

Legislation Text

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Calling on the First Judicial District to develop a conciliation process, in coordination with the Philadelphia Department of Revenue, similar to the Residential Mortgage Foreclosure Diversion program, to address the rising level of residential tax delinquency cases, and to address the problems with the current system, so as to prevent the unnecessary sale of owner-occupied homes.

WHEREAS, The First Judicial District's Residential Mortgage Foreclosure Diversion Program is nationally renowned as an innovative and effective best practice to help homeowners facing mortgage foreclosure to remain in their homes thus preventing vacancy and neighborhood blight. The mandatory program, which has been copied around the country, requires a face-to-face conciliation conference for all new foreclosure actions. Since its inception in 2008, homeowners, with housing counselors or legal help, meet with lenders' attorneys to reach agreements to try to avert foreclosures; and

WHEREAS, In the past three years the City's Revenue Department has intensified its efforts to collect delinquent taxes thereby increasing the risk that long time family homes are subjected to foreclosure; and

WHEREAS, The "Save Your Home Philly Hotline" serves as a central point of contact for Philadelphia homeowners at risk of foreclosure. The Hotline provides advice, brief service, and referrals to thousands of Philadelphia homeowners each year. According to Hotline statistics the number of calls relating to real estate tax delinquencies has been steadily rising. From 2014 to 2015 the percentage of these calls went from 14% of the total hotline calls to 37% of the inquiries, representing a 267% increase in one year; and

WHEREAS, The legal process for tax delinquent cases differs from mortgage foreclosures in that it only requires a written response to a "Rule to Show Cause" as to why the property should not be sold, while owner-occupied mortgage foreclosure cases require the lender and homeowner to initially participate in the Residential Mortgage Foreclosure Diversion Program; and

WHEREAS, Many residents who face tax foreclosure are not availing themselves of existing City payment programs either because they do not understand the process or are not represented by Counsel. These cases frequently involve seniors and/or tangled title issues; and

WHEREAS, The Commonwealth Court held in City of Phila. V. Manu, 76 A. 3d 601 (2013), that any tax delinquency case must be heard in a court proceeding because "an opportunity to be heard . . . guards against deprivation of property without substantive due process of law" but the City has not been following this directive by requesting hearings; and

WHEREAS, As of October 3, 2015, the First Judicial District is now requiring that all tax cases include a "Rule Returnable" which includes a hearing date when all parties must appear for a conference. While this is a good start it is not clear whether homeowners appear before an independent hearing officer or judge, if the hearing is on the record, or if homeowners will receive information on Owner-Occupied Payment Agreements or other home saving options, be referred to Counsel or a housing counselor, or whether failure to appear would result in an entry of an order allowing a tax sheriff's sale; and

WHEREAS, A conciliation and diversion program for tax delinquency cases could save the City money and the courts time by keeping more cases out of the litigation process; and

WHEREAS, Keeping people in their homes and paying off tax or mortgage delinquencies, preserves and stabilizes neighborhoods while preventing unnecessary evictions or real estate speculation; now therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it hereby calls on the First Judicial District to develop a conciliation process, in coordination with the Philadelphia Department of Revenue, similar to the Residential Mortgage Foreclosure Diversion program, to address the rising level of residential tax delinquency cases, and to address the problems with the current system, so as to prevent the unnecessary sale of owner-occupied homes.

FURTHER RESOLVED, That copies of this Resolution be transmitted to the First Judicial District Court Administration, the President Judge and Revenue Commissioner as evidence of the grave concern of this legislative body.