

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 471

Effective: ~~Approved~~ August 17, 1981

WHEREAS, The City of Providence has acquired tax title for over 300 tax delinquent properties which have structures located on them;

WHEREAS, Many of these properties are vacant and abandoned, and not worth the cost for a private individual to pay the back taxes and clear the title;

WHEREAS, Many of these properties will eventually have to be demolished by the Department of Building Inspection, at an average cost of over \$1,500 per structure;

WHEREAS, These tax reverted properties currently produce no tax revenue and are a drain on the City's tax base;

WHEREAS, SWAP (Stop Wasting Abandoned Property) Inc., a non-profit homesteading organization, has buyers interested in purchasing these properties;

WHEREAS, SWAP through the City of Providence, has received a UDAG grant to encourage homesteading by low and moderate income families;

THEREFORE, BE IT RESOLVED, That the City of Providence perfect a title on twenty-five (25) tax reverted properties preselected by SWAP; and

BE IT FURTHER RESOLVED, That the City of Providence subcontract with a private attorney to perfect these titles, and

BE IT FURTHER RESOLVED, That the Department of Building Inspection seal these properties from further arson and vandalism; and

BE IT FURTHER RESOLVED, That these properties sold to owner-occupant homesteaders who will begin paying taxes immediately, bring the properties up to code within three years, and pay for that property a total sum of money equal to the legal cost of perfecting title plus 20% for a contingency pool.

IN CITY COUNCIL

AUG 6 1981
READ AND PASSED

Ralph Fargnoli
Clerk

Effective without the Mayor's signature August 17, 1981.

Rose M. Mendonca

IN CITY COUNCIL
JUN 4 1981

FIRST READING
REFERRED TO COMMITTEE ON CITY PROPERTY

Rose M. Mendonca CLERK

THE COMMITTEE ON
CITY PROPERTY

Approves Passage of
The Within Resolution

Rose M. Mendonca
Chairman
Clerk

July 28, 1981

Councilman Easton and Councilman Snowden

PROPOSAL FOR HOMESTEADING TAX-REVERTED PROPERTY

There are hundreds of properties that are tax-reverted to the City of Providence. Of these, the vast majority are vacant lots that can be simply disposed of at Treasurer's Sales; a small number are occupied property where the low income owners have not been able to keep up tax payments; quite a large number, however, are vacant (or about to become vacant), abandoned houses.

SWAP and the Building Inspection Department concern themselves with this last group of properties. Merlin DiConti's office spends thousands of dollars each year boarding these houses up and, if SWAP can't arrange for their homesteading, tearing them down when they suffer extreme vandalism and arson.

In those cases where SWAP can locate the previous owner of the property (the owner of the property at the time the city took Tax Title) and negotiate a reasonable price (under \$1,500), we can join together the deed from the owner and the City's Tax Title to create a clear title. The special Tax Abatement legislation for Renovation of Abandoned Houses, passed by the state legislature and the City Council in 1978, allows this joining together of the City title if the new homesteader is an owner-occupant and brings the property up to code within three years.

In those cases where the owners cannot be found, we have a problem. The only way to create clear title is to take the Tax Title and foreclose the previous owner's right to the property in Superior Court. Any claims the previous owner, or any other lienholders such as bank mortgages has to the property are eliminated, and the city receives clear title. This process is called "perfecting Tax Title," costs \$1,500 to do, and takes from four to six months, assuming no one contests the petition.

We propose that the City of Providence hire a private attorney or title company to perfect Tax Title on a selected group of vacant, abandoned Tax Reverted properties. (We anticipate that the cost per house for this work could be reduced to \$1,000 each if over 10 titles are done at the same time.) SWAP would market the properties and screen owner-occupant buyers. The buyers would pay \$1,000 for each property; in effect, paying the city back for its legal expenses. The new owners would begin paying taxes immediately to the city.

The net result is that this program would cost the city no money at all, and return tax dollars to the city coffers immediately. Eventual costs of demolition will also be avoided.

1. on docket for Council meeting
2. Call Mac + explain for cosponsor
or
Ken Smulders

Sample City Council Resolution

149

- WHEREAS the city of Providence has acquired tax title for over 300 tax delinquent properties which have structures located on them;
- WHEREAS many of these properties are vacant and abandoned, and not worth the cost for a private individual to pay the back taxes and clear the title;
- WHEREAS many of these properties will eventually have to be demolished by the Dep't of Building Inspection, at an average cost of over \$1,500 per structure;
- WHEREAS these tax reverted properties currently produce no tax revenue and are a drain on the city's tax base;
- WHEREAS SWAP (Stop Wasting Abandoned Property) Inc, a non - profit homesteading organization, has buyers interested in purchasing these properties;
- WHEREAS SWAP through the city of Providence, has received a UDAG grant to encourage homesteading by low and moderate income families;
- ✓ THEREFORE, BE IT RESOLVED that the City of Providence perfect title on twenty-five (25) tax - reverted properties preselected by SWAP; *and*
- Further*
BE IT *RESOLVED* that the city of Providence subcontract with a private attorney to perfect these titles; *and*
- Further*
BE IT *RESOLVED* that the Dep't of Building Inspection seal these properties from further arson and vandalism; *and*
- Further*
BE IT *RESOLVED* that these properties sold to owner-occupant homesteaders who will begin paying taxes immediately, bring the properties up to code within three years, and pay for that property a total sum of money equal to the legal cost of perfecting title plus 20% for a contingency pool.

Easton →

Shawder

INVITATION TO BID

The City of Providence invites Attorneys licensed to practice in the State of Rhode Island to submit bids for the purpose of obtaining perfection of Tax title of properties located in Providence, R.I., under Chapter 44-9-1 of the General Laws of Rhode Island. Attached is a list of properties covered in this bid request.

Scope of Services.

Legal services to be rendered include:

- . Representation of the City of Providence for the purpose of obtaining perfected title.
- . Preparation of all necessary documents for perfection of title.
- . All and any litigation involved should any of the petitions be answered.

Costs to be sustained by bidder includes:

- . All retainers for guardians ad - leikum and attorneys for defendants under Soldiers and Sailors Act.
- . All advertising costs.
- . All constable, Sherrifs, Filing, and recording fees.
(Expenses for depositions and other fees shall be paid by City of Providence.)

Limitations:

This bid offering is limited to attorneys who are either agents of or approved attorneys for reputable title companies in the state of Rhode Island. All work on unanswered cases must be completed within 5 months from inception of receipt of titles.

Payment procedure :

The City of Providence shall render payment for each title within ten working days of either perfection of title or resolution of the petition.

COST ESTIMATE FOR PERFECTION OF TAX TITLE

PER TITLE

| | |
|-----------------|----------|
| Advertising | \$350.00 |
| Other Attorneys | \$75.00 |
| Filing | \$50.00 |
| Title Search | \$50.00 |

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| Fixed cost, sub-total | \$525.00 |
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| Two court appearances | \$300.00 to \$500.00 |
| Contingency for extra litigation | \$200.00 |

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| Court cost, sub-total | \$500.00 to \$700.00 |
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| Total | \$1,025.00 - \$1,225.00 per title |
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S.W.A.P.

(STOP WASTING ABANDONED PROPERTY)

July 22, 1981

Mr. Harry A. Johnson, Chairman
City Properties Committee
13 Bissell Street
Providence, RI 02907

Dear Councilman Johnson:

I am writing this letter to confirm our conversation of today concerning when your committee will be able to consider SWAP's proposal to foreclose the tax title on a number of abandoned and deteriorated property.

As you know, a bipartisan resolution to this effect was heard at the June City Council meeting and referred to your committee. Already since that time, several tax title buildings have had serious fires and were subsequently torn down. It is critical, therefore, that if we are to save any houses and return them to the tax rolls, we must act promptly. I sincerely hope that your committee will indeed be able to hear our testimony concerning this issue at your next meeting on Tuesday, July 28, as you indicated you thought it would be able in our phone conversation.

Enclosed you will find some background information on our proposal. If you have any questions, please give me a call.

Sincerely,

Getz Obstfeld
Executive Director

lar
enclosure
cc: City Property Committee members

439 Pine St. , Providence, R.I. 02907

(401) 272-0526

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