal story of losing her home in a sheriff sale became a key narrative in her winning campaign of her dedication to prevent long-term residents from being displaced from their home.[7] These public exchanges about tax foreclosure sales were grounded in a much larger conversation in the city about neighborhood change and displacement.

Statement of Purpose

The debates surrounding Philadelphia sheriff sales amplified public frustrations with official city land disposition policies. In a landscape with rising real estate prices and increasing rates of displacement in majority Black and brown neighborhoods, sheriff sales offer a lens to interrogate ideas around fairness and the highest and best use of land.

This report is intended to unpack and outline how a city sanctioned administrative tool is used to acquire and dispose land within a greater context of community members demanding more transparent and equitable pathways to land. National conversations around historic land loss in the Black community underlie the urgency and political moment in which to hold these conversations on land justice.[5] Policy conversations about land ultimately should recognize land as a tool for advancing racial, economic, and environmental justice that holds transformative potential for community healing, growth, transformation and cohesion.[8]

Numerous investigative pieces and news articles have come out in the past few years shedding light on the tax lien industry and its predatory practices. Community advocates in cities around the country have launched campaigns demanding changes to the process or abolishing them altogether. NYC's Abolish the Tax Lien Coalition achieved a win in 2020 when they stopped the reauthorization of the lien sale for one year to 2021.[9] Once believed to be a process set in stone has become a part of a larger rallying call to reform and repair residents' relationship to land.

Drawing from my research findings, I argue that Philadelphia Sheriff Sales' tax sales are not an effective administrative tool and should be ceased and reexamined because they lack transparency, place an undue burden on low-income residents, and prioritize short term fiscal health over long-term social costs.

Analyzing tax foreclosure sales' shift to virtual offers an opportunity to interrogate justifications for the sales, including the increased tax collection and activation of unproductive land.

Methodology

To understand these dynamics, I conducted a qualitative research study analyzing city council hearing transcripts, news reports, public testimonies from advocates and local real estate investors, as well as interviews with a staff person from a city councilmember's office and local housing advocates. These included:

- Council of the City of Philadelphia. Stated Meeting Transcript: October 4, 2018.
- Council of the City of Philadelphia Committee on Law and Government. Public Hearing Transcript: April 22, 2021.
- Interview with Staff Person, Office of Councilmember Kendra Brooks
- Interview with Fellow, Local Legal Aid Organization
- Follow up clarifying questions on council testimonies by two community organizations (community gardening + land justice)

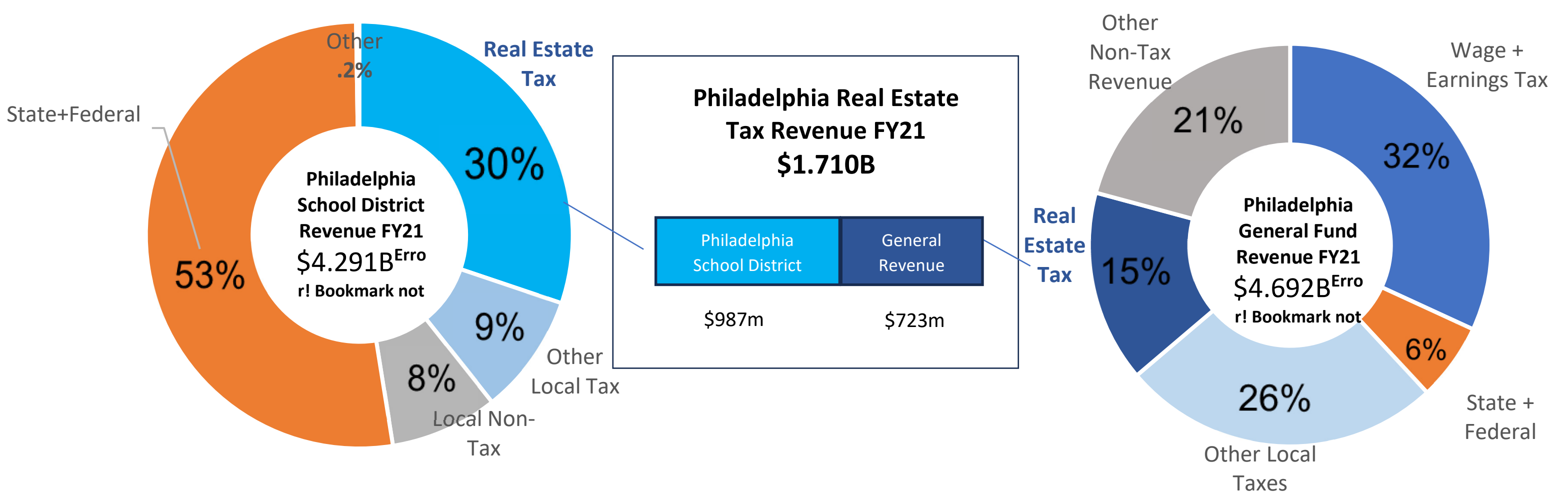
Interviews were held in the spring of 2023 over the course of six weeks. Stakeholders who were interviewed were identified from news reports and testimonies about the shift to virtual. About half I had reached out to had agreed to speak with me after emailing them about my project. The city council meeting and hearing transcripts were selected based on what stakeholders had identified as key moments in the public debate. Interviews were transcribed and analyzed for key themes alongside council transcripts.

One major limitation in undertaking this analysis was the removal of public data on sheriff sales. The once publicly available data through the Office of the Sheriff's website included information on parcels listed and sold through auctions, their buyers, and the winning bid. That data disappeared when virtual auctions began in fall 2021. Repeated calls on the Sheriff by City Councilmembers' offices and advocates upon Bid4Assets to share aggregated information about sheriff sales were ignored and as of writing this, no information has been made publicly available. As such, I relied upon secondary analysis conducted by researchers and journalists to provide a limited quantitative analysis of sheriff sales pre-pandemic.

Tax Delinquency

To properly contextualize sheriff sales, one must first understand how these official processes first came to be. Property tax revenues are one of the primary sources of funding for local governments. They provide a vital revenue source to key government services such as education, libraries, public safety, and public health.[10]

In Philadelphia, 45% of total real estate taxes (~$723 million) made up 21.3% the total general fund tax revenues ($3.4 billion) and 15% of all general fund revenue ($4.692 billion) in FY2021.[11] The remaining 55% of real estate taxes ($987 million) dedicated to the Philadelphia School District made up 23% of their total 2021 budget.[12]



Source: City of Philadelphia 2022[11], The School District of Philadelphia 2020[12]

Thus, any disruption to that substantial revenue source could threaten local government's ability to provide these fundamental services to its residents.

The prolonged economic decline that gripped major cities in the Northeast and Midwestern rust belt beginning in the 1970s not only resulted in plummeting home prices, but also soaring tax delinquency rates.[13] Falling tax revenues and slashed federal funding caused cities to fall into a fiscal crisis.[14] In Philadelphia, a population loss of almost 500,000 people, 28.4% poverty rate, and a 27,000 vacant property count all contributed to a tax delinquency rate of 9% in 2011, a rate that was more than double the median rate for all major US cities at the time.[15] In 2013, that amounted to over $292.3 million owed in back taxes, $515.4 million when including interest and penalties.[16] Additionally, Philadelphia's combination of a high poverty rate and high homeownership rate increased the likelihood that a homeowner could find it challenging to pay their taxes on time.[15]

In times of declining economic activity and lean government budgets, tax delinquency created revenue uncertainty, making budgeting, an essential component to fiscal health, difficult. Amidst budgetary shortfalls, what could cities do? Either local governments could cut vital services or raise taxes to cover the revenue shortfall and impart greater burden on taxpayers. Cutting services could be politically unpopular and increasing debt could create additional costs due to interest.

Faced with limited options and added pressure from outside firms to adopt more stringent tax collection enforcement, many cities turned to selling future receivables – property tax sales. The credit rating agency Moody cited a city's delinquency rates as a major factor in determining its bond rating.[14] Cities relied on their planned budgets and credible bond ratings, so many began bolstering tax enforcement and doubling down on efforts to collect their debts.

Property Tax Sales

Property tax sales have been administered by cities as far back as the late nineteen century when localities began to privatize property tax collection and hiring town collectors to work on a commission.[14] Post-Civil War fiscal crises led to a further crackdown on tax delinquency and greater legal standing for tax title purchasers.[18] This localized industry began to expand in the 1920s, when the market for farmland bottomed out due to the Great Depression, and tax delinquencies in rural counties rose.[14] One company, the Interstate Bond Company, capitalized on this moment, traveling to different states promising property owners they could assist them by paying their overdue taxes and enter into a reasonable repayment plan.[14] In a matter of a few years, Interstate accumulated more than $2 million in assets and subsequently lobbied state legislatures to pass harsher tax redemption laws.[14] Favorable laws passing state legislatures set the scene in the 1970s when facing fiscal crises, cities turned to tax sales and private buyers, helping to facilitate a burgeoning industry in tax deed acquisition. [14]

Tax sales today remain one of the most complicated and idiosyncratic aspects of local governmental administration in the US. The wide variation in delinquency systems and laws used across the country makes grasping an in-depth understanding a near impossible task.

Commenting on the patchwork of tax enforcement laws in the US, one legal scholar writes,

"[T]here are over 150 different systems in the United States for collecting the property tax. Most states have at least two entirely different approaches for enforcing payment of the property tax, with one procedure having its origins in the mid-nineteenth century and an alternative second procedure, equally available for use by local governments, having been developed in the middle of the twentieth century. Other states leave the enforcement of the property tax to local governments, with little consistency in procedures as one moves from city to city and from county to county across a state." [17]

Various systems and procedures have been used, and for the sake of this report, only two commonly used tools will be discussed. Broadly speaking, tax sales describe the process in which unpaid taxes lead to the creation of a lien against residential property and the enforcement of this lien by a sale of the property.[19] The term tax sales can refer to both tax lien sales and tax deed sales, but these two mechanisms can differ widely on how they are applied.

Tax Lien Sales

A tax lien is a legal claim against the assets of a person or business who fails to pay taxes owed.[20] If the debt is not repaid, then the assets may be seized, and in the US, tax lien sales may be conducted. “Tax lien sales” are usually a public auction of tax lien certificates. Investors in tax lien sales earn high interest from tax delinquent owners when they solve tax delinquency and redeem their properties. [20] Once the lien is attached, local governments can enforce financial penalties in addition to back taxes of their attached properties. If the owner fails to pay these penalties and back taxes, the property can be foreclosed upon and the property sold. The proceeds from this "tax sale" are then used to clear the lien.[10] This procedure began gaining traction across the country starting in the mid-twentieth century as market-oriented approaches to bureaucratic administration began to grow.[14]

Tax Deed Sales

When taxes are not paid on a property, tax foreclosure proceedings bring the property under the ownership of the city.[21] This procedure was being used in some capacity by localities as far back as the late nineteenth century.[20] The government will then seek to sell the publicly foreclosed properties themselves.[19] When the deeds of properties are sold, the ownership of the property changes again, now from the city to the new purchaser.

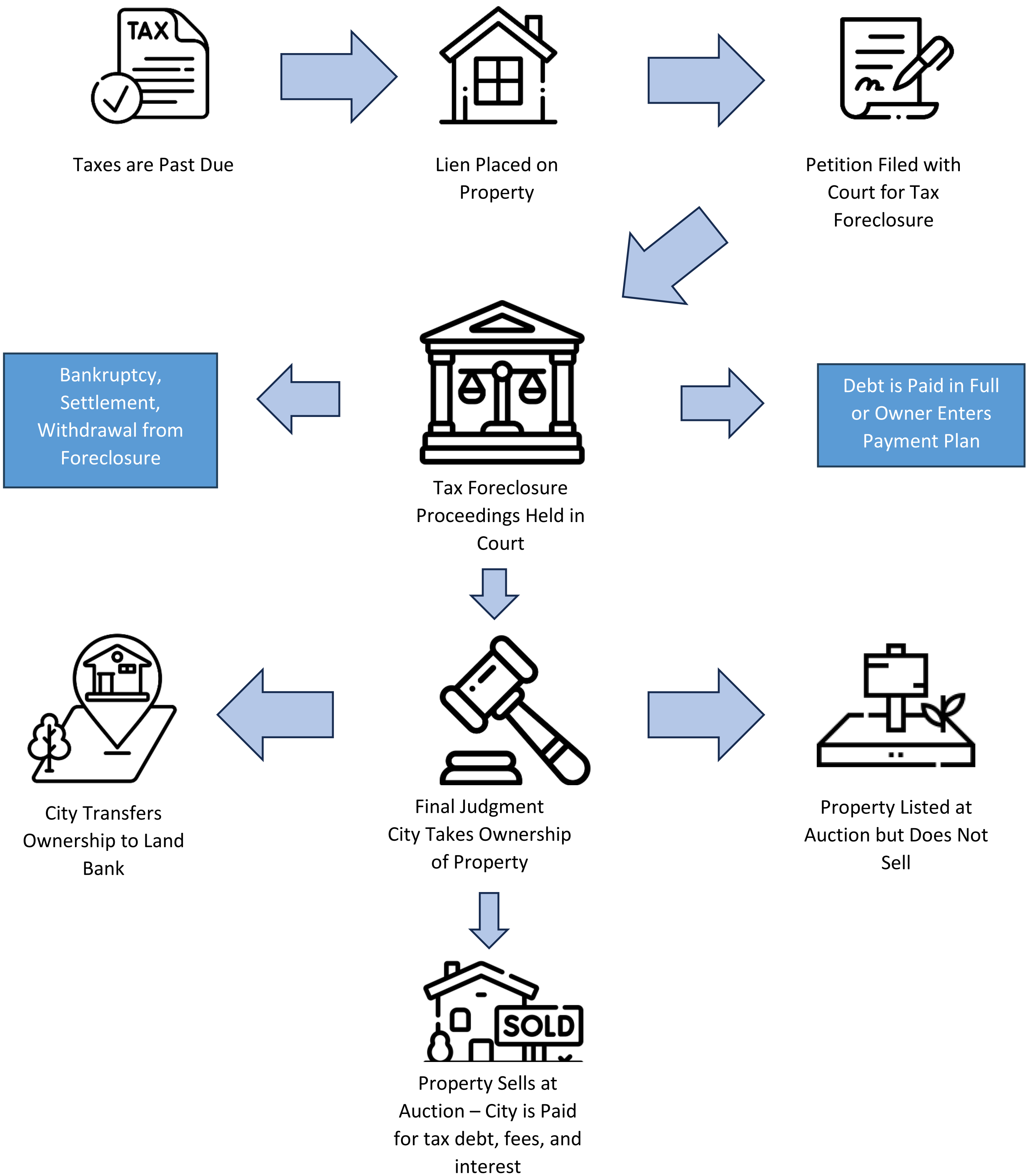
Any surplus above the tax obligation and costs is paid to the former owner or to junior recorded lienholders if required by law.[19] Such surpluses, however, are rare on residential properties, because, as discussed below, there is generally little or no competitive bidding.[19] In Philadelphia, the Office of the Sheriff claimed that their HART (Home Asset Recovery Team) Unit has returned more than $20 million to people whose properties were sold at sheriff sale since the unit was established in 2012.[22] A report commissioned by the Controller’s Office disputed the office’s effort to recoup funds to homeowners, claiming that unclaimed funds accounted for a significant amount of money in the office’s bank account.[23] The average monthly balance in the Sheriff’s various unclaimed funds bank accounts from 2006 through 2010 totaled $5,172,805.[23] These funds often went unclaimed due to the evicted homeowner being unaware of the existence of the excess proceeds and the Sheriff being unable to locate the homeowner after eviction.[23]

Philadelphia Sheriff Sales

In Philadelphia, a sheriff’s sale is a public auction process through which the City can collect municipal debts owed to them by selling the property on which an unpaid debt is owed.[22] Debts can include outstanding water and sewer bills, School District of Philadelphia taxes, and city property taxes. [22] There are two types of sheriff sales: mortgage foreclosure sales and tax sales. [22] Mortgage foreclosure sales allow mortgage companies to collect debts owed to them and tax sales allows the city to collect debts. [22] This report only focuses on Sheriff Sales with respect to tax foreclosure sales.

The Sheriff historically conducted four monthly auctions of properties for non-payment of taxes or mortgages.[22] Initiated by the City or the lender, sheriff sales are conducted by court order so that the bidder, the lender, and the debtor, are fairly treated.[22] All sheriff sales are conducted pursuant to the orders of the courts and judges of the First Judicial District.[22] Only properties that are subject to judgments issued by the First Judicial District are listed for sale.[22] By law, the Sheriff's Office cannot decide if a property can be listed for sale; only the District Courts can order a property to be sold at auction.[22] The Real Estate Division of the Sheriff's Office is responsible for conducting the sales, and processing and authorizing disbursements for them.[22]

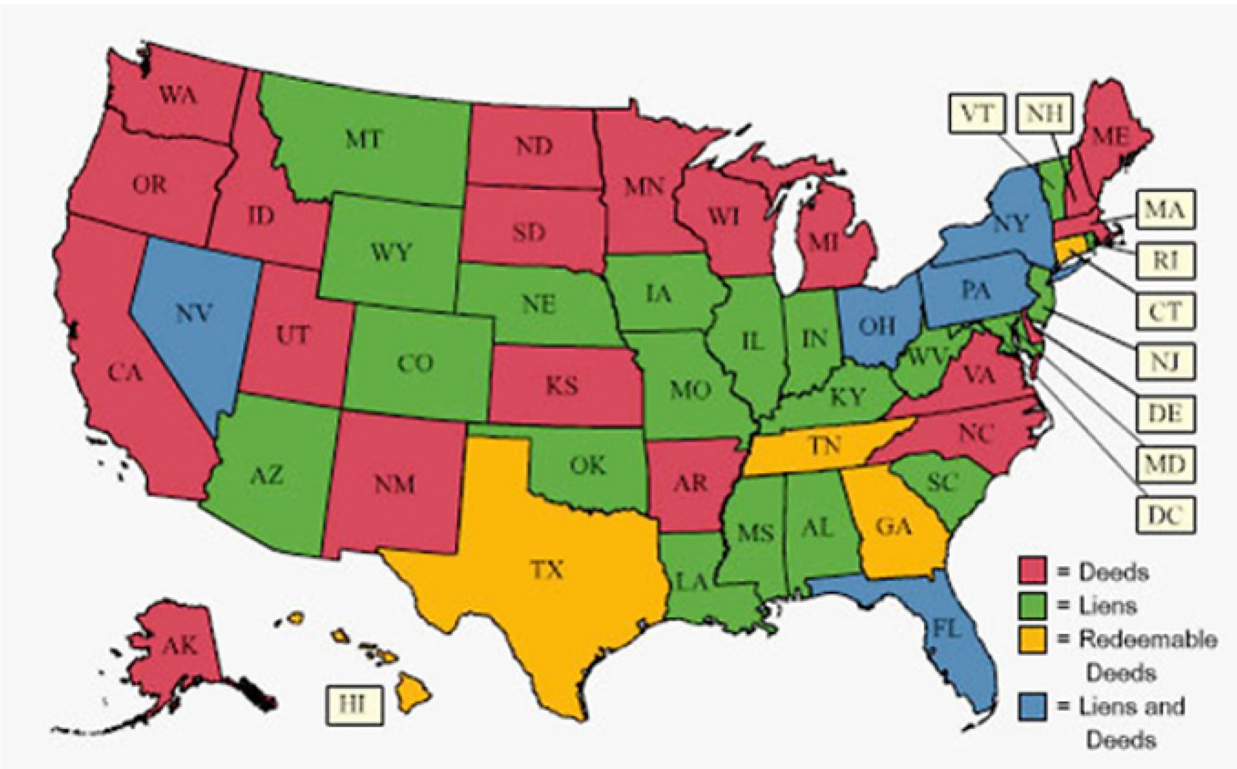
Tax Foreclosure Process



Source: Philadelphia Sheriff's Office, 2021

Policy Statutes

The wide array of municipal tax enforcement mechanisms can be partially explained by differing state statutes dictating the tools and timeframes cities must use to start certain enforcement actions.[15] For tax liens and tax deed sales alone, rules change from state to state. According to the National Tax Lien Association (NTLA), 36 states allow tax lien sales, 31 states allow tax deed sales, and several states use a combination of the two.[19]



Source: US Tax Lien Association

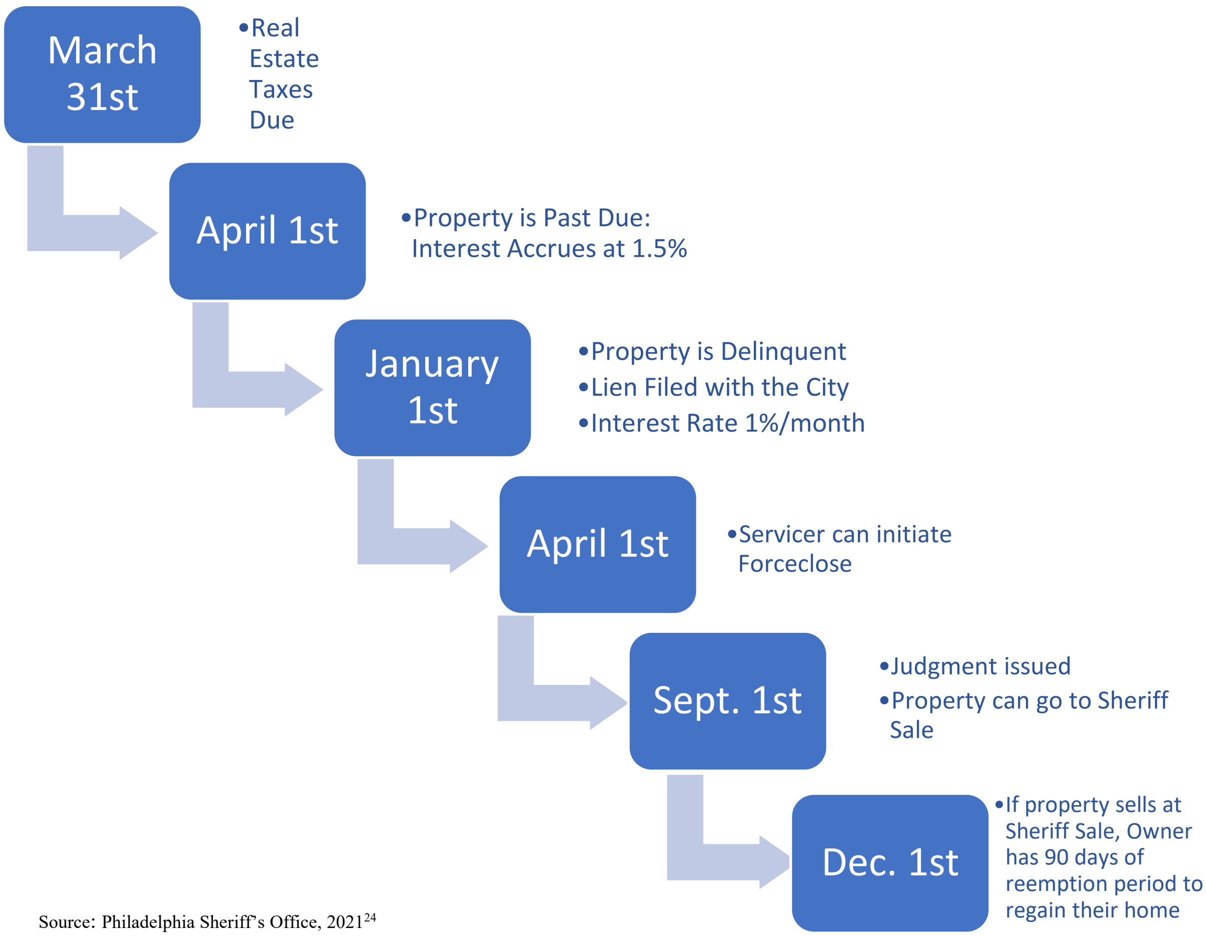
In Pennsylvania, both tax liens and tax deed sales are available to cities as enforcement tools.[15] Unlike other big cities in states like Florida, Texas, and California, Philadelphia has greater agency to determine its own tax enforcement mechanisms and timeframe. [15] Under the Pennsylvania Municipal Claims and Tax Lien Law (MCTLL) enacted in 1923, Philadelphia officials are granted the discretion to decide their tax collection strategies.[15]

Although a 1992 amendment to the 1923 law required the city to proceed on tax claims after one year of delinquency, the law carries no sanctions for delayed action.[15] For many years, Philadelphia officials used this leniency to delay taking foreclosure action against property owners. However, that culture of leniency began to change when, under increasing pressure to enforce collections, city officials enacted a policy in 2013 to abide by the state's one year requirement.[15]

Tax Delinquency in Philadelphia

In Philadelphia, the Revenue Department sends every property owner a tax bill in November.[24] Payment is due the following March 31 for the tax year ending December 31st. If an owner fails to pay by the March 31st deadline, he or she is considered a late payer and faces additional charges until the bill is paid.[24] If the tax is not paid in full by the end of the year, the owner is declared delinquent by the city, which in turn places a tax lien on the property if it has not already done so for any previous delinquencies.[24] At that point, the city has various options in addition to sending notices and warnings, including foreclosing on the property and sending to sheriff sale, offering a payment plan, suing the owner for personal assets, or doing nothing.[15]

Philadelphia Real Estate Delinquency Sample Timeline



Source: Philadelphia Sheriff's Office, 2021[24]

In 2013, investigative reporters at the Philadelphia Inquirer and PlanPhilly analyzed city tax records to get a sense of the scale of the tax delinquency crisis in the city. Their analysis found that roughly half of 100,000 tax delinquent properties at the time were owned by investors and not occupants.[25] That rate increased to 80% when looking at properties that were 20 or more years delinquent.[25] At least 11,000 of the tax-delinquent properties were owned by people and entities with billing addresses outside Philadelphia.[25] The top 500 of the biggest delinquents, who collectively owed $62.9 million, were loaded with investors, 391, to 109 owner-occupants.[25] The system was clearly in need of reform. Press coverage of these embarrassing statistics helped spur the city to action.

In response, the Nutter administration appointed the city's first chief revenue collection officer; reorganized the city's tax-collection staff across two departments; added a second outside tax collector; increased the number of properties facing foreclosure; and improved collections from late-payers at risk of becoming delinquent.[15] In its FY 2014 budget, the administration allocated $40 million in new technology and staff over five years to track and pursue tax delinquents.[15]

The Nutter administration expanded a program begun by Mayor John F. Street that contracted out 66,000 of the past-due accounts to two private collection agencies: Linebarger Goggan Blair & Sampson, LLP (Linebarger), and Goehring, Rutter & Boehm (GRB).[25] The Philadelphia Revenue Department began to increasingly rely on these outside tax collectors to use their own written warnings and phone calls to collect payment. The firm that collected on the newly delinquent properties at a higher rate had cases reassigned to it from the other firm. Each firm was to be paid a percentage of the total tax and penalties it brought in, an amount ultimately charged to the delinquent taxpayers.[15]

Despite the emphasis on investor-owned properties, tax enforcement procedures did not distinguish between investor owners and owner-occupants facing temporary financial hardship. From 2011-2016, the average time tax delinquent cases took to be referred to lawyers for action reduced from an average 2.5 years to an average of 1 year.[26] An enforcement crackdown significantly increased properties being foreclosed upon and sent to sheriff sales. Tax lien foreclosure petitions jumped from 813 in 2010 to 12,400 in 2014.[27] Greater enforcement and investment in collection tools resulted in a 31% reduction of tax delinquency accounts, falling from 92,000 cases in 2013 to about 67,000 cases in 2017.[26] Collection rates were improved across the city, but at what cost? And whose expense?

Thousands more properties were now being sent for collections, and subsequently, an increase in homeowners being threatened with losing their homes. [27] A limited understanding of confusing tax enforcement procedures, a lack of legal procedures for becoming the recognized owners, and short-term financial hardship all led to residents losing their homes.[27] Legal aid organizations, like Community Legal Services (CLS), saw a drastic uptick in homeowners requesting assistance with tax foreclosure cases.[27] Some homeowners who were just a few months overdue were now being sent tax foreclosure notices threatening to send their homes to sheriff sales if their debts had not been paid. Legal advocates challenged the city's focus on homeowners with small tax debts, arguing that most citywide tax delinquency as being linked to investors or landlords.[28] They petitioned the city to stop sending owner-occupied properties to sale altogether, arguing that these "near miss" cases wasted time and resources for nonprofits like CLS and risked exacerbating a citywide housing affordability crisis.[28]

Not only were many homeowners being impacted, but specifically, those in low-income communities of color. Tax delinquent properties were disproportionately concentrated in more distressed and lower-income areas of North and West Philadelphia.[29] In these neighborhoods, a dwelling could be within walking distance of more than 100 delinquent properties.[29] With a greater proportion of tax delinquencies falling in low-income neighborhoods of color, most tax foreclosure petitions were being sent to some of the most vulnerable residents in the city.[27] In 2017, City Council President Darrel Clarke publicly criticized the Revenue Department as being too aggressive, stating, “Tax foreclosures have gone through the roof. And it's directly related to government's approach to collecting taxes." [27] Clarke argued that foreclosing on impoverished homeowners who owe less than $5,000 in taxes would cost the city nearly triple the amount in additional social services. [27] Relying on the flexibility afforded by the MCTLL state legislation, the Revenue Department, in partnership with City Council and community partners, expanded an existing mortgage relief program to include property tax relief, enabling homeowners to enter into an affordable monthly payment plan with the City to pay past due taxes. [27] The city could defer up to $10 million in tax debt each year, an increase from $3 million. [27] Council President Clarke emphasized that deferred real estate taxes would not result in less revenue for the city, but that the deferred debt could be collected over time, when a home is sold, or when the homeowner passes away. [27] Although the property tax relief program helped to address urgent concerns surrounding the displacement of owner occupants, many demanded greater reform.

Justifications for Tax Foreclosure Sales

Two main justifications are commonly cited by city officials for holding tax foreclosure sales: collecting vital property tax revenue and activating abandoned properties.[2]

A third justification has since been gaining more traction in the past decade in Philadelphia: the personal responsibility of the property owner. For much of the 1990s and early 2000s, city leaders and officials did not impose deadlines for tough enforcement actions, classifying residents as needing greater flexibility and leeway without the added pressure of losing one’s home.[25]

After a 2011 investigative series by the Philadelphia Inquirer and Plan Philly on tax delinquency in the city, and additional report by the City Controller’s Office highlighting abuses in tax delinquency by out-of-town investors, the mayoral administration was regularly being called upon to address the high rates of tax delinquency and what City Controller Alan Butkovitz called a citywide “culture of nonpayment.”[25]

City leaders began publicly denouncing property owners who did not pay their taxes, classifying them as placing an undue burden on their tax-paying neighbors.[25] In a public statement channeling these sentiments, Mayor Nutter said,

> *“The bottom line of our approach is that people should pay their taxes. It’s frankly unfair to others when they don’t, and, as a famous jurist once said, ‘taxes are the price we pay in order to live in a civilized society.’”* [25]

The growing emphasis on personal responsibility and negligence resembled fear tactics used by investor tax buyers in the 1960s.[14] In response to public condemnation on their unscrupulous tax buying practices, one infamous Chicago tax buyer repeatedly warned the public that the a few tax delinquencies could quickly snowball and then "the entire tax burden [would fall] on the people who work and do pay their taxes". [14] Calls for harsh recourse and threats of losing one's deed were deemed the only sound solution to ensure property taxes were paid. [31] Revenue collectors claimed that some people would simply ignore their obligation to pay taxes without the threat of losing their homes or steep interest to keep them.[31]

Despite numerous studies showing that harsh laws had no effect on whether property owners paid their taxes on time, this rhetoric persisted well into the 2000s. In a 2018 report, Philadelphia's Department of Revenue listed sheriff sales as an important way of collecting debt when other enforcement tools do not work.[26] They claimed that just the threat of a sheriff sale was a strong enough motivator to encourage payment. [26] Out of the 12,400 properties listed for sheriff sales in 2017, only 4,000 actually went to auction due to the remaining owners paying off their debt or entering into payment agreements with the city.[26] Once properties do get listed for auction, about 60 percent are postponed or dropped each month because owners, upon seeing their properties listed, step up to pay in full, request a payment plan, or file for bankruptcy, thereby forestalling foreclosures.[26] Revenue cited these numbers as proof of an effective strategy.[26]

But this strategy rested upon one major ideological underpinning: that deliberate avoidance, not inability to pay or a missed payment or ignorance of the law, was the chief cause property tax delinquency. This was underscored by their statement in the report that reads,

> *"Revenue is sending a strong message to people who choose to be non-compliant. We will take action and collect tax debt to support the City and the School District of Philadelphia."*[26]

Deliberate avoidance requires strong messaging that threatens taxpayers to pay their fair share or risk losing their property. As opposed to framing tax delinquency as a consequence of poverty, positioning tax delinquency as deliberate places impetus on harsher enforcement rather than a civic or social policy decision.[15]

Under pressure to increase collections, Philadelphia officials began to adopt tougher strategies by moving more quickly on new delinquencies, pushing more properties into the foreclosure pipeline, and filing more lawsuits against individual owners in court.[26]

Tax Sales + the Private Industry

Increasingly, more cities have turned to privatized tax enforcement strategies relying upon the private industry to save administrative costs. Washington DC, Phoenix, and Baltimore sell the tax liens on their entire delinquent inventories to investors, effectively reducing their annual delinquency load to zero, and leave it to the investors to collect from past-due taxpayers and, if necessary, foreclose on properties.[25] Many argued that privatizing delinquent taxes would eliminate the costs that municipalities incur to collect due taxes.[32] Any administrative costs of pursuing the delinquent taxes and bringing a foreclosure action would no longer the responsibility of the municipality, but rather, that of the private entity.[32]

Increasing privatization helped transform a basic function of local government, property tax collection and enforcement, into an estimated $21 billion cottage industry with $4-6 billion being posted for sale to the private sector each year.[31] Late night television commercials, YouTube ads, and promoters promise everyday civilians quick riches through courses in how to build wealth off the tax lien trade—often greatly exaggerating the prospects, according to federal regulators.[31]

Both individual and institutional investors can purchase tax liens, including large bank and businesses formed exclusively for the purchase and enforcement of property tax liens.[10] Officials routinely conduct millions of dollars in tax-sale business with limited liability companies that give little clue to their owners' identities. All that is required to get in is cash and a tax identification number that a buyer can apply for online.[10]

Speculation has long characterized tax sales, especially where prices are very low. In Cleveland, for example, ten buyers accounted for almost 60% of the properties sold at the 1969 and 1972 forfeiture sales.[21] The players, however, have begun to change as the potential for greater profits has been realized.

In the past, navigating tax lien markets required specific and extensive knowledge of local laws and real estate dynamics. This niche understanding meant that tax lien investment was largely dominated by individuals or companies operating locally.[33] This could be seen in Philadelphia where local real estate investors have described in person sheriff sales to be a small group of serious investors familiar with one another conducting deals across the room.[28] The research and bureaucracy associated with city land sales attracted a distinct type of buyer that was willing to take on the risk associated with city land purchases. One local real estate investor testified to City Council on this relational network explaining,

> *"Part of participating in a sale was you had an opportunity to meet all of the other Philadelphia residents who were there and participating, the other developers, which meant you got to hear about other projects, you got to go and learn about more things happening in the City, and that is useful to go and make sure that people developing in certain areas can try to complement and help each other whenever is necessary. I know that if I had a vacant lot and the lot next door went up for too much money, I could physically walk to that person and say, hey, I have the property next door to yours, if you're trying to do a project, I'm the person, I'm your neighbor and maybe we can collaborate, maybe I can help you out."*[34]

Although most private tax buyers ultimately seek to earn returns, how they did that differed greatly between local real estate investors and large multinational firms. Through a financial process called securitization, major investment firms sought to shift tax lien investment away from companies operating locally towards larger scale institutional investors.[13] Studies of cities that executed deals with private institutional investors have found tax lien privatization ultimately constrains cities' revenue bases, limits public officials' ability to protect struggling homeowners or address crises in local housing markets, and renders its most economically distressed neighborhoods hostage to the interests of global capital investors.[31]

Beginning in the early 1990s, municipal governments across the country began negotiating bulk sales of tax liens to Wall Street investment firms specialized in securitizing and marketing unpaid tax debts to private investors.[13] Negotiated bulk sales and securitization of tax liens allowed Wall Street capital to flow into municipal coffers in return for providing private financial servicers the right to manage liens, collect unpaid taxes, and foreclose on properties.[14] This troubling trend did not preclude Philadelphia. In 1997, as a means for raising revenue, the city and School District of Philadelphia sold a portfolio of approximately 30,000 real estate tax liens worth $75.5 million to the Philadelphia Authority for Industrial Development, who then sold them to Wachovia Bank, N.A. as trustee for the bond insurer.[35] Three years into the securitization, an audit cited the poor quality of the tax liens as the primary obstacle to collections.[13] The City and School District ended up settling out of court with bondholders in order to avoid litigation.[13] Essentially, the combined costs of administering collections and foreclosures, interest yield for bondholders, fees to ratings agencies and other financial intermediaries were more than the transaction could bear. Without significant public subsidy through removal of less valuable liens, municipally-sponsored tax lien securitization could not deliver the kinds of high yields it had promised for investors, nor the financial risk management it had promised cities.[13]

The deep impression this transaction left on the city cautioned them from resorting to selling tax liens as an enforcement strategy. The city is still actively dealing with the effects of the 1997 deal with a current public battle with U.S. Bank, N.A., the successor in interest to Wachovia, who has begun aggressively pursuing the collection of pre-1997 delinquent taxes. Many city officials have publicly expressed frustrations with dealing with US Bank, feeling as though they are being bullied by an institutional actor unwilling to cooperate and only seeking profits at the expense of residents.[36] Anne Fadullon, the City's Director of Planning and Development stressed this frustration claiming that despite the city trying to negotiate the release of some liens, the trust held by US Bank refused, taking an all-or-nothing stance.[36] With more than $25 million owed on these parcels, there has not been any willingness from US Bank to compromise.[36]

Shift to Virtual Sales

The increasing trend of privatization in public bureaucratic processes has only heightened with the internet. These anxieties set the scene for major pushback when Sheriff Bilal announced her decision to shift sheriff sales online in the spring of 2021.[3]

Councilwoman Cherelle Parker convened a Law and Government Committee hearing on April 22nd, 2021 "to examine the decision to permanently move sheriff sales online, and further to explore the ramifications of and any unintended consequences that may arise from this decision."[37]

Many councilmembers gave statements denouncing the resumption of sheriff sales during a pandemic, the awarding of a no bid contract to a third-party vendor, and most of all, the fear of opening Philadelphia land sales to anyone in the world with an internet connection.[38]

Councilwoman Parker stated, "Online auctions may have a substantially negative effect on the Philadelphia housing market by opening our city to bulk buyers and speculators anywhere in the world (speculators who are notorious for not paying property taxes), allowing them to purchase properties without ever stepping foot within city limits." [34]

Her claim was certainly grounded in numerous studies analyzing the rising trend of online tax sale auctions. In recent years, many counties and towns have contracted with online tax auction servicers to conduct its tax lien sales.[38] Online auctions have proven to draw in exponentially more bidders than in-person sales. [38] In 2010, Arizona's Maricopa County estimated it had collected over US$100 million in additional tax revenue by moving its tax lien sale online.[31]

When a tax sale auction goes online, anonymous buyers from anywhere in the world could bid on properties in a matter of minutes, potentially leaving homeowners vulnerable to lose their property over debts that could be less than a few hundred dollars. Online tax lien sales did not just increase the number of bidders. It also attracted a new class of investors. A 2010 investigation by the Center for Public Integrity found online sales to be dominated by a small number of global financial institutions and hedge funds that incorporate hundreds of shell companies and use their immense capital to flood online auctions with bids.[39] JP Morgan Chase, Bank of America, BankAtlantic Bancorp, and Wells Fargo invested tens of millions of dollars in tax liens on properties, many of which it also held mortgages on.[39]

This latest trend, Schulte noted, "illustrates how financial institutions, including some beneficiaries of federal bailout dollars, are actively creating new ways to profit from the financial distress of homeowners."[31] The resulting anonymity of online auctions meant government officials may not even know who their new tax collection partners are. Many buyers of liens hop from state to state participating in fast-paced, online auctions without revealing their connections to Wall Street or registering their operations. [31] In many instances, tax lien buyers have used empty offices as their addresses.[31]

Stated fears around increased speculation, the financialization of local real estate, and potentially damaging impacts on local residents raised valid concerns about the shift to virtual sales. However, many of the issues cited during the hearing have historically been issues with the sheriff sales system itself. What may have shifted was the stakes, but given the disproportionate impact on local communities of color, the Philadelphia Sheriff Sales, I argue, should no longer be an appropriate tax collection tool.

When asked about the purpose of tax foreclosure sales overall, a staff person from a councilmember's office stated,

> *"I do think it is a bigger conversation than just virtual... If nothing else, I think the switch to virtual just makes it a little more obvious just how unfair the practice is. Who benefits from the move to virtual and who suffers? It's pretty*

> *clear that folks with time, money, resources benefit. And the folks who are in Philadelphia caring for land or have an interest in land or they actually live in the piece of property are being out of the process in another way. It sorta exacerbated the inequities that already existed." – S.*[40]

The impassioned public debate about the shift to virtual outlined five main factors that illustrate not only the challenges of virtual tax sales, but also, the overall tax foreclosure sale process itself.

<u>*Accountability*</u>

A few days following the council hearing on virtual sheriff sales, Councilmember Parker issued a resolution calling upon the Sheriff's Office and the First Judicial Court of Pennsylvania to implement a moratorium on sheriff sales.[37] City Council had called for moratoriums on sheriff sales several times in the past twenty-five years, with several instances being successful. [37] So when Councilmember Parker tried calling for a moratorium again, citing the precedence, many were taken aback that both the Sheriff's Office and the First Judicial Court claimed they could not do it.[41] Many community stakeholders and councilmembers' offices were confused as to whom to direct their advocacy efforts. [40] The Sheriff's Office, the Court, the Revenue Department, and the private collection agency (Linebarger) all pointed fingers at one another. [40] One community group decided to take action against Linebarger, directing their members to call insistently, demanding they stop certain properties to sheriff sale. [40] The Legislative Director from Councilmember Brooks' office recounted the wild goose chase when she said,

> "*We were unable to convince either the Sheriff or the Court that they have the power to declare a moratorium. The Sheriff took the position that they were an officer of the law and had to carry out the Court's Order. The Court was not very responsive to any of our outreach regarding a moratorium. Everyone continually just pointed us to U.S. Bank or Linebarger, their firm that does these Sheriff Sales, as direction to point our advocacy in order to get a moratorium. We couldn't get cooperation from like the municipal partner or institutional partners. And everyone was sorta like you have to get the person who is bringing them to Sheriff Sale to not bring them to Sheriff Sale." -S.*[40]

The resulting confusion among City legislators and officials showcased just how opaque and dysfunctional these procedures are. Although many were initially frustrated with the Sheriff's Office for resuming tax foreclosure sales, the Sheriff claimed she was only serving the order of the court.[34] The legal aid fellow clarified that although many were directing their advocacy efforts at various parties, it is ultimately the client, the owner of the tax liens, who can decide whether or not to petition the court to foreclose on the property.[42] For the instances where that is the City, that falls upon the Department of Revenue to make that final decision.[42]

Limited Transparency

One major point of criticism against the Sheriff was her office's awarding of an illegal six-year contract to Bid4Assets to oversee the virtual auction, a direct violation of elementary contracting provision contained in the city charter.[3] Soon after the hearing, Undersheriff Curtis Douglas, the staff person who defended the choice to outsource the auctions to a private third-party vendor, was forced to retire.[41]

These legal and ethical violations are not new to the Sheriff's Office. The last twenty years has seen numerous scandals with the office facing lawsuits and jailtime for unscrupulous business practices. A 2006 audit by the County Controller found a lack of internal controls, poor record keeping, and systematic overcharging of fees, amounting to about $2.5 million over three years.[43] A 2011 City Controller Report lambasted the Sheriff's Office, then under Sheriff John Green, for also entering into vendor contracts for significant services, contracts that were never circulated or reviewed by the City Law Department.[23] Federal charges were eventually brought against Sheriff Green due, in part, to sheriff sales.[44] Federal prosecutors accused him of selling the office to a supporter, allowing him to advertise and run auctions, often no-bid work without written contracts. [44] In return, Davis paid bribes and ultimately, Green's guilty plea earned him five years in prison.[44]

The Committee of Seventy, a government watchdog group, has called for the office's abolishment and suggested that other city offices could do its job better.[43]

What was initially pointed to as a poor reflection of Sheriff Rochelle Bilal's leadership by city councilmembers actually reflects a much larger systemic pattern of mismanagement and corruption, leading many to believe the office ill-suited to oversee tax foreclosure sales.

Accessibility

Another major criticism of online auctions has been the perceived exclusion of everyday Philadelphians in participating. A required internet connection and submission of a refundable $1500 deposit the day of a sale had many arguing the new system was designed primarily for investors and speculators.[34]

Although in person sheriff sales were open to the public and required no deposit to attend, sheriff sales were inherently confusing and notoriously difficult for local residents to participate in. Community advocates have long shared stories around the confusing procedures and dizzying speed in which sales took place.[28] Although the Sheriff's Office conducted community seminars in English and Spanish explaining how to take part in Sheriff Sales, the reality was that they were at a disadvantage as soon as they walked through the doors.[44] One local real estate investor confirmed this saying that a small group of professional investors "buy about 75 percent of the properties, maybe higher".[28] In response to claims about online tax sales opening up sales to out-of-towners, former Philadelphia Director of Housing, John Kromer, said that that had already happened a long time ago. [28] He claims that investors from other countries were already bidding on properties through partners on the ground. [28] In the years leading up to the pandemic, rising real estate prices in Philadelphia had led to tax foreclosure auctions getting increasingly more competitive with investors packing the once empty conference room. [28]

Fiscal Health vs Social Costs

The current method of delinquent tax collection wields a disproportionate negative impact on communities of color, the poor, and the seniors. Because vacant properties tend to cluster in specific neighborhoods, the impact of the rise in tax foreclosures is disparate across demographic categories.[32] Areas in Philadelphia that have a majority non-white population contain a far greater share of vacant and tax delinquent properties than those that are majority white.[45] As the city has grown more aggressive in pursuing tax sales, many struggling homeowners say they are caught in the middle, sometimes over marginal back taxes.[27]

Unlike government servicing or contracted servicing, tax lien sales create negative externalities that increase aggregate social costs. Tax lien and deed purchasers do not compensate local governments for these costs, and therefore community residents and the government itself pay for them.[10]

Many homeowners have been affected by the difficult economic times, either directly by facing foreclosure or experiencing unemployment, or indirectly through the loss of home equity from falling home values. Property tax collection procedures should encourage repayment rather than property loss, and they should not provide an opportunity for speculators to gain huge profits off homeowners in distress.[19]

Activating Unproductive Property

Many laws governing tax lien sales were written decades ago in hopes that they would encourage investors whose restoration of delinquent buildings would return them to the tax rolls.[25] On their website, Philadelphia's Office of the Sherrif writes that "sheriff sales do more than collect delinquent taxes and fees for the City, since they convert **unproductive** properties into tax producing homes and businesses".[22] But now, many question whether those laws are still applicable. Are properties purchased at tax foreclosure sales being turned "productive?" And who determines what that entails?

The pushback to the initial crackdown in tax enforcement in 2011 called attention to the importance of distinguishing between investor owned and owner-occupied tax delinquent properties.[28] Advocates helped push the city to institute payment relief programs for owners living in their homes who needed financial support, and Revenue made changes to their tax enforcement strategy to deprioritize that group when sending properties to tax foreclosure.[26]

Now, advocates again are pushing the City to acknowledge another key distinction among tax delinquent properties: vacant land.

At least 8,750 vacant lots throughout the City of Philadelphia have been sold or are scheduled to be sold at a sheriff sale.[45] Because property tax relief programs only exist for owner-occupied homes, the Department of Revenue has failed to consider vacant land as being productive. This meant ignoring over 400 community gardens that provide nutritious food and places of rest for residents, as well as hundreds of side yards that neighbors have long cared for.[8] Both demonstrate the city's failure to maintain vacant lots long abandoned by their owners.

A councilmember staff person and legal advocate highlighted this historic stewarding of land by residents sharing,

> *"The most generous way to see the tax foreclosure sales is that you're bringing parcels back on to the tax rolls so that we have money to pay for City services. But it's also often does not take into account the work that's been done by community members to take care for those pieces of land that were basically abandoned by the city for decades." - S.*[40]

&

> *"The problem is that when the City waited so long to bring these properties to foreclosure that people actually have acquired a legal ownership because it's been more than 21 years. They are proceeding as if that's not the reality, but it is. You can't just pretend that these people don't exist and don't have rights… The typical mechanisms that we use in homeownership to try to help someone get out from underwater real estate tax arrears are not available for the side yards… The way things are set up currently are not meant to help people in historically redlined communities who have taken it upon themselves to clean and green and make safe vacant parcels in their communities. The current policies that are in place do not make it easy for these people to assert their ownership right and retain the properties." – B. 42*

Source: Leon, A., Masuda-Farkas, M., Zhao, X (2022)[48]

Side Yards

Community groups have approximated 400-500 side yards to be at risk of being sent to sheriff sale.[46] Although the Philadelphia Land Bank does oversee a side yard program, controversial news stories around individuals flipping side yards acquired from the city for a few thousand dollars to private developers for upwards of $100k, halted the program.[47] Many city officials remain extremely skeptical, believing that side yards would not be the highest and best use of the land.[41] The legal aid fellow spoke to this deadlock when she explained,

> *"There's no process by which you can request that the Land Bank acquire a property for disposition as a side yard. You can contact your district councilperson's office and depending on which district councilperson that is, they may or may not have a list or they may or not have a procedure by which they reach out to the Land Bank and try to get it on a list. The Land Bank seems to be most interested in housing development, whether that be market rate or affordable, but side yards seem to be a low end on the priority list. So far that has not been successful." -B*[42]

Despite numerous cases of residents maintaining their side years for more than 10-20 years, the City has showed little effort in offering that land to neighbors. Current rules around prior notice for sheriff sales only require that the property owner be notified.[22] Many stewards thus are given any notice when a parcel is put for sale, with most only finding out after the lot has been sold and someone shows up to claim it.[42] That leaves residents to try to petition for adverse possession, but without a demonstrated paper trail showcasing active caretaking for the past 21 years, many residents just pray the parcel does not go up for sheriff sale.[42]

Community Gardens

Growers and advocates have tallied more than 140 gardens and farms that have been historically lost to processes such as sheriff sales.[8] What otherwise is a powerful example of community members self-determining and stewarding abandoned land to create opportunities for their neighbors to thrive together has been marked by the city as inactive. After years of organizing against the loss of green spaces, growers of color demanded that the city institute a moratorium on sheriff sales for gardens back in 2018.[4] Despite numerous meetings with councilmembers and protests, many officials ignored calls to implement a moratorium.[46]

Advocacy by Community Growers to Call Urgency for Preservation

One City Councilmember, Kendra Brooks, has championed community gardens and urban farms as instrumental spaces for neighbors to grow food and gather. [46] A year after launching her Restore Community Land campaign, the city recently announced they brokered a deal with U.S. Bank to purchase privately held tax liens on 91 vacant lots housing community gardens for over $1.1 million. [46] By purchasing these liens, the city promises to prevent these valuable spaces from being sent to sheriff sale and lost to the community. [46] Although Councilmember Brooks had tried to push the City to include side yards in the deal, senior leaders resisted.[40]

Properties once stewarded by communities were being sold to investors that did not hold the parcels to be meaningful. Low-value, tax foreclosed property is more likely to either be abandoned or purchased by a speculator that will only strip value from the property, rather than an adjacent property owner.[10] The new owners often do not manage the properties properly, resulting in more vacancy and abandonment and a smaller increase in assessed value.[20] One local real estate investor claimed that they were not interested in fixing lots up, saying, “They’re holding onto them for capital gain or to sell to another individual”.[28]

Philadelphia officials have said their end goal is collecting money, not taking property; owning any property, after all, comes with maintenance and liability costs.[15] But cities also have a stake in community development, which can benefit from assembling parcels for development through aggressive tax foreclosures.

The images below depict two properties recently sold at a virtual sheriff sale within the past month.[48] The first image shows a vacant lot in Southwest Philadelphia that has been fenced and growing flowers. The second image shows a bigger plot of land in West Philadelphia where it appears neighbors have installed raised beds for gardening. Both images show well-maintained property that is not overgrown. Those conditions ultimately did not matter. Because they had overdue tax debt and the parcels’ owners were not present to participate in a payment plan, the lots were ultimately sold.

Source: Google Maps

Source: Google Maps

In deciding which properties to send to Sheriff Sales, the Department of Revenue considers a number of factors: the amount of debt, the length of delinquency, whether the owner entered into a payment plan, and the value of the property.[22] The decision whether to send a property to sheriff sale does not lie solely with the City. Either the City or its two outside collection agencies, Linebarger or GRB, along with the Court, makes tax sale decisions. Individuals can also request that a specific tax-delinquent property be sent to sheriff sale by contacting the entity that holds the tax liens. [22] As of 2018, Revenue has claimed that less than 4% of properties sold at Sheriff Sale were owner-occupied.[26] This fails to consider the number of homes with tangled titles where family members may be living in an elder's home, a very common occurrence in a city with a historically high homeownership rate.

Recommendations

Philadelphia is an incredibly unique position compared to most other big cities with the MCTLL state enabling legislation granting the city a greater flexibility to curate innovative tools that prioritize community residents' well-being and livelihood.[15] Since the pandemic, the only properties being auctioned at sheriff sales are for U.S. Bank owned tax liens sold back in 1997 as part of the city's tax lien securitization deal.[35] The city has paused all petitions for tax foreclosures for city owned tax liens.[40] As a result, Revenue Department has deployed numerous strategies to increase tax collection rates without threatening foreclosure.[24] They saw a 13% increase in the amount of delinquent taxes collected, from $139 million in FY 2020 to $156 million in FY 2021.[24]

Residential

- **Owner Occupied Properties**
  - Remove all owner-occupied properties from the tax foreclosure list. The Revenue Department should expand upon its strategies used during the pandemic to collect payments from owners without issuing a threat of losing their home.
  - Implement findings from behavior science studies that nudge property owners to pay their taxes on time, such as sending letters and making phone calls.
    - Provide enhanced notice to at-risk homeowners. Engage local social service agencies to contact homeowners if records indicate the homeowner is elderly or disabled.
  - Dedicate more funding to create an outreach team to enlist property owners in existing property tax relief programs.

- **Remaining**
  - *Tangled Titles*: Institute eligibility for property tax relief program for relatives of property owners. Documents demonstrating eligibility can include proving relationship to property owner and/or proof of residents for more than three years.
  - *Investor Owned:* Target tax foreclosure sales on investors who have multiple tax delinquent properties.
    - To prevent cycling the land to potentially other negligent investor owners, ensure buyers do not currently hold liens in the city.

Vacant Land

- **Side Yards**
  - Remove all actively maintained side yards from the tax foreclosure list.
    - Use existing ground truthing data conducted by community groups and student researchers to identify lots that are not actively stewarded.
    - Provide property tax deferral program to side yards actively maintained by neighbors.
  - Reengage the Side Yard Program, providing immediate neighbors the priority to purchase side yards accounting for the cost of their labor in maintaining the lot.
  - In the short term, establish adequate notice to nearby neighbors through local CDC newsletters, email listservs, etc. prior to a tax sale.

- **Community Gardens**
  - Remove all community gardens and urban farms from the tax foreclosure list.
  - For all parcels with liens purchased from U.S. Bank, establish a direct pathway for land disposition to nonprofits and unincorporated nonprofit associations.

- **Vacant Land Overall**
  - Give priority to neighborhood residents to bid on the property. Potential criteria can be residents living within a certain distance of the lot.
  - For strategic parcels, transfer land to land trust where land can be disposed according to key priorities: affordable housing, urban farming, side yards, outdoor recreation, etc.

General

- End the contract with Bid4Assets and stop virtual sheriff sale auctions altogether.
- Conduct a study identifying key departments to oversee tax foreclosure sales in place of the Office of the Sheriff.
- Establish a tax foreclosure task force with partners from City Council, Revenue, Office of the Sheriff, and private collections agency to review monthly activities and outcomes. Mandate yearly reports from the Sheriff to account for spending, third party vendor contracts

Conclusion

One of a local government's most important roles is to squeeze the most benefit it can from limited resources and balance current and future revenue needs. However, local governments' reliance on tax auction sales and private tax buyers begins to reject a proactive approach to public finance in favor of a reactive approach to quickly obtain access to funds.[49] Philadelphia's sheriff sales offer a rich case study to analyze decision making around municipal finance and land disposition.

Ultimately, government officials play a critical role in deciding how to wield tax enforcement tools such as tax foreclosure sales. By establishing criteria that dictates which properties are productive, cities ultimately decide how they want to plan and design communities. Although the tax sale industry has historically placed disproportionate influence on private investors, community residents should be prioritized and establish the criteria by which parcels are evaluated.

Official categorizations of land as vacant and unproductive contrasted with how residents used and cared for the land, imbued it with meaning, and staked claims to it. For many residents, their relationship to the land was at direct odds with the City's conceptualizations of land as surplus, exchange value, and something to be owned.[50] A conceptualization that was reified through the sheriff sale process.

Further research can be conducted analyzing whether properties historically sold through sheriff sale still remain tax delinquent long after sale. A quantitative analysis investigating this trend can help to interrogate the city's claim of sheriff sales being the most effective strategy to activate land.

Once the city takes ownership of abandoned tax delinquent property, many opportunities exist to implement policy that affects the level and location of disinvestment. Overall, the social contract between residents and the City needs to be restored, and land is a fundamental piece in doing that work.[51] Reforming the current tax delinquency and collections system to improve transparency, accountability, and accessibility will help to shift tax foreclosures sales from being a set of harmful scare tactics to a means to facilitate considering land beyond just property.

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