

***A Strategic Partnership:***

The City of Syracuse  
and the

Greater Syracuse Property  
Development Corporation (GSPDC)

## **Objectives**

1. Take control of tax-delinquent, abandoned properties in order to facilitate their return to productive use
2. Increase property tax collection rates within the City of Syracuse

# The First Step

## Change City's foreclosure policy:

### Commence foreclosure as soon as properties become seizable.

- Properties that pay and avoid foreclosure will generate revenue by 1) paying off liens and penalties and 2) beginning to pay current-year taxes on time.
- Properties that are foreclosed upon by the City may be acquired, stabilized, maintained, marketed by the GSPDC.
  - Proactively foreclosing avoids project-specific speculation
  - Reduces transaction time
  - Enables inspections, facilitates rehab financing, and enables better property maintenance
- **Using the City's administrative foreclosure** process is faster and cheaper than a judicial foreclosure carried out by the GSPDC subsequent to acquiring liens from the City and County—**allowing more money to be invested in property stabilization and maintenance**—and it utilizes the City's tax collection capacity, rather than requiring the GSPDC to develop collections capacity—**avoids the creation of a new bureaucracy.**

# Two types of seizable property

## Backlog of 3,900 seizable

1. Based on current trends, property conditions and location, we anticipate 50% will pay their taxes and avoid foreclosure (largely the occupied properties; this rate is lower since these have been delinquent longer).
2. 1,100 vacant lots, 550 vacant buildings, and 250 occupied buildings will likely be foreclosed upon.
3. We estimate that payments of delinquent liens will generate:
  - Short-term, one-time increase in delinquent collections
  - An ongoing, sustainable increase in current-year collections

## 600 “newly seizable” each April

1. Based on other cities’ experiences, we anticipate 5/6 of these will pay and avoid foreclosure and the total of 600 should decline, as well, in reaction to the threat of foreclosure.
2. Eventually the City will likely foreclose on less than 100 properties annually and transfer those to the GSPDC.
3. We anticipate this will increase our on-time collection rate over the long term.

Note that foreclosing on occupied properties is not one of our two objectives. This new policy will be complemented by an aggressive **foreclosure prevention strategy for owner-occupied properties.**

# Council Actions Anticipated

1. Transfer titles each time a batch is foreclosed upon
2. Each July<sup>1</sup> legislation will be submitted to appropriate the increased delinquent collections to subsidize the land bank.

*We anticipate a gain in both current-year and delinquent taxes collected. We propose the City:*

- *Keep the increase in current-year collections and*
- *Transfer the short-term increase in delinquent collections to the GSPDC.<sup>2</sup>*

3. Approve 50%/5 year split for properties the GSPDC sells, facilitating a return to the tax rolls.

*Common Council and County Legislature have property-by-property discretion to approve or deny these requests.*

<sup>1</sup> Until any tax trusts or delinquent collections affiliated with the backlog are paid—up to 8 years if a property in year three of the foreclosures enters a five year tax trust.

<sup>2</sup> This guarantees the City at least the amount collected last year and assures that we will experience no loss in revenues.

# Administrative Foreclosure Logistics

Utilize our existing foreclosure process:

- 60-day notices sent
- Title searches will be ordered for properties whose owners don't respond within the 60-day notice
- 30-day notices sent to all lien-holders
- Common Council vote to transfer title of foreclosed properties

Spread the foreclosures on backlog properties out over 3 years in 12 quarterly phases. A new phase begins every 3 months.

We propose the phases include geographically targeted areas, neighborhoods of high and low value, and that the first few be smaller in number.

Eventually these notices will just be issued each April and the “newly seizable” properties that don't pay will be foreclosed on by October.

# Foreclosure Prevention

- Owner-occupants in each phase will be identified and contact information for HHQ's foreclosure-prevention counseling will be included in the foreclosure notice mailed by the City.
- Those that do not respond to the City in a timely manner will be personally contacted. City staff will visit their place of residence to determine whether the lack of response is due to mobility, literacy, or language challenges. Staff will seek to identify any housing quality issues and put the owner in touch with available assistance.
- HHQ will help interested property owners enter into payment plans and ensure that they're receiving all available tax exemptions (STAR for seniors, etc.).

# What will the GSPDC do with these properties?

- Conditions evaluation performed upon acquisition
- Redevelopment plans will be driven by the City's priorities, the Comprehensive Plan, Housing Plan, etc.

Criteria developed by the City, in consultation with the GSPDC and the Citizens' Advisory Board, will guide decision-making and assign a treatment or plan to each property.

## **Criteria:**

- Property type
- Condition
- Location
- Market value (short- and long-term)
- Funds available for intervention

## **Plan/Action:**

- Hold and maintain
- Assemble with adjacent sites
- Hold short-term for municipality or development partner
- Market for sale or lease, as-is
- Stabilize/Rehab and market
- Demolish or Deconstruct



# How will they pay for it?

Subsidy will be required at first to get the organization up and going, but eventually the GSPDC will be financially self-sustaining.

## Revenue Sources:

- Delinquent Collections Sharing  
*(properties that start paying without having to foreclose)*
- Local Development Agencies
- Local Foundations
- Long-term reduction in the City's 2% uncollectable rate – possible County revenue share
- **Sale of Real Property**
- **50% / 5 year split** for properties returned to the tax rolls by GSPDC Sale

*Council and County Legislature will be asked to approve this on a property-by-property basis*