



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

BILL NO. 110921

Introduced December 15, 2011

Councilmember Clarke

**Referred to the
Committee on Rules**

AN ORDINANCE

Amending Chapter 16-400 ("Vacant and Surplus Properties") to establish Development Districts wherein City-owned real estate may be transferred to the Redevelopment Authority of Philadelphia for further transfer, at a discount, for economic development purposes, under certain terms and conditions.

WHEREAS, Within the City of Philadelphia current estimates indicate that there are between 40,000 and 50,000 vacant lots and structures; and

WHEREAS, Public entities own more than 15,000 of these vacant lots and structures. Over 6,300 of the these properties are owned by the City of Philadelphia; and

WHEREAS, Over 60,000 properties are tax delinquent two years or more; and

WHEREAS, These public owned vacant lots and structures are counter productive to the health, welfare and economic stability of the City as they are a blighting influence on communities, lower the value of properties surrounding them, require City resources to maintain and produce no revenues for the City; and

WHEREAS, There are three characteristics that base level indicators of distressed real estate markets, percent of properties two or more years tax delinquent, percent of properties that are vacant and percent of properties that are publicly owned; and

WHEREAS, Many of the public owned properties are located in distressed real estate markets; and

WHEREAS, The City has no current program to incentivize the development of these properties; now, therefore

City of Philadelphia

BILL NO. 110921 continued

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Section 16-405 of The Philadelphia Code (“Transfer of Title”) is hereby amended to read as follows:

§ 16-405. Transfer of Title.

* * *

(2) Notwithstanding subsection 16-405(1) or Section 16-406, the Commissioner of Public Property is hereby authorized to transfer title to any property or ground to which the City has accepted title under the provisions and conditions of this Chapter or any other:

(a) For purposes of this subsection 16-405(2), a “Development District” shall be any census tract within the City of Philadelphia wherein any two of the following three characteristics exists at a level of 10% or more.

(.1) Percent of properties that are two or more years tax delinquent.

(.2) Percent of properties that are vacant.

(.3) Percent of properties that are publicly owned.

(b) In any census tract that qualifies as a Development District, any City-owned property may be transferred to the Redevelopment Authority, with or without consideration, on the condition that:

(.1) The Commissioner of Public Property has found that a developer has made a bona fide commitment, in writing and pursuant to such application as the Commissioner may specify, to develop the property expeditiously and in a manner that materially promotes economic development in the City.

(.2) The Redevelopment Authority immediately transfer such property to a third party at the following discounts from appraised value, and subject to the conditions set forth in subsection 16-405(2)(c):

(i) 50% in any census tract wherein at least two or more of the characteristics exist at 10% or more.

City of Philadelphia

BILL NO. 110921 continued

(ii) 70% in any census tract wherein at least two or more of the characteristics exist at 20% or more.

(iii) 90% in any census tract wherein at least two or more of the characteristics exist at 30% or more.

(c) Transfer of any property to the Redevelopment Authority pursuant to subsection 16-405(2)(b) shall be on the further condition that the Redevelopment Authority impose the following conditions on the purchase of the property from the Redevelopment Authority by the third party purchaser:

(.1) A lien shall be placed on the property equal to the amount of the discount provided pursuant to subsection 16-405(b).

(.2) Such lien shall be subordinate to any construction or permanent financing required to complete and maintain the project proposed pursuant to subsection 16-405(b)(.1). Liens placed on properties shall remain in full force and effect until the project has been completed and the department of Licenses and Inspections issues a Certificate of Occupancy.

(.3) Such lien shall contain default provisions which shall include the following:

(i) Failure to start construction on the project within six months of the sale date.

(ii) Failure to complete construction within twenty-four months of the sale date.

(iii) Failure to pay any municipal tax, fine, gas and water service fees.

(iv) Failure to secure a Certificate of Occupancy within 90 days following the completion of construction.

(v) In the event of a default, the buyer shall, at the option of the City, forfeit the property and their cash consideration.

(.4) Such lien shall be satisfied upon the issuance of a Certificate of Occupancy.

City of Philadelphia

BILL NO. 110921 continued