

Legislation Text

File #: 210295, **Version:** 0

Authorizing the Committee on Law & Government to hold hearings examining 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.

WHEREAS, On March 10, 2021, the Philadelphia Sheriff's Office circulated a press release entitled, "Sheriff Rochelle Bilal Announces Virtual Sheriff Sales Beginning April 06, 2021." While the press release was forthcoming about the fact that online sales would resume on April 6th, and further that the Office of the Sheriff had selected online auction company Bid4Assets (Bid4Assets.com) to manage the virtual sales, it was not explicitly clear that this change was permanent; and

WHEREAS, On March 18, 2021, *WHYY's PlanPhilly* published an article entitled, "Philly sheriff sales to move online, sparking fears of real estate speculation." For many Councilmembers and their staff, this was the first time that they learned that sheriff sales would resume on April 6th and that they would be virtual. Furthermore, and most importantly, this was the first time Councilmembers and their staff, as well as many individuals who had been aware of the resumption of sales via a virtual platform on April 6th, learned that the change to virtual sales was going to be permanent; and

WHEREAS, City Council's Committee on Law & Government is responsible for "all...matters relating to cooperation with...inter-City and inter-County governments." In order for sheriff sales to permanently become virtual, cooperation is the operative word. Clear communication and transparency are also vitally important to successful cooperation; and

WHEREAS, While the Sheriff, an independently elected position, has the authority to make such a decision, this is not merely a minor procedural change. It will have significant implications for many parties outside of the Sheriff's Office. Firstly, many homeowners will be impacted by this decision, and if there are any questions, problems, or concerns with implementation, they will inevitably reach out to their District Councilmember, who will in turn reach out to legal aid organizations for assistance in addressing the situation. Secondly, this decision could have much larger land-use implications beyond just individual homeowners; and

WHEREAS, City Council has the authority to try and get the answers to several questions, including but not limited to: what was the bidding process like in order to choose a "distressed asset sale specialist," why was Bid4Assets chosen above the other applicants, what are the details of the contract with Bid4Assets, how will the work of conducting sales be shared between the Sheriff's Office and Bid4Assets, how will virtual sales affect the costs and fees previously imposed by the Sheriff's Office, and why were virtual sales not piloted first before becoming permanent; and

WHEREAS, City Council also has the authority to understand how the permanent shift to all-online sales will impact constituents, including but not limited to: how will postponements and stays be communicated to Bid4Assets as necessary to avoid improper sales, how will the online sales process impact interested bidders with limited technological capabilities, how will the online sales process impact local, non-professional bidders, how will bidders be made aware of the "right of redemption" for tax foreclosure sales and other post-sale rights

of prior owners and occupants, and how can we ensure that Philadelphia is not flooded with out-of-City and out-of-state speculators; and

WHEREAS, City Council also has the authority to examine whether virtual sheriff sales have been utilized in comparable municipalities, how the process was structured, what protections were in place for homeowners, and what complications and issues may have arisen from using a virtual platform; and

WHEREAS, The Sheriff's Office has said that "the new system would increase the pace and profitability of sheriff sales," but it is critical to understand just how much the pace will increase and whether the promise of increased profitability will benefit prior owners. If the process changes too much and too quickly, this could accelerate and exacerbate negative trends such as homeowner displacement, neighborhood instability, and a proliferation of investor-owned rental properties; and

WHEREAS, As we come out of the worst of the COVID-19 pandemic, many protections that are in place to protect homeowners, such as foreclosure moratoriums and payment forbearances, will be phased out and new filings of mortgage and tax foreclosure cases will resume. In light of the potentially dramatic increase in the number of homeowners facing foreclosure and the risk of sale, we must understand how moving to a new system for sheriff sales could impact homeowners and the neighborhoods in which they live; now, therefore, be it

RESOLVED, THAT THE COUNCIL OF THE CITY OF PHILADELPHIA, Hereby authorizes the Committee on Law & Government to hold hearings examining 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.