



THE UNIVERSITY OF CHICAGO

HARRIS SCHOOL
OF PUBLIC POLICY

CENTER FOR MUNICIPAL FINANCE

Selling Distress:
How the Tax Foreclosure System Exacerbates Disinvestment in Cook
County Communities

The University of Chicago Center for Municipal Finance

Christopher Berry, Director

Max Schmidt, Principal Author and Researcher

September 2022

For questions or comments, please contact munifinance@uchicago.edu

This research was made possible by a grant from the Chicago Community Trust.

Executive Summary

Every year, Cook County, Illinois attempts to return thousands of tax-delinquent properties to productive status by selling liens on these properties to private buyers, yet more than 30,000 thousand properties remain unsold at any given time. In many cases, these properties continue to cycle back through the tax delinquency pipeline for years on end. A review of more than a dozen of America's largest metro communities, though, finds that Cook County is not alone in this problem.ⁱ Among thirteen jurisdictionsⁱⁱ reviewed by the University of Chicago's Center for Municipal Financeⁱⁱⁱ, including the United States' ten most populous urban counties, more than half maintained substantial backlogs of unsold, vacant, and/or publicly owned delinquent properties. This failure to efficiently return delinquent properties to productive tax status, though, is not the result of any particular procedure or administrative structure. Rather, the fundamental approach of these systems appears to be at fault – attempting to foreclose on and sell properties where decades of disinvestment have all but eliminated local demand and capacity.

Cook County's tax delinquency does not suffer from mismanagement or error, rather, as in other communities, the system generally operates exactly as intended. Even so, these systems create a series of paradoxes that undermine their very function. Tax sales attempt to encourage payment of outstanding tax debts but do so by imposing additional costs on delinquent taxpayers who often could not afford their tax bills to begin with. Lien sales seek to encourage property investment and upkeep but often disincentivize both existing and future owners from doing either. These systems, in principle, are meant to revitalize local communities, but frequently exacerbate existing underinvestment, and in extreme examples may actually shift wealth out of the communities most in need of investment.

The result, frequently, is a cycle of added costs and continued disinvestment, contributing to population loss and the physical decline and abandonment of local properties. This cycle contributes to declining property values and adds to a range of added public costs including increased emergency services, maintenance, security, demolition costs, and homelessness services, among others. These challenges are not limited only to properties immediately surrounding delinquent properties, but impact residents throughout the region. The impact of neighboring properties can impact housing costs and property values throughout the region, while added government costs are borne by all taxpayers. Moreover, where these cycles

ⁱ This report is the second in a series produced by the Center focusing on the Cook County scavenger sale and the broader tax foreclosure system. Many of the findings regarding the technical function and outcomes of the scavenger sale are discussed in more detail in the Center's first report, available at https://harris.uchicago.edu/files/scavenger_sale.pdf.

ⁱⁱ The Center evaluated New York City, NY (New York City); Los Angeles County, CA (Los Angeles); Cook County, IL (Chicago); Harris County, TX (Houston); Maricopa County, AZ (Phoenix); Philadelphia City-County, PA (Philadelphia); Bexar County, TX (San Antonio); Dallas County, TX (Dallas); Santa Clara County, CA (San Jose); Franklin County, OH (Columbus); Marion County, IN (Indianapolis); and Wayne County, MI (Detroit).

ⁱⁱⁱ <https://harris.uchicago.edu/research-impact/centers-institutes/center-municipal-finance>.

lead to population loss in the most underserved neighborhoods, the remaining tax burdens are shifted onto remaining residents throughout the region.

These challenges do not appear correlated to any particular procedural structure, nor do they clearly relate to regional housing trends or affordability. Persistent delinquency and neglect were a challenge across various tax foreclosure systems, regardless of pricing, time frames, or legal frameworks. While some communities that have long struggled with population loss and economic challenges, such as Wayne County, Michigan, do struggle with large numbers of persistently delinquent properties, so too do some of America's most expensive and fastest-growing communities, such as Los Angeles County, California, and Maricopa County, Arizona. Similarly, the Center observed backlogs across jurisdictions with both high and moderate rates of homelessness and housing-cost burdens.

In many ways, Cook County's tax delinquency system generally mirrors the practices used throughout other jurisdictions. The procedures employed elsewhere, though, as well as a review of existing literature, do highlight several best practices that may present opportunities for local reform:

- Cook County was one of only two jurisdictions to not offer any general assistance for homeowners struggling to afford their taxes or comprehensive outreach programs which help prevent properties from entering lien sales in the first place. Other communities include comprehensive intergovernmental outreach to target at-risk properties before they become delinquent and connect them with assistance programs; as well as the provision of installment-based repayment or deferrals. While foreclosure may be an effective tool for enforcing tax payments where owners simply choose not to pay, where residents are unable to afford their present tax burden, the present system likely exacerbates this problem.
- Cook County was the only community without any automatic "release valve" mechanism to address persistently delinquent or unsold properties, removing them from the traditional delinquency pipeline and providing for efficient transfer to other public or non-public entities. While both the County and the Cook County Land Bank can function as intermediaries to acquire such persistently difficult properties and transfer them to new public or private owners, these processes are initiated on a case by case basis, move extremely slowly, and may lack sufficient finality.
- Cook County was one of only two jurisdictions not to afford local authorities any discretion to decide how best to address delinquent properties. In other communities, these powers include the ability for local authorities to remove properties from tax sales and direct them to alternative programs, delay sale or foreclosure, or pursue alternative forms of collection.
- The high number of independent government entities in Cook County and the prevalence of low-capacity municipalities create significant added challenges to redeveloping delinquent properties. Many of Cook County's larger municipalities have begun efforts to reform zoning, permitting, and approval procedures to provide a more expedited and uniform process. Many of the region's smaller and more financially distressed communities lack the resources to undertake similar reforms. Moreover, the region lacks

a coordinated system to ensure these procedures do not work at odds with one another. As a result, the protracted process of completing development creates a further bottleneck for the rehabilitation of delinquent properties.

Implementation of these best practices, though, should not be expected to fully resolve the challenge of returning Cook County's backlog of delinquent properties to productive tax status. Chicago, Philadelphia, Indianapolis, Los Angeles, Phoenix, Detroit, Columbus, and the communities surrounding these cities, all utilize various examples of the above best practices and continue to experience hundreds or thousands of persistently delinquent and distressed properties. In all of these cases, delinquent and vacant properties are heavily concentrated in areas of substantial public and private disinvestment. These areas typically correlate with communities of color facing a wide range of policy challenges from lower incomes to decreased academic opportunities and higher rates of pollution. As a result, these communities struggle with severely distressed market demand for property.

Even before the added challenges of reactivating long-delinquent and distressed properties, these same communities often struggle to attract new development, while local residents frequently lack the capacity to acquire and retain these same properties themselves. While tax foreclosures, and particularly lien sales, are designed to reduce acquisition costs, often to only a few hundred dollars, these properties often come with substantial added costs and legal hurdles that can undermine their private development potential. Moreover, Cook County's reliance on lien sales for below-market-value pricing appears to contribute to the broader trend of financial institutions dominating the property delinquency pipeline. Rather than local buyers and potential owner-occupants, the majority of the region's delinquent properties are purchased instead by large, often out-of-state financial institutions. This mirrors similar trends nationwide, as in Los Angeles, where financial institutions now account for more than 22 square miles of vacant properties, accounting for 76% of all privately-owned vacant properties. As a Congressional committee recently found, the share of single-family homes owned by institutional investors has grown by 3% annually and in many communities now accounts for more than one-third of all private home sales. These buyers tend to charge higher incomes, pursue an increased number of evictions, and provide below-average maintenance.¹

Reform to these systems is still in very early stages, limited in the United States to a handful of pilot projects scattered throughout the country. While most of these projects lack the resources to achieve widespread impact, larger reforms are beginning to gain traction. New York City's recently elected mayor, council president, and numerous elected officials have called for eliminating the use of tax liens entirely, proposing a shift to internal collections and other alternative approaches. Advocates point to a wide range of alternative solutions, embracing longer-term approaches and nontraditional land use. For example, the use of land trusts to purchase problem properties and hold them in perpetuity for public benefit has expanded from only a few dozen examples a few years ago to several hundred in recent years. In a different approach, the use of planned shrinkage and strategic abandonment has become a common tool in many of America's legacy industrial cities such as Youngstown, Ohio,² allowing communities to

return abandoned properties to a natural state, end a cycle of distress and neglect in favor of public green space, ecosystem restoration and improved water management.

The findings presented here suggest that successfully reducing the number of persistently tax delinquent and otherwise distressed properties will require much broader reform to Cook County's current tax delinquency, community development, and land-use systems. Reform will require local governments to take a longer-term approach to more effectively balance near-term revenue demands with the longer-term benefit of promoting and protecting home ownership. Similarly, successful reforms implemented in other communities suggest a need to prioritize investment in existing residents. Rather than allowing tax foreclosures to function merely as a means to drive revenue from existing residents to outside investors, more successful systems would promote infill development and population growth, alongside growth in local wealth. Finally, any reform must address the significant resource investment necessary to overcome decades of disinvestment. Very often, the communities most in need of substantial governmental reform are the same communities most lacking the resources to fund those efforts.

Cook County need not remain tied to the present system; rather, the choice to maintain the present system is likely to continue exacerbating many of the region's most pressing challenges. Alternative approaches, from small experimental pilots to large-scale programs in foreign cities, demonstrate that jurisdictions can effectively collect revenues without further distressing already disinvested communities. Achieving this balance, though, will take significant effort to overcome the institutional inertia inherent in a system that has remained largely unchanged for nearly 80 years and which touches every resident of the community. Moreover, whatever alternative is pursued will require wholesale reconsideration of the way local governments approach land use and taxation.

Introduction

In principle, property tax delinquency and foreclosure procedures are intended to achieve three important policy concerns: incentivizing the timely collecting of taxes, collecting taxes that remain outstanding, and returning persistently delinquent properties to productive tax status. As such, in many communities, these systems are not only tools for revenue collection, but also a major component of community development, housing, and land use efforts of most metro regions. These systems are generally very good at achieving these first two goals. Cook County, for example, collects more than 99.5% of all tax debts in any given year.³ The effectiveness of these systems at returning problem properties to productive use is far less clear. Many of America's most populous communities continue to maintain stockpiles of thousands of tax delinquent and heavily distressed properties that cycle through the delinquency pipeline for years or otherwise end up a public charge. In Cook County, more than 30,000 delinquent properties, mostly isolated vacant lots, fail to sell to new owners in any given year, making up a substantial portion of the county's more than 50,000 vacant and publicly owned properties.

While a survey of best practices in the delinquency and foreclosure field suggests several areas for reform, including the inclusion of assistance programs, local discretion in how delinquent properties are addressed, and an effective mechanism for efficiently and permanently resolving persistently delinquent and problematic properties. None of these reforms, however, should be expected to completely resolve the matter of successfully transferring properties to new productive use. Rather, all of these best practices are present in other jurisdictions that nevertheless struggle with similar property backlogs.

A review of the tax delinquency and foreclosure procedures in thirteen of America's largest metro regions suggests that the inability to efficiently transfer delinquent properties to new ownership is not the result of any technical defect in a particular system, but rather the result of the structural relationship between tax foreclosure and historic disinvestment. These systems disproportionately impact lower-income communities and communities of color that have struggled with disinvestment and decline for decades, resulting in severely distressed local markets with little demand for property on either the private market or through public sales.

This same economic distress then places many residents in a position where they are unable to afford their tax burden. As a last resort, this scenario can result in the eviction of existing occupants and the sale of properties back to the same distressed community from which existing residents have just been evicted. In the absence of local demand, officials often attempt to instead sell these properties to local developers. This approach expects developers to accept the added costs associated with physical distress and the added complexity of acquiring, financing, and successfully redeveloping distressed properties, in a neighborhood with a reduced likelihood of recouping costs, rather than pursue market-rate development elsewhere. In practice, this process typically results in the sale of a limited number of properties to financial investors with little incentive to care for the property in question or pursue long-term rehabilitation, contributing to a cycle of further neglect and decline.

The following report expands on this need for more system reform in four parts. Part I provides a brief introduction to tax delinquency procedures, both generally and in Cook County,

as well as the relationship between tax delinquency, foreclosure, and vacancy. Part II compares the delinquency and foreclosure procedures in thirteen of America's largest urban communities. Part III draws on the systems used in other communities as well as existing research to provide a survey of best practices. Finally, Part IV uses the lessons learned from the previous two parts to critique the present approach to tax foreclosure as a community development tool, both in Cook County and more generally.

I. Background

A. Tax Delinquency and Foreclosure

For most communities, property taxes represent the largest source of local government revenue, accounting for more than one-third of all local own-source revenues nationwide. At a time when local governments face mounting fiscal challenges, the timely and reliable collection of outstanding property taxes is vital to ensuring basic municipal functions. In large urban jurisdictions such as Cook County, where approximately 5% of property taxes become delinquent in a given year, even this small subset involves tens of thousands of properties and more than \$700 million in outstanding tax revenue.⁴ A combination of state and local tax delinquency and foreclosure laws serve as the primary means of collecting these outstanding revenues. These same procedures often also serve as a mechanism to return persistently delinquent properties to productive tax status.⁵

Specific procedures vary from one jurisdiction to another, generally following one of four basic approaches. The first of these, a default for many properties, is that a jurisdiction may choose to take no affirmative action at all. Because property taxes constitute a lien on an underlying property, local governments need not take immediate action to collect outstanding debts. In communities with limited property availability and rapid redevelopment, a jurisdiction may elect to wait to collect taxes from the revenue of any future sale. In some communities, though, the decision not to take any further action against delinquent properties is simply the default when other efforts fail. Alternatively, tax authorities that hold their own liens can continue to pursue collection without taking further action. Whether or not a debt is eventually collected, any inaction or delay will come with added public and private costs associated with further decline and disinvestment.⁶

A second approach is to immediately foreclose on outstanding liens through either strict (properties are transferred to jurisdictions directly) or power-of-sale (properties are put up for forced sale) foreclosure. Local governments can then reuse seized properties for community use or collect outstanding debts from sales revenue. Whether a property is transferred to a public or private entity, existing owners typically lose any rights to the property as soon as the transfer is confirmed.⁷

Alternatively, jurisdictions may sell a lesser interest in delinquent properties with the possibility of future foreclosure. This is the approach taken in Cook County. A jurisdiction may either sell an actual property interest in the form of a deed subject to a right of redemption, or the jurisdiction may securitize the underlying debt and sell a financial interest in the form of a

certificate of sale. Deed buyers acquire legal ownership of properties up front but cannot take physical possession of a property until the current owner fails to repay the outstanding debt within a specified period. Lien buyers, on the other hand, acquire a right to collect the outstanding debt themselves and may foreclose on the lien at a later date, either through strict or power-of-sale foreclosure. Jurisdictions may sell liens either to individual buyers or through a bulk sale to a public or private financial institution. While bulk sales ensure that all liens are sold, bulk buyers typically pay a discounted price.⁸

Finally, local authorities may elect to transfer delinquent properties, or a lesser interest therein, to a separate public or nonprofit entity such as a land bank or community development authority. In most such cases, the public entity uses the same transfer mechanism as a private buyer. For example, in Cook County, both public and private buyers acquire the same tax liens through a single auction process. Many jurisdictions do, however, allow public or nonprofit buyers to bid on properties before private buyers for reduced or nominal value, or through expedited procedures.⁹

Most tax authorities employ a combination of these approaches, targeting alternative solutions at different stages in the delinquency pipeline, or for properties of varying type, condition, and occupancy status. For example, a single jurisdiction may forego any action for an initial grace period, pursue strict foreclosure for vacant properties, offer improved properties for a deed sale subject to redemption, and transfer any remaining properties to a local land bank.

Regardless of structure, each step of this process requires a public decision to be made that can ultimately result in the loss of substantial property interests. Jurisdictions must balance the need to collect revenue with the need to keep existing residents in their homes. The resulting procedures, in turn, must balance the perceived efficiency of administrative decision-making with the legal protections of a judicial forum. Most states employ combined systems in which courts oversee key decisions within an otherwise administrative process. Jurisdictions may also employ administrative procedures to expedite the foreclosure process for certain properties. Regardless of the procedure, tax foreclosures typically operate in a quasi-judicial fashion, employing judicial standards of service and notice, and affording some opportunity for a property owner to mount a defense.

B. Vacancy and The Exponential Cost of Neglect

Cook County's property tax delinquency system is very effective in achieving its primary purpose of collecting outstanding tax revenue, collecting more than 99.5% of all taxes either from the property owner or the purchaser of an initial lien. The process does not, however, achieve the secondary purpose of returning distressed properties to productive tax status. Instead, more than 61% of properties listed in the scavenger sale between 2007 and 2019 failed to ever sell, while approximately 7%^{iv} ever returned to normal tax status.¹⁰

^{iv} Public records provided by the Cook County Treasurer were used to calculate this figure, which reflects the portion of properties which were recorded as being removed from the scavenger sale via sale or no cash bid and never returned. This data did not include information regarding final disposition of properties, i.e. was the property sold and successfully "taken to deed." This information can only be determined through review of

As a result, Cook County struggles with a large number of properties for which tax delinquency becomes a persistent cycle. For example, most scavenger properties have already been unsuccessfully offered in three previous years' tax sales, and 60% have been listed three or more times.¹¹ As properties cycle back through the delinquency pipeline year after year, the cost for property owners to reclaim their properties increases exponentially with interest and fees. In turn, increased financial distress can cause owners to forego routine investment, turn to nontraditional lending products that may leave them more financially distressed, and ultimately abandon the property entirely. In many jurisdictions, tax delinquency is used as a primary early warning for future abandonment and the need for intervention.¹²

As both financial and physical distress increase, redevelopment of properties can become increasingly unfeasible. Long-term abandonment can add a range of additional costs, including added demolition and construction, environmental mitigation, infrastructure replacement, and added legal and permitting costs. In 2014, for example, New York City spent approximately \$99,000 per unit to renovate existing affordable housing. Where existing properties were so deteriorated as to require demolition and reconstruction, those costs grew to an average of \$375,000.¹³ A nationwide review conducted by Fannie Mae in 2021 noted that while many existing properties can be converted to new use with minimal rehab, gut rehabs could increase these costs by more than \$40,000.¹⁴ Where surrounding property values are already significantly depressed, even jurisdictions which offer properties for less than \$1,000 may struggle to sell thousands of properties.

Previous studies have documented this same cycle throughout the country, from smaller legacy industrial communities such as Cincinnati and Cleveland to larger communities such as Philadelphia. While some larger communities such as New York City and Boston have been able to break this cycle through widespread redevelopment, others such as Detroit and Youngstown have responded with a policy of planned shrinkage in which local governments adapt to a smaller population.¹⁵

The costs of vacancy are not limited to individual properties with surrounding properties losing up to 20% of their market value as a result of nearby vacancies.¹⁶ Nationwide, Vacancy also imposes added public costs associated with increased emergency services, nuisance abatement, and demolitions.¹⁷ As of 2019, the City of Chicago spent more than \$800,000 annually on holding costs alone for the city's approximately 8,000 publicly-owned vacant properties.¹⁸ At the same time, vacant properties present a substantial loss of local government revenue. Where tax delinquency ends in foreclosure, the effort to collect public revenues can result in the eviction of existing households. As the Cook County Government noted in 2021, evictions can cost landlords more than \$3,000 to evict existing tenants and solicit new ones, while the public cost of allowing a person to remain homeless can be as much as \$30,000 to \$50,000 per year.¹⁹

While these impacts are most acute in lower-income communities, these added costs are passed on to residents throughout Illinois and the surrounding region. The cost of housing and

individual property records held by other County agencies and not reviewed for this or any other Center study. The Cook County Treasurer disputes this value and contends that between 2007-2019 13.6% of scavenger sale properties were successfully taken to deed, while another 11% were redeemed.

homelessness services, emergency services such as police and fire, community development projects, and a slew of other public services related to property delinquency, decline, and abandonment are not paid for only out of local coffers. State and county funds make up substantial portions of the budgets for all of these services, budgets funded by the tax revenue collected from all residents, not just those living in distressed neighborhoods. When residents move in response to increased taxes or broader neighborhood distress, they take their tax dollars with them, increasing the tax burden on the residents who remain, including those living throughout Cook County and the broader region. When property values decline in one corner of the region, they can act as an anchor for property values regionally. When neighborhood distress becomes is allowed to persist and spiral it becomes a barrier to attracting new residents and investment. When businesses close or move due to declining neighborhood conditions or increased tax rates, they often take their jobs with them, jobs held by residents throughout the region, not only in the immediately adjacent community. These impacts are not even limited to Cook County, as economic decline persists, fueled in part by the cycle of decline and abandonment discussed here, those impacts spread to neighboring counties and even other states, as is the case in northwestern Indiana. In short, the challenges posed by persistently distressed and delinquent properties are merely the start of a much larger cycle that can and does spread to neighboring communities. These problems cannot be confined to isolated neighborhoods and simply ignored. Rather these impacts impose costs on all residents throughout the region and the state, even when those residents live in communities with relatively few vacant or delinquent properties, or where their own community enjoys relative prosperity.

In many communities, tax delinquency and foreclosure are disproportionately concentrated in communities of color, characterized by historic disinvestment, above-average vacancy, and below-average property values. In many of these communities, decades of population decline and commercial disinvestment have eroded local tax bases and forced local governments to respond with increased tax rates for remaining properties, contributing to a cycle of further population decline.²⁰

While tax delinquency can be a frequent source of fiscal distress and future abandonment, tax foreclosure also presents an opportunity for public intervention. Beyond limited authorities such as building and fire codes, municipalities are limited in their power over private land use. Tax delinquency provides a rare opportunity to directly intervene in the use and condition of neglected and abandoned properties. Well-structured, delinquency and foreclosure procedures allow local governments to leverage the property interest inherent to a tax lien to compel corrective action, take possession of properties, or facilitate new ownership.

In areas facing persistent underinvestment, tax foreclosure often serves as one of the primary mechanisms for local governments to address problem properties. While not the only strategy available, tax foreclosure avoids many of the limitations that come with other approaches. Eminent domain, for example, can achieve the same outcomes in a much shorter period of time but is limited to properties reused for public purposes and requires local governments to pay fair market value. Alternatively, vacant property receivership can allow local authorities to compel or even facilitate property redevelopment, but frequently require the government to cover the cost upfront with no guarantee that these costs will ever be

recouped.²¹ Tax foreclosure allows local governments to achieve the goals of compelling property rehabilitation and potentially transferring ownership within existing systems, and in many communities has been directly integrated into the regions' broader housing and community development goals. Cook County, in particular, relies on tax sales as the principal source of properties for the county-wide land bank.

C. Cook County Tax Foreclosure Procedures

Cook County utilizes a unique tax foreclosure process unlike any other in the state. This two-stage process serves two legislative goals: first, collecting outstanding tax debts through the annual sale of tax liens, and second, returning delinquent properties to the tax rolls through the scavenger sale. The process begins as soon as a property's taxes become delinquent, at which point fees and penalties are added to the outstanding balance. Properties are then listed for an initial tax sale the following year. In this first tax sale, certificates of sale are sold to the bidder who agrees to charge the lowest penalty (maximum penalties are 18%)²². In practice, this often reduces the winning bid to 0% interest (though buyers receive the right to pay future taxes on the same property during the life of the lien and charge 12% interest on those amounts). Delinquent properties which fail to sell at three or more years' tax sales are subsequently listed for sale at a bi-annual scavenger sale. In this second stage, bids start at \$250 and frequently sell well below either a property's outstanding debts or its fair market value. Properties that are not sold at the scavenger sale are relisted at each subsequent scavenger sale for a period of up to twenty years before being forfeited to the state (in practice, the State of Illinois rarely actually takes possession and the County simply eliminates the outstanding debt).²³ The County's most recent scavenger sale, held in February of 2022, involved more than 31,000 properties (excluding properties which were redeemed after the initial listing of eligible properties, more than 27,000 properties were offered at the actual sale).²⁴

When a lien is sold, the value of the outstanding taxes is stricken from the rolls, replaced by the revenue from the sale which is split proportionately among the various tax authorities responsible for the underlying taxes. Properties "bought" at the tax sale receive a certificate of sale entitling them to collect a property's outstanding tax debt, including any interest or fees, while purchasers at both the tax and scavenger sale receive the potential right to pursue future possession of the property. The owner of a delinquent property can save, or "redeem," their property from foreclosure by paying the outstanding tax debt, interest and fees within a statutory redemption period. Redemption periods begin as soon as a lien is sold and run between six months for vacant unoccupied property with two or more years delinquent taxes, and between two to two and a half years for other property types. Current owners may request a six-month extension of these redemption periods. If the owner of a property fails to redeem their property, the holder of a tax certificate is entitled to pursue a tax deed through a judicial order.²⁵

A certificate holder must proactively petition the court for a tax deed and provide constitutionally sufficient notice to any other parties with an interest in the property. The certificate holder does not, however, need to offer the property at a foreclosure sale, and instead takes possession of the property directly. While tax deeds are meant to provide

“merchantable title,”²⁶ the issuance of a tax deed may not fully eliminate all outstanding interests in the property. A certificate holder seeking a tax deed may still need to settle other outstanding debts on the property before taking title free and clear. Certificate holders may face challenges ensuring or selling title to the property if other interests cannot readily be resolved. If after three years from the purchase of a tax certificate, the property has not been redeemed and the certificate holder has not initiated action for a tax deed, the certificate expires. When a certificate expires without action, the original tax debt is reinstated and the property is relisted in the next sale.

Alternatively, liens sold at either the tax or scavenger sale can effectively be reversed by having the sale declared in error. Buyers or other parties can petition to have a court declare a sale in error for a wide range of reasons, and if the petition is granted the buyer receives a full refund of any amounts paid. In principle, this process is intended to be a fail-safe mechanism to undo sales that resulted from significant errors such as selling a property which was not actually eligible for sale. In practice, though, sales can be declared in error for a wide range of reasons, including modest changes in the conditions of the underlying property. If a tax buyer does not pursue a deed to the property, a sale in error may be declared at any time up to one year after the end of the redemption period – in practice, this means such sale in errors can be declared more than three years following a sale). Whether a property is returned via an expired certificate or a sale in error, this process can tie up properties for years only to leave a property saddled with the added debt of those years. For example, by the time a property is sold at the scavenger sale it will have already been delinquent for at least three years. A lien-buyer can then wait until the end of a two-year redemption period to file for a sale in error declaration and can expect to be tied up in court proceedings for at least another year. When the property is finally resold, it will likely be at least five years delinquent.

The actual auction for both the tax sale and scavenger sale is held in person during normal business hours (scavenger sales will move online in 2024). Until 2022, a list of properties to be included in each sale was published online in PDF format, as well as in newspapers before the sale. These lists include only basic information including a property’s address, property identification number (PIN), and the starting bid price. Additional information, such as property conditions, code violations, outstanding encumbrances, and other ownership interests must be determined by the bidder on their own. In 2022, the Cook County Treasurer^v began listing properties online in a searchable format, allowing potential buyers to view properties mapped and with links to pertinent data such as property and tax records. Even under this new system, the burden of evaluating the actual condition and risk of each property continues to fall entirely on prospective buyers; and substantial risks remain given the inaccuracy and inaccessibility of many property records.

In addition to private buyers, government entities including the county, municipalities, and special purpose districts may also acquire properties through tax and scavenger sales. These

^v The Cook County Treasurer is an elected office, independent of the Cook County Board of Commissioners and other county-wide offices. The office is responsible for the collection and distribution of all property taxes county-wide, including the administration of the county’s annual tax sale and biannual scavenger sale. See “Duties and Responsibilities,” Cook County Treasurer, <https://www.cookcountytreasurer.com/dutiesandresponsibilities.aspx>.

acquisitions occur almost exclusively at the scavenger sale, where public entities may place a “No Cash Bid,” which allows the government body to bid the value of the full outstanding debt, without actually having to pay any value. This process not only allows the government bidder to purchase the tax certificate but also has the effect of raising the starting bid on properties, a practice that is also used to dissuade speculative purchasing. However, this same process may limit viability for smaller bidders as well by increasing the minimum bid from \$250 to the full value of all outstanding debts. Nearly all no cash bids placed in the scavenger sale are placed by the Cook County Land Bank Authority (CCLBA)^{vi} on behalf of the county. Like private buyers, the CCLBA may eventually pursue a tax deed in the event an owner fails to redeem their property. Because the CCLBA does not pay anything upfront to acquire properties, though, they do not have any right to collect and keep any of the outstanding debt or interest.²⁷

^{vi} The Cook County Land Bank Authority is one of two land banks operating in Cook County, operating independently of other government agencies, with oversight from the Cook County Board of Commissioners. The CCLBA is tasked with acquiring and transferring real property throughout Cook County for purposes of reusing distressed properties, supporting neighborhood stabilization, and encouraging community development. See “About Us,” Cook County Land Bank Authority, <http://www.cookcountylandbank.org/about/about-us/>.

II. Comparative Analysis^{vii}

Tax delinquency and foreclosure procedures are primarily set by state law, though local government structures, community characteristics, and housing and community development policies can create substantial differences even among jurisdictions within the same state. A comparison of these variations highlights the relationship between particular structures and outcomes, as well as common challenges faced across jurisdictions. Recognizing that heavily urbanized regions face a unique set of policy challenges, the Center reviewed the basic components of tax delinquency and foreclosure procedures across America’s ten largest urban communities, as well as three smaller communities, included based on their geographic proximity. The communities share broadly similar populations, sizes, and densities, and include:

Fig. 1 – Reviewed Jurisdictions ²⁸

City	New York City	Los Angeles	Chicago	Houston	Phoenix
County	Multiple	Los Angeles	Cook	Harris	Maricopa
State	NY	CA	IL	TX	AZ
City Population - 1	8,336,817	3,989,576	2,693,976	2,320,268	1,680,992
City Population Rank - 1	1	2	3	4	5
County Population - 2*	8,336,817	9,943,046	5,108,284	4,738,253	4,579,081
County Population Rank - 2	2	1	3	4	5
City	Philadelphia	San Antonio	San Diego	Dallas	San Jose
County	Philadelphia	Bexar	San Diego	Dallas	Santa Clara
State	PA	TX	CA	TX	CA
City Population - 1	1,584,064	1,547,253	1,423,851	1,343,573	1,021,795
City Population Rank - 1	6	7	8	9	10
County Population - 2	1,578,487	2,026,823	3,332,427	2,635,888	1,907,105
County Population Rank - 2	22	15	6	9	18
City	Columbus	Indianapolis	Detroit		
County	Franklin	Marion	Wayne		
State	OH	IN	MI		
City Population - 1	898,553	876,384	670,031		
City Population Rank - 1	14	17	24		
County Population - 2*	1,324,624	966,183	1,740,623		
County Population Rank - 2	29	48	19		

^{vii} Local tax procedures are set by a combination of state and local law in most jurisdictions, drawing from numerous separate statutes. The descriptions provided here are based on various statutes and provisions from each jurisdiction, as follows.

- Maricopa County, Arizona – Arizona Revised Statutes Title 42, Chapter 18
- California – California Code, Revenue and Taxation Code, Part 5 – 7.5, Sections 2501 - 4531
- Cook County, Illinois – 35 Illinois Compiled Statutes 200, Property Tax Code, Title 7
- Indianapolis-Marion County, Indiana – Indiana Code, Title 6-1.1, Chapters 24 & 25
- New York City, New York – 2019 New York Laws, New York Real Property Actions and Proceedings, Article 11, Section 1104; *and* New York City Administrative Code, Title 11, Chapters 2-4
- Philadelphia, Pennsylvania – Pennsylvania Consolidated Statutes, Title 53, Chapter 25; PCS Title 68, Chapter 21, Section 2117; Real Estate Tax Regulations for City of Philadelphia and School District of Philadelphia
- Franklin County, Ohio – Ohio Revised Code, Title 57, Chapters 5721 – 5723.
- Texas – Texas Tax Code, Title 1, Subtitle E, Chapter 34.
- Wayne County, Michigan – Michigan Compiled Laws, Chapter 211

Where specific programs or examples are included, additional citation has been provided.

Among these communities, all but two jurisdictions manage property tax procedures at the county level (Indianapolis/ Marion County and Philadelphia operate consolidated city-county governments).^{viii} New York City's tax collection is handled at the municipal level, which includes the city's five county-level boroughs; while the City of Dallas and Dallas County operate parallel systems covering separate groups of municipalities.

While delinquent properties are heavily concentrated in distressed neighborhoods throughout various jurisdictions, regional housing markets do not demonstrate a clear correlation with the success of local delinquency procedures. In short, while many of the communities with few persistently delinquent properties, such as San Jose, Dallas, and Harris Counties, are anecdotally known for their hot housing markets, this correlation was not uniform. Rather, even communities that rank high in some measures of demand, such as Los Angeles County, which has the third-highest property values nationwide, maintain some of the largest backlogs of properties across all evaluated jurisdictions. Nor was there any clear correlation between a jurisdiction's success at disposing of delinquent properties and regional housing burdens. For example, three of six communities with few delinquencies ranked among America's top ten most housing-cost-burdened communities, so too, though, do three of the jurisdictions which do maintain substantial delinquency backlogs. Similarly, both jurisdictions with and without substantial delinquency backlogs demonstrated some of America's largest homeless populations.

The following compares the thirteen included jurisdictions across nine components or measures: sale type, judicial versus administrative procedure, pricing, procedures for unsold properties, timing, use of expedited procedures, use of sale restrictions or reversionary rights, provision of taxpayer assistance, and local discretion.

A. Sale Type

Jurisdictions used a range of sale structures, with most communities utilizing power-of-sale foreclosure to directly transfer delinquent properties to new owners. Seven jurisdictions utilize deed sales, including five jurisdictions that exercise power-of-sale foreclosure to sell properties to the highest bidder, transferring title directly to the new owner. Wayne County, Michigan, Maricopa County, Arizona (Phoenix), and the three California jurisdictions use a similar process of strict foreclosure subject to mandatory sales, transferring title to the local taxing jurisdiction first before transferring to the new owner upon a future sale. Texas jurisdictions may exercise an alternative process for abandoned vacant properties, under which the jurisdiction may take possession directly, subject to a power of sale.

Three jurisdictions, including Cook County, exclusively provide lien sales with strict foreclosure, allowing the lienholder to directly acquire the property after a redemption period

^{viii} While property tax procedures are typically handled at the county level, the Center chose not to focus exclusively on America's largest counties, as a number of these counties are exclusively suburban and poorly suited for comparison among urban regions.

without offering the property for sale first. New York City uses lien sales as well but conducts a single bulk sale to a public trust. The trust is overseen by the City Council and charged with pursuing collection up to and including exercising a right to strict foreclosure. The trust securitizes the outstanding debt and issues bonds to cover the upfront cost of purchasing the liens, typically at a discount.

Franklin County, Ohio exercises a combination of all three approaches: annually selling liens in bulk, while selectively using power-of-sale and strict foreclosure to transfer select properties directly. In Ohio, counties may petition to foreclose on abandoned properties, independent of the normal tax foreclosure process, and either take possession directly or transfer the property to a nonprofit third party. This mechanism is widely used for transfers to local land banks and community organizations. Private parties may file similar petitions for nuisance properties, but such properties must be put up for auction, private parties cannot pursue strict foreclosure.

Both Philadelphia and the three California jurisdictions have the legal authority to use lien sales in addition to their existing deed sales but rarely exercise this power. No California county currently offers lien sales, while Philadelphia has offered a bulk lien sale only twice since 1997.²⁹

B. Judicial vs. Administrative

All jurisdictions outside of California use some combination of administrative and judicial procedures to facilitate the sale and transfer of tax liens and tax-delinquent properties. Nine jurisdictions, including Cook County, use a judicial process to administer either sale of properties or the final transfer of a deed. The nature of these proceedings varies substantially with some jurisdictions using summary judgments over key steps, while other jurisdictions use traditional judicial foreclosure procedures to facilitate the entire process. Wayne County, Michigan requires a summary judicial order to approve the initial transfer of delinquent properties to the county, while the subsequent sale and deed transfer is handled through an administrative process. Four jurisdictions, Franklin County and the three Texas jurisdictions require judicial foreclosure for occupied properties but provide for expedited administrative seizure of certain vacant delinquent lots.

The three California jurisdictions were unique in their use of a purely administrative process in which properties can be transferred to local governments and new private owners without court involvement. Even in these jurisdictions, interested parties may still petition to move their case to a judicial setting. Regardless of administrative or judicial procedure, all jurisdictions impose similar notice requirements. All jurisdictions also afford some level of expedition for all or some tax foreclosure matters through a variety of mechanisms including bulk petitioning, summary hearings, and the prioritization over other pending court matters.

C. Pricing

Ten of thirteen jurisdictions offer properties or liens to the highest bidder, with bids starting at either a property's fair market value or the total outstanding taxes, penalties, interest,

and other costs. Maricopa County and Cook County both sell liens to the lowest bidder, meaning the bidder willing to accept the lowest interest. In Cook County, this results in most liens being sold for 0% interest.^{ix} New York City's single bulk lien sale is offered in a non-competitive negotiated sale; in recent years these liens have been sold for a discount, collecting, on average, 73% of all outstanding tax debts between 1997 and 2015.³⁰

In jurisdictions that rely on sale to the highest bidder, particularly where the minimum starting bid is a property's market value, as is the case in California, communities have an opportunity to capture surplus revenues. In most cases, local jurisdictions return any revenue over the total outstanding debt to the original property owner (in many cases, though, such properties are still sold well below market value, leaving little revenue left over). By contrast, the sale of properties below the outstanding debt can result in not only the loss of an individual's home but also any equity therein. This is important not only because a person's home is typically their largest single asset, but also because a large number of delinquent properties are not subject to any private mortgage.^x

D. Unsold properties and alternative pricing

In many cases, tax-delinquent properties, particularly isolated vacant lots such as those that make up the bulk of the scavenger sale, may have extremely little market value. These properties may also be subject to additional financial and physical encumbrances, and physical and environmental distress. Purchasing such properties for the full value of outstanding debt may not be financially viable. To address this, all jurisdictions employ a range of alternative pricing mechanisms, generally taking one or a combination of three basic strategies.

The most common approach, used in eight jurisdictions, is to allow local collecting authorities the discretion to resell unsold properties at a reduced price, usually the "best available price" or the price that is "in the best interest" of the community. In seven of these jurisdictions, unsold properties or liens are immediately transferred to a local government entity that can either relist the property at a future public sale, sell the property through negotiated sale, or offer the property for sale over the counter. In Franklin County, where sales are facilitated through judicial foreclosure, the court overseeing the sale, rather than the taxing authority itself, has the discretion to set a reduced price after a failed initial offering. Properties left unsold after this point are transferred to the state and continue to be relisted for sale at a discretionary price set by the county.³¹

A second approach, used in Wayne and Cook Counties, utilizes two-stage statutory sale schemes under which state law explicitly provides for a reduced-price sale. In both cases, unsold properties are relisted for sale to the highest bidder, with minimum bids starting at \$500 in

^{ix} Buyers who purchase liens at 0% interest retain the right to charge administrative and legal fees; lien holders are also entitled to pay any future taxes on the property and charge full interest on those amounts. In Cook County, for example, a lien holder may collect 0% interest on the principal lien amount, but could potentially charge up to 12% interest on up to two years of subsequent taxes.

^x To protect their investment, traditional mortgage providers employ escrow accounts to ensure property taxes are paid even when an owner misses a mortgage payment.

Wayne County and \$250 in Cook County. In Wayne County, this secondary sale immediately follows the initial sale and accounts for the vast majority of all tax sales. In 2013 Wayne County sold 800 properties in the initial round and more than 8,000 properties in the secondary sale. Local officials describe this outcome as the result of investor purchasers who have gamed the system. Because Wayne County sells actual properties, not liens, buyers' returns come from resale revenue. As a result, there is no added benefit to purchasing at the initial sale if the same property can be procured for substantially less at the next sale.³²

Cook County, in contrast, sells liens, and as such, buyers' primary returns come from the repayment of outstanding debts and interest. This incentivizes buyers to prioritize properties not necessarily with the greatest market value, but with the best chances of collecting outstanding debt. In turn, there is no real advantage to waiting until a secondary sale. The result is that the bulk of liens are purchased at the initial sale, while the secondary scavenger sale effectively becomes a catch basin for mostly abandoned properties with little market value and a low probability for future collections.

Finally, local and state law may provide no alternative mechanism for unsold properties, as is the case in Maricopa County and Philadelphia. Philadelphia has no explicit statutory mechanism for relisting unsold properties, but local authorities have broad discretion to either relist properties at a future sale, pull them from future sales, or pursue alternative collections. Because these properties are sold via judicial foreclosure, it is also possible for the jurisdiction to pursue a sale at a reduced price with court approval. In practice, many of these unsold properties are sold for a reduced value to the local land bank. In Maricopa County, unsold liens are immediately transferred to the state where they are relisted for sale over the counter at the minimum bid.

E. Timing

Timing is another factor that varied substantially among jurisdictions. Despite the added costs of delay, in many of the jurisdictions reviewed, the process for disposing of delinquent properties can take years to complete, even under the most optimistic timeline. The timing of a tax delinquency process can be divided into four stages, with the duration and variation of each stage designed to address separate policy goals.

Stage one is the period before a sale: how long a property must be delinquent before local authorities can start the process of transferring property interests, a timeframe typically addressing separate policy objectives. A short timeframe in this first stage allows local governments to recoup outstanding revenues more quickly and to intervene early before a property is allowed to deteriorate further. On the other hand, the longer a jurisdiction waits to act, the more time an owner has to come into compliance. Seven jurisdictions, including Cook County, can sell a property after the first year of delinquency, while two others can sell after one and a half years of delinquency. Many of these jurisdictions offer longer delinquency periods depending on a property's type, condition, and occupancy status, which can extend this period up to three years in some communities. In California and Wayne County, property owners must be delinquent for at least three years before their property can be sold.

The second stage at which the foreclosure timeline can vary is the sale or transfer process itself. The length of this stage is determined by many factors including the type, structure, and frequency of sales, and ranges from less than ninety days to four years, with most properties undergoing initial sale within six to twelve months of initial eligibility. California's purely administrative strict foreclosure facilitates both the fastest and slowest possible processes, allowing local authorities to either sell properties immediately upon taking possession or wait up to four years from initial eligibility (the actual administrative process typically takes at least ninety days).

Sale frequency can also have a significant impact on procedural timelines at this stage. Jurisdictions that employ administrative or otherwise expedited procedures at this stage typically complete the initial sale process in less than a year. While some jurisdictions offer annual sales, others offer sales throughout the year. Marion County, for example, offers at least four sales per month, while Texas jurisdictions use private law firms to facilitate thousands of individual sales year-round.³³ The use of judicial oversight at this stage, too, can drastically increase the duration of this phase of the process. In Ohio, for example, occupied properties that must go through individual judicial foreclosure see typical timeframes of two to three years to complete an initial sale, while properties that proceed through the state's expedited foreclosure can be sold in less than six months.

The third stage, present in all the lien jurisdictions and the Texas jurisdictions, is the post-sale redemption period. Redemption period duration varies widely, and most jurisdictions offer multiple redemption timeframes depending on property type, condition, occupancy, and where in the pipeline the property is sold. For abandoned, vacant, unoccupied, or unsold properties, redemption periods ranged from as little as 45 days in Ohio to six months in Cook and Marion Counties. Under non-expedited procedures, used in most jurisdictions for occupied and homestead properties, redemption periods ranged from nine months in Philadelphia to three years in New York City, and Maricopa and Cook Counties. For the remaining five jurisdictions, all deed sale jurisdictions, deeds are transferred immediately upon sale (or within a nominal time frame depending on the actual procedure).

The final stage of the foreclosure pipeline is the total amount of time that a property can remain delinquent after an initial sale before the property is pulled from the pipeline. This represents the longest stage in most jurisdictions, frequently limited only by the statutory expiration of the underlying lien, which can last for three to twenty years depending on the jurisdiction.

In five jurisdictions, including Cook County, these timelines are mandatory (though minor fluctuations may arise depending on practical factors such as court delays). In the remaining jurisdictions, local authorities have the discretion to extend these timelines, most commonly by delaying the initial foreclosure or sale. This discretion is applied in various ways. In some jurisdictions, such as New York City, Philadelphia, and Marion County local officials use targeted extensions for individual properties for which foreclosure is not expected to be the most effective means of collection.³⁴

F. Expedited Procedures

As traditional foreclosures can take years to complete, all jurisdictions provide some level of expedited procedures for their tax sale process, the extent of which varies substantially. To one extreme, California's purely administrative procedure, allows for the most expedited process, in principle, though actual disposition can take years. At the other extreme, Texas requires individual foreclosure hearings for each property before a sale, with exceptions as outlined below. However, courts may still appoint an officer of the court to oversee all tax foreclosures, handling the bulk of the process and recommending a final decision for each property, which the court can formally enter in a summary fashion.³⁵ Ohio requires individual foreclosure hearings only for a final sale, and does not require such hearings before proceeding to lien sales.

In all other jurisdictions, local authorities can petition to convert outstanding debts into liens and proceed to a sale in a single expedited judicial or administrative process, rather than having to proceed against each property individually. In Michigan, this initial petition is handled through a summary hearing process, and no further court involvement is needed to complete the sale and deed transfer. In the remaining six jurisdictions, while the initial petition for sale is accomplished through a single expedited process, the actual final deed transfer requires an individual court hearing. In Marion County and Philadelphia, this final process is also summary, while New York City requires a full foreclosure hearing, but prioritizes these hearings over all other court matters.

In seven jurisdictions (Cook County, California, Ohio, Texas, Indiana, and New York City), the process can be further expedited for certain problem properties, generally abandoned properties that present an active nuisance (code violations, safety concerns, etc.). In Texas jurisdictions, these properties can be seized by local authorities administratively without court involvement. In New York City, local authorities can apply for *in rem* foreclosure^{xi} against these properties outside of the normal lien sale process, reducing the time frame for a final transfer. In Indiana, Cook County, and California jurisdictions, such problem properties are handled through the same process, but if the property is designated for specific conversion to affordable housing, the time frames for proceeding to foreclosure, administering the transfer, and redemption are all reduced. Finally, Ohio jurisdictions can foreclose all abandoned properties in a single administrative hearing before the local Tax Review board, and petition for a reduced redemption period.

In all of these jurisdictions, individual property owners always have a right to challenge their tax debt and foreclosure. This process typically moves the property out of any expedited or bulk process and allows the owner to be heard and present a defense specific to their property. Some jurisdictions offer this appeal opportunity first in an administrative setting, as is the case in Illinois, while others immediately proceed to a judicial hearing. Given the constitutional due

^{xi} *In rem* foreclosure is a practice permitted to one extent or another in all fifty states, whereby a party, often a government body, may bring suit against an underlying property rather than an individual person. This process is frequently used, as in New York City, to pursue collection through the underlying value of a property where an individual owner can either not be identified or refuses to cooperate.

process concerns involved with seizing and selling someone’s property, all jurisdictions afford owners some opportunity to appeal any administrative decisions to a judicial body.

G. Sale Restrictions and Reversionary Rights

When properties are sold through tax foreclosure, there is a public expectation that the property will be redeveloped or otherwise returned to productive tax status. Often though, many jurisdictions struggle with a pattern of continued delinquency and neglect. To address this challenge, jurisdictions employ several tools to limit who can purchase tax-delinquent properties, and provide enforcement mechanisms to ensure properties are properly used. All jurisdictions use pre-sale buyer affidavits and applications to limit who may participate in tax sales. Except for California, which expressly allows former owners to buy back their own homes,³⁶ these affidavits are primarily to certify that buyers are not the previous property owner, or acting on the owner’s behalf, to prevent delinquent buyers from buying back their own property at an amount below their outstanding debt.^{xii}

Other jurisdictions go further and impose additional sales restrictions to attempt to ensure that buyers are capable of managing the underlying property and providing enforcement mechanisms for buyers who fail to promptly redevelop properties. In most jurisdictions, these tools are used only for properties sold at reduced rates or through expedited procedures to facilitate community-based redevelopment. In Texas, Indiana, and Ohio, when vacant properties are sold through expedited procedures, the buying party is required to provide a plan to redevelop the property for an approved purpose such as affordable housing and provide evidence of the buyer’s capacity to complete the project within a specified time frame. These jurisdictions employ reversionary clauses of varying severity to grant local governments the right to retake possession of properties transferred through tax sales that fail to comply with these presale agreements. Wayne County was unique in imposing these requirements on all tax-sale properties.³⁷ In all other jurisdictions, Cook County included, properties are sold free of any such restriction or limitation, subject only to prohibitions on fraud or abuse.^{xiii}

H. Taxpayer Assistance

Maricopa County, and Cook County, were the only two jurisdictions that did not offer some form of payment plan assistance. Other jurisdictions offered installment plans which can extend repayment by an additional 1-7 years. In jurisdictions that offer payment plans, owners must typically qualify based on income or other economic hardship, which entitles eligible owners to either a reduced payment amount, as low as \$0 per month for extremely low-income

^{xii} All jurisdictions employ some form of pre-sale affidavit to, at minimum, certify that properties are not being purchased for illegal or fraudulent purposes.

^{xiii} While properties acquired directly at the tax and scavenger sale are not subject to any deed restrictions, properties acquired by the CCLBA via no cash bid and then subsequently purchased from the CCLBA are transferred subject to deed restrictions regarding the properties redevelopment, and revert back to the County via the CCLBA if not successfully rehabbed within 12-18 months of sale.

residents in Philadelphia,³⁸ or to eliminate or reduce the interest applied to their outstanding balance, as is the case in Texas and Wayne County.

In all but one jurisdiction offering payment plans, such plans can only be entered into before sale. Because of New York City's unique use of a single public trust as the buyer for all tax liens, the city is able to enforce payment plans even after liens are sold. Even here, though, the city does lose some level of discretion over exactly how those post-sale payment plans are structured.³⁹

I. Local Discretion

Ten jurisdictions reviewed permit some degree of discretion at the local level, allowing local authorities to determine when and if to pursue tax foreclosure. The only communities which did not include such discretion were Cook County, Maricopa County, and Franklin County, the latter of which does still include broad discretion as to how foreclosures are pursued. In three jurisdictions (New York City, Marion County, and Philadelphia), local authorities have the power to address delinquent properties through a range of programs, with local officials empowered to pull properties from a tax sale if that program can be diverted to an alternative housing or redevelopment program. Generally, the goal of these programs is to protect homeowners and keep existing residents in their homes. In Marion County, for example, properties are individually reviewed and pulled from a pending sale if they can be diverted into alternative financial assistance or other programs. New York City goes further and begins this process before properties become delinquent, using an early warning system to identify properties at risk of becoming delinquent and funneling them into assistance programs.⁴⁰

Philadelphia uses a similar approach but also permits local authorities to utilize multiple collection methods to pursue outstanding debts. These can include sequestration of rents, civil suits, internal collection, or assignment to an outside collection agency. California, Wayne County, and Texas do not utilize the same range of assistance and diversion programs, but instead, allow local authorities to delay foreclosure if it is deemed in the best interest of the community. Importantly, in jurisdictions in which local authorities may forego or postpone foreclosure, outstanding tax debts typically continue to accrue interest and penalties.

J. Common Challenges

Many of the communities reviewed by the Center reported common challenges to the equitable and effective resolution of delinquent properties. The most commonly cited challenge was a lack of funding and capacity. Even where tax foreclosure systems are quick and efficient, the cost of redeveloping properties is still not cheap; potentially costing hundreds of thousands of dollars per unit. Even where properties can be acquired at no costs, as is the case with no cash bids placed by local government authorities at the scavenger sale, the combined material and labor costs of rehabilitating or rebuilding several thousand properties may still outstrip the capacity of both public and private developers under current financial conditions. This is particularly true where, as in Cook and surrounding counties, there remain abundant

“greenfield” development opportunities in popular suburban communities, potentially providing private developers with a more profitable use of their resources.

Tax foreclosure is frequently looked at as a means to reduce redevelopment costs by reducing acquisition costs. However, many of the public institutions established to facilitate the expected savings of tax foreclosure-based redevelopment, are structured in such a way as to make these savings unworkable. In Philadelphia, like many communities, the local land bank was established with the intent that the authority would be financially self-sustaining. The goal was that the revenue from property sales would be used to offset the cost of acquiring new properties. In practice though, nearly all of the local land bank’s properties are sold to low-income buyers who pay only a nominal cost, generating little revenue. At the same time, the land bank is limited, through both explicit prohibition and a competitive disadvantage, in its ability to acquire and resell higher-valued properties at market rates. As a result, the Philadelphia Land Bank,⁴¹ like many others, has been unable to generate revenue sufficient to offset administrative costs, let alone expand acquisition volume.^{xiv}

The capacity of tax foreclosure and land reuse systems is further constrained by numerous factors unique to the properties and processes involved in these systems. In practice, the savings of low acquisition costs are often offset by new costs and challenges associated with the infill development of distressed properties and the use of the tax foreclosure processes to facilitate transfers. These challenges include complex alternative funding structures, legal expenses required to clear title, the cost of environmental remediation, demolition costs, and the cost of installing, replacing, or renovating infrastructure for long-abandoned properties.

Developers seeking to redevelop distressed properties, particularly when the goal is to build affordable housing or other community-use structures, rely on a wide combination of alternative public and private funding sources. Each of these sources comes with additional administrative requirements that increase costs frequently vary, or even conflict, across differing sources. Further, the time required to compile these various funding sources and meet their differing requirements often places many public, smaller, or community-minded developers at a competitive disadvantage compared to larger private developers who can secure upfront financing before bidding on a property.⁴²

^{xiv} It should be noted that the notion of self-sustaining public land development is not without precedent. Such examples are less common, however, particularly in the United States. Where communities have established self-sustaining approaches, they are generally marked by a longer-term approach to public stewardship and involve a higher degree of public control over redevelopment and land use. The Copenhagen City and Port Development Corporation is an often-cited example of this approach that has managed to operate in a self-sustaining manner over a period of decades, leveraging more than 1.2 square miles of initial land inventories, made up primarily of former industrial land around the city’s port, into more than 40,000 square meters of new development, generating homes for more than 20,000 residents and more than \$15 billion in redevelopment. The Corporation is publicly controlled and retains ownership of nearly all real estate, offering lower cost, long-term leases and providing significant financial support to potential investors and developers, without sacrificing long-term stewardship. *See generally*, Bruce Katz, and Luise Noring. “The Copenhagen City and Port Development Corporation: A Model for Regenerating Cities.” Centennial Scholar Initiative. The Brookings Institution. 2017. https://www.brookings.edu/wp-content/uploads/2017/05/csi_20170601_copenhagen_port_paper.pdf.

Tax foreclosed properties also face significant legal hurdles to redevelopment that are generally less common among market sales. While most foreclosure systems are designed to facilitate the transfer of “merchantable title,” as is the case in Illinois,⁴³ rarely do these systems efficiently achieve this outcome. In most states, enabling legislation expressly provides that tax liens are superior liens and that the tax deed that stems from those liens will be issued free and clear of other encumbrances. However, given the significant loss of property involved, these statutes face a high constitutional bar to achieve clear title.⁴⁴

In short, any interested party must be given notice and an opportunity to defend against any foreclosure. Typically, though, jurisdictions provide notice through limited means: mailing notices, posting physical notices on the property in question, and publication in local newspapers. Courts at both the state and federal levels, however, have not always viewed such notice as constitutionally sufficient, and the right to contest a tax deed based on a lack of notice may not extinguish for decades, if ever. As such, tax deeds can face a perpetual threat from potential adverse parties looking to contest the initial foreclosure on notice grounds.⁴⁵

It is for this reason that most states operate indemnity funds to provide compensation for damages in such situations, it is also for this reason that many title insurance companies will not insure tax deeds, a de facto requirement for any subsequent private sale. In short, even though most states have structured their systems to specifically provide marketable title, the resulting deeds are very rarely marketable to the same extent as a traditional deed.

This challenge is further complicated by the distressed nature of many tax-delinquent properties. When owners have been unable to afford property taxes, they are often unable to afford other bills and debts on the property, leading to a slew of other liens and encumbrances. Particularly where properties are vacant and abandoned, identifying the proper parties to serve in the first place may not even be possible. As a result, most tax foreclosures whether pursued by a public or private entity, still require a second court proceeding, to clear title, and even still the resulting deed may come with added risks that can reduce value and marketability.

Redevelopment of tax delinquent properties can also be slowed by many of the same hurdles that slow down traditional redevelopment: navigating a complex permitting, zoning, and approval process, complicated by intense government fragmentation. Both housing advocates and developers have argued for years that these processes are outdated and prohibitively onerous. For tax-foreclosed properties, though, these challenges are further exacerbated. For example, the communities most frequently represented in the scavenger sale are smaller suburban communities that have struggled with financial declines for decades. In other words, the communities most in need of an improved, efficient process for development approval are the communities with the fewest resources to implement these reforms.

K. Outcomes and Local Market Conditions

Measuring the effectiveness of local tax procedures in returning properties to productive use is significantly limited by disparate levels of local transparency in these systems.^{xv} While many communities such as Maricopa and Marion Counties publish the results of each tax sale online with a detailed breakdown of buyer types, other communities, including Cook County, release no such results. Moreover, even in communities that release sale results, it is not always immediately clear what happens to properties after they are sold. As discussed above, it is frequently the case in many communities that a property may be sold, only to cycle back into the system at a later date.

Nevertheless, at least half of the communities reviewed here appear to maintain substantial numbers of vacant, delinquent, and/or publicly owned properties, despite varying approaches to tax delinquency. In Cook County, this includes not only the approximately 30,000 properties involved in the scavenger sale but more than 9,000 properties owned by the City of Chicago and thousands more properties owned by various other local governments.⁴⁶ In Philadelphia, as of 2019, the local government pays to maintain more than 12,500 publicly and privately-owned vacant properties, while the land bank controls approximately 8,500 properties, with nearly 30,000 privately owned properties with sufficient delinquency to qualify for land bank acquisition.⁴⁷ Even in Los Angeles County, where housing demand and costs rank among the highest nationwide, the City of Los Angeles owned more than 7,000 properties, valued in excess of \$3 billion in 2019 (including a small number located outside of Los Angeles County), while more than 8,000 tax-delinquent properties were offered at foreclosure sales that same year.⁴⁸ Franklin County, Marion County, Maricopa County, and Wayne County all demonstrate similar backlogs. Among these jurisdictions, distressed properties overwhelmingly clustered in lower-income neighborhoods and communities of color, while existing alongside tens of thousands of unhoused and housing-cost burdened residents.

While these backlogs exist among communities of all delinquency structures and procedures, including those which utilize many of the best practices outlined below, one common factor is the presence of severely depressed housing markets. In some communities, such as Wayne County, this market stress is widespread throughout the region, while in others, such as Los Angeles and Cook Counties, this distress is far more concentrated. As Figure 2 below demonstrates, however, the correlation between strong housing markets and successful delinquency procedures is neither particularly strong nor uniform.

^{xv} While this review was limited to the impact of tax delinquency systems on property use outcomes, rather than their impact on revenue collection, these latter outcomes are typically much easier to determine, as these numbers are reported, at least annually, in standard government financial reports.

Fig. 2 – Housing Demand and Burden Data
 (Jurisdictions w/ Identified Delinquency Backlogs are Highlighted) ⁴⁹

Metro. Stat. Area	Population (2019)		Total Homes Sold (5/22)		Total Households	Housing Price Apprec. (2012-2021)	Months Supply	Mortgage Default Rate	New Construction as Share of All Sales	New Const. Contrib. to Housing Stock (2013-2021)	Average Sale Price	Population Growth	Pop. Growth as Perc. Of Total Pop	Unhoused Population*	Total Num. of Housing-Cost Burdened Households
	Num.	Rnk.	Num.	Rnk.	Num.	Rank Among All MSAs									
New York City	19,216,182	1	6,499	6	7,344,900	55	1	54	57	58	7	18	258	1	1
LA	13,214,799	2	5,985	9	4,372,700	23	26	58	54	53	3	16	233	2	2
Chicago	9,458,539	3	10,055	1	3,538,800	51	8	22	53	57	40	327	296	12--	3
Dallas	7,573,136	4	6,313	7	2,659,600	30	46	11	4	6	27	1	25	7	5
Houston	7,066,141	5	9,982	2	2,435,600	40	4	3	3	5	35	2	21	19	6
Phili	6,102,434	8	2,489	42	2,321,100	57	26	19	46	52	37	35	249	9	7
Phoenix	4,948,203	10	8,170	4	1,765,000	1	47	33	19	19	17	3	29	13	13
Detroit	4,319,629	14	1,872	53	1,721,600	25	18	13	52	52	57	132	284	67--	15
San Diego	3,338,330	17	3,021	33	1,132,400	14	49	59	55	46	4	24	135	10	16
San Antonio	2,550,960	24	2,978	35	828,600	42	11	1	5	4	42	13	24	57	27
Columbus	2,122,271	32	3,037	31	816,900	34	53	35	34	41	46	25	74	61	34
Indianapolis	2,074,537	33	3,428	24	793,800	36	50	16	15	32	47	28	101	39	33
San Jose	1,990,660	24	1,543	65	659,100	10	59	60	46	43	1	13	24	32	31

* In the Chicago and Detroit MSAs, unhoused population counts are conducted separately within the major metro and the remaining county, the rankings include these number respectively.

Among the jurisdictions with little to no backlogged delinquent properties are many communities often associated with strong housing markets such as San Jose, Bexar, and Houston Counties. By certain housing demand metrics, such as new construction, population growth, and property values. For example, Dallas and Harris Counties were America’s first and second fastest growing metro regions, respectively, between 2010 and 2019, while all three Texas jurisdictions rank in the top ten for new home construction as a share of all property sales. At the same time though, other jurisdictions, such as San Jose County and New York City, present a more uneven housing landscape, ranking first and seventh for median property values, but ranking only forty-sixth and fifty-seventh for new home construction’s share of sales, respectively. Only three of the six communities without substantial backlogs even rank in the top twenty-five metro regions for

home prices. Other jurisdictions, particularly Los Angeles and Maricopa Counties, maintain substantial backlogs despite relatively strong housing markets.⁵⁰

The presence of substantial distressed and delinquent property backlogs does not clearly correlate with homelessness or housing-cost burden either. Three of six jurisdictions without substantial backlogs are among America's top ten most housing-cost-burdened communities, but so too are three of the jurisdictions with substantial backlogs. Similarly, three of the non-backlogged communities are home to homeless populations ranking among America's top ten metro regions, but so too do two of the severely backlogged jurisdictions, while a third ranks twelfth.⁵¹ Collectively, the concentration of persistently delinquent properties within communities of historic disinvestment, but without any clear correlation to regional housing conditions more broadly would suggest that the success or failure of local tax procedures cannot be neatly attributed to any one factor or procedure. More simply, where jurisdictions have failed to invest in particular neighborhoods and allowed cyclical decline to persist, communities can expect far more delinquencies, regardless of the strength of the larger housing market.

III. Best Practices

A substantial body of research has been devoted to surveying the landscape of tax foreclosure procedures. The bulk of this literature stems from a wave of reforms implemented following the 2008 housing crisis, with a declining degree of interest in the years since. The topic has seen resurgent interest in recent years, though, as COVID-related economic challenges continue to impact housing markets. As a result, the most recent round of policy reforms can now be evaluated with nearly fifteen years of experience and with an eye toward pressing demands.

It should also be noted that the bulk of research in this area has focused either on anecdotal successes or broad generalities. On the one hand, many case studies point to individual jurisdictions or programs as examples of best practices based on their ability to efficiently redevelop specific projects. Despite these individual successes, though, many of these same communities continue to struggle with widespread issues related to the reactivation of tax delinquency and distressed properties. On the other hand, while it is helpful to identify policies that can produce successful results across a range of diverse jurisdictions, it remains unclear to what degree this success can be scaled to address a large volume of properties.

The Center for Municipal Finance relied heavily on the Housing Solutions Lab at the New York University Farman Center which provides a thorough summary of tax delinquency and disposition procedures and general best practices.^{xvi} To these, the Center has added a handful of additional best practices employed across other jurisdictions, which have been included based both on their widespread use and the acute benefits of these practices as noted by local authorities.

^{xvi} <https://localhousingsolutions.org/>.

Many communities rely on tax delinquency and foreclosure procedures to not only collect unpaid taxes but also to help mitigate many of the ancillary consequences of tax delinquency. Depending on state and local priorities, tax delinquency procedures may also be intended to deter delinquency, provide upfront revenue for local governments, offset added collection and administrative costs, protect existing homeowners, and incentivize the redevelopment of problem properties. In practice, though, the nature of tax foreclosure does not always serve to promote these goals, and may even undermine both the tax collection and land use functions of the tax delinquency system.

It is important that local and state officials balance the short-term financial goals with the impact that collection methods may have on other policy objectives. For example, strict enforcement can help secure revenue, but in the process may place a community's most vulnerable residents in further financial and housing jeopardy, may increase homelessness and vacancy, and may contribute to a whole host of additional public costs. As the Furman Center further puts it, effective tax delinquency and foreclosure systems should, "Efficiently and equitably collect tax revenue needed to pay for government services while promoting community stabilization and property maintenance. This is a balancing act; selling tax liens to private purchasers will enable a locality to recoup revenue in the short-term, but will cede control over the fate of the properties if the lien purchaser gains title. Municipalities have the opportunity to leverage tax-delinquent properties to advance housing and community development goals only before the disposition of these properties."⁵²

In pursuit of a tax foreclosure system that balances these policy goals effectively, our review of existing research has identified several best practices. Below, we outline the most commonly cited best practices. While Cook County employs some of the practices addressed below, others are absent from the present system. Even where best practices are utilized in Cook County, there often remains room for improvement, as discussed below.

A. Establishing an expedited foreclosure procedure

The quicker a property can be moved out of the tax delinquency pipeline, the quicker the same property can be returned to productive use and tax status. Alternatively, as long as properties remain tied up in the legal and financial hurdles of tax delinquency, the more the risk of physical decline increases, and the more difficult redevelopment becomes. As such, many jurisdictions have implemented expedited foreclosure procedures targeted at the most problematic properties, such as those with code violations or safety concerns.

While most jurisdictions, including Illinois, offer some form of reduced redemption period for vacant properties, many jurisdictions go further and provide additional procedures to expedite the transfer of such properties. For example, both public and private parties in Ohio may petition to bring foreclosure proceedings against vacant properties before the local tax review board, rather than the circuit court. While this system retains the service and notice protections of traditional court foreclosure, by moving the process out of the court system, the time required to transfer properties can be reduced from more than two years to less than six months.⁵³

B. Allow for Bulk Petitions

Most jurisdictions utilize bulk petitions at some point in their delinquency and foreclosure process. For many communities though, this is limited to the bulk transfer of tax rolls from one government body to another. In Cook County, for example, the County Treasurer files for liens on all delinquent properties through a single petition. Many communities have found success, though, by expanding the use of bulk petitions to other steps in the process. In Ohio, for example, jurisdictions may file a single foreclosure and proceed through a single hearing process for all vacant properties on which they are seeking to foreclose. The foreclosing entity must still demonstrate that proper notice has been provided to all interested parties for each property, and individual property owners may still request that their property be excluded from the bulk hearing and moved back to circuit court.⁵⁴ Bulk procedures must be used strategically, as larger volumes come with added difficulties, particularly downstream in the redevelopment process. While the specific steps required of each property are fairly uniform early in the process, individual properties will face vastly unique circumstances when it comes to actually selling and redeveloping properties.

C. Allow for the sale of properties below statutory minimums

Regardless of the procedure, delinquent properties are typically first offered for a minimum bid equal to or greater than the sum of all outstanding taxes, fines, interest, and fees. For many properties, though, the total outstanding debt may exceed the market value of a given property, as is the case for many of the unoccupied properties included in the scavenger sale. Many jurisdictions address this concern by offering unsold properties at a secondary sale for a reduced bid. In some jurisdictions, this simply means that unsold properties are transferred directly to a public entity that has broad discretion to set a sale price that “best serves the public interest” by facilitating swift disposal. Other jurisdictions use a more formal process, such as the scavenger sale, in which sale prices are still set by statute but start at substantially reduced values, often only \$250-\$500.

The use of reduced-price sales should be deployed carefully, though, as reduced pricing can produce numerous undesirable consequences. In Wayne County, Michigan, for example, buyers have largely abandoned the initial sale, with ten times as many properties sold at the reduced-price secondary sale, reducing revenues and contributing to other adverse policy impacts.⁵⁵ Sub-market rate sales, particularly at substantial discounts, may induce adverse consequences, potentially encouraging neglectful stewardship, particularly when compared to higher valued properties. Such neglectful ownership may be particularly pernicious among larger, corporate buyers who can take advantage of extremely low prices to scoop up large numbers of properties and sort through them later.⁵⁶

While the use of reduced-price sales can facilitate more rapid disposal, many critics also advocate for properties to be first offered at market price, particularly improved and occupied properties. These advocates point out that when a property is sold for less than market value, present owners not only lose their property but all equity therein.⁵⁷ For most owner-occupants, their home represents their single largest asset, yet only a handful of jurisdictions provide a

system to sell properties at market value and return surplus revenues to the previous owner, a standard practice among private foreclosures.

D. Grant localities discretion in disposing of delinquent properties

In many jurisdictions, the tax delinquency process is largely automatic. Statutes provide a specific date upon which taxes *shall* be converted to liens and mandate that those liens be disposed of in a specific manner. While this process provides a degree of uniformity and efficiency, it subjects all properties to a single process that may not be well suited to addressing the specific challenges of individual properties. As such, many jurisdictions provide local authorities discretion to select properties for tax sales or divert them to alternative programs. Ideally, every property should be reviewed before a sale, with particular regard to the surrounding neighborhood housing conditions and a property's present occupancy status.

In New York City, for example, the local Housing and Community Development Department first directs properties to alternative assistance and redevelopment programs and pursues tax sales only after these alternatives have failed to remedy the delinquency. New York City evaluates each property's likelihood of collection and only pursues tax sales on those properties which demonstrate a strong probability of collection. In practice, this removes most vacant or extremely distressed properties from the pipeline entirely.⁵⁸ In Indianapolis, the local community development department identifies properties already earmarked for specific redevelopment projects or new nonprofit ownership and pulls these properties from the pipeline preemptively.⁵⁹ In Philadelphia, Pennsylvania, the Department of Finance reviews each property to determine the most effective collection method, electing to send properties to outside collections agencies, garnish future rent payments, or pursue internal collection on a case by case basis.⁶⁰ In all of these cases, presale review also allows local authorities to proactively offer owners an opportunity to pursue payment plans and other assistance.

Discretion must be carefully paired with guardrails, however, to ensure discretion does not become an avenue for fraud or abuse. In particular, where local authorities have the power to eliminate significant debt and transfer properties for little cost, there is ample opportunity for bad actors to exploit these powers. For example, Cook County is among numerous jurisdictions in which local authorities have, in the past, inadvertently sold properties back to original delinquent owners, and in so doing wiped out significant debts without any penalty.⁶¹ Any increase in discretion without commensurate measures to prevent abuse, may only serve to exacerbate these risks.

E. Grant land banks super bid powers

Many jurisdictions recognize the central role that tax foreclosure can play in the redevelopment of delinquent and distressed properties and have sought to support this function by establishing land banks or similar public and nonprofit entities to facilitate these transfers. Land banks serve to manage the various steps required to acquire tax-delinquent properties, clear title, and maintain properties until they can be redeveloped. Land banks may also be used

to “bank” properties, holding them tax-free until private parties can secure funding, or to preserve the affordability of strategic properties in higher-value markets.

Many jurisdictions, require land banks or other public entities to acquire tax-delinquent properties through the traditional tax sale process. While these communities may grant public entities a right to acquire properties for a reduced or nominal cost, this power often only comes after a property has failed to sell for full price at an initial sale. In practice, this means that land banks or similar public entities must wait until properties have first been passed over by private buyers at multiple initial sales. The result is that many land banks are left to handle only the most distressed properties that are left after private buyers have pulled out more valuable properties. Many land banks point to two significant outcomes of this approach. First, land banks argue strategic redevelopment aimed at revitalizing whole neighborhoods is made more difficult when land banks can only address the properties which take the longest and cost the most to successfully redevelop. Second, the inability to acquire more valuable properties severely restricts the revenue that land banks can generate from sales, undermining the ability of these organizations to establish self-sustaining revenue streams.⁶²

In response, some jurisdictions have granted land banks or similar entities super bid authorities. By identifying and acquiring properties before they are listed for a tax sale, land banks are able to pursue more sustainable and effective acquisition and disposition strategies. This allows land banks to acquire higher-value properties in “hot” markets, protecting affordability where it is most threatened. Super-bid authority also allows land banks to acquire more marketable properties that can then be redeveloped at lower costs and sold at market value, providing revenue to offset the redevelopment of affordable housing. This power may also be utilized to protect at-risk properties from speculation or neglectful ownership.

F. Establish standardized disposition priorities

Historically, many communities have approached the redevelopment of delinquent properties, and land reuse more generally, on an ad hoc basis, identifying specific parcels for individual projects. This approach creates several problems. In addition to increasing costs and reducing efficiency, disposition on a case-by-case basis can make the process less transparent and predictable for existing homeowners and potential developers alike. Not only can this increase the risk that existing owners may lose their homes and increase the cost of redevelopment, but a lack of predictability may even increase delinquency.

In Wayne County, for example, the local Treasurer has repeatedly used their discretionary power in recent years to delay tax collections and foreclosures. While delays are meant to provide owners additional time to repay, advocates have argued that this has not only made the process more confusing for existing property owners, it has also incentivized many tax sale buyers to simply ignore subsequent taxes and rely on delays to forego payment until they have recouped their original investment.⁶³ A lack of standard disposition procedures may even make the process more difficult for public entities working to facilitate the redevelopment process. The Philadelphia Land Bank, for example, has noted that redrafting strategic reuse policies on an annual basis is poorly suited to a multi-year development timeline.⁶⁴

Alternatively, communities such as Albany, New York, and the combined city-county of Indianapolis and Marion County, Indiana, have implemented strategic disposition policies.⁶⁵ These go beyond the disposition policies adopted by most land banks to expressly codify the order in which particular reuses are prioritized. In Albany, local statute provides that properties will first be offered to the county for public use, then to the previous owner if they are experiencing financial hardship, then to adjacent property owners, and only then is the property put up for private sale.⁶⁶ Codifying these policies also ensures that property dispositions are aligned with broader policy goals by prioritizing particular reuses such as affordable housing, public use, or open space.

G. Ensure properties undergoing tax delinquency or foreclosure are well maintained

Property vacancy results in substantial costs, not only for vacant properties themselves but for neighboring properties and the surrounding community. It is important, therefore, that localities employ tools to insure properties in the delinquency and foreclosure pipeline are maintained, particularly where those properties may remain tied up in delinquency proceedings for several years. These procedures can come in many forms targeted at both direct interventions and efforts to incentivize owners. Local governments and community organizations can implement maintenance programs themselves, in which case programs should be carefully targeted to maximize the impact of limited resources. Objectives for these programs may include making properties appear inhabited through exterior maintenance to mitigate the impact of vacancy on surrounding properties. Alternatively, programs may focus on securing properties from the weather and intruders, reducing criminal activity, and preventing physical decline. Tax delinquency procedures should also be integrated with demolition programs for the most distressed properties, and property receivership programs for properties that are still in good condition.

Jurisdictions can also impose requirements on existing and new owners to limit neglectful stewardship. Vacant property registration can be used to identify property owners, compel upkeep or rehab, and impose fees to help offset public costs. These programs typically target properties regardless of tax status but are most effective when the two systems are well integrated. Jurisdictions may also utilize express reverter clauses in any tax deed, requiring the new owner to complete approved redevelopment plans within specific timeframes and granting the jurisdiction authority to reclaim the property should the new owner fail to meet these requirements.⁶⁷

Programs aimed at maintaining properties require strategic deployment given the substantial resources required. In addition to the material costs of maintaining properties, receivership and reverter systems require additional legal proceedings that are both costly and ill-suited to addressing short-term issues such as building safety. These programs also do not scale well in communities dealing with a large volume of properties, particularly when dealing with individually owned and isolated properties that cannot easily be consolidated into bulk proceedings. Reverter policies also come with added risks, given the severity of their consequences; as a result, most jurisdictions permit the use of these mechanisms for all properties, but only exercise these rights as a last resort. Individual buyers may be particularly

susceptible to these risks, as they often lack the legal knowledge and resources of large investment or development firms.⁶⁸

H. Ensure equitable treatment

While tax foreclosure typically only impacts a small percentage of properties in a given community, individual foreclosures can result in debts of thousands and potentially the loss of an individual's home and largest financial asset. As such, it is important that local leaders regularly review tax delinquency procedures to ensure that both the application and impact of these procedures are equitable across all communities within a given jurisdiction. Jurisdictions should employ effective data tracking to measure the impact and performance of tax delinquency procedures and identify areas for potential reform.

Such reviews should look beyond uniformity to consider broader measures of equity, as even the legally uniform application of tax delinquency procedures still often produces inconsistent results. On the procedural side, previous Center reviews have shown that most jurisdictions do not assess properties uniformly in practice, instead underassessing high-value properties and over-assessing lower-valued properties, which are more likely to end up in delinquency proceedings.⁶⁹ Lower-income residents, who are most likely to have their property listed in tax sales, are also less likely to have access to legal assistance or financial counseling that could help prevent and rectify delinquency before a property reaches a tax sale.

The Center's review of other jurisdictions highlights additional best practices that have been employed throughout the country to reduce tax delinquency rates and increase property redevelopment:

I. Coordinate tax delinquency procedures across government entities and within larger regional development strategies

In most jurisdictions, tax assessment, collection, and delinquency are managed across multiple government entities at various levels. In Cook County, for example, local municipalities are responsible for setting tax rates, the County Assessor is responsible for assessing properties, the County Treasurer is responsible for collecting taxes and conducting tax sales, the Circuit Court is responsible for approving foreclosures, and the County Clerk is responsible for recording deeds and collecting redemption payments. Adding to this fragmentation, each municipality is responsible for its own zoning and land-use decisions, while the CCLBA is one of more than one hundred local government authorities with the power to acquire and redevelop tax-delinquent properties.

Among various public entities, policy priorities may not always be coordinated or even working toward the same goal. For example, entities responsible for tax collection may prioritize the collection of outstanding debt or the speed with which delinquent properties are disposed of. These objectives, though, may not always support other policy goals such as increased community stability or the preservation of affordable housing. For example, targeting

investment buyers may increase the number of properties sold, but this practice may also increase delinquency and neglectful property ownership.

Jurisdictions have responded to a need for increased coordination in many ways. Most approaches are relatively informal, involving oversight or advisory committees made up of representatives of the various departments involved. These committees provide a forum for information sharing and setting collective policy goals while retaining discretion among each department. Other jurisdictions have taken a more aggressive approach to coordination, expressly combining the various tax collection and delinquency functions within a single government body. Many jurisdictions have also taken steps to consolidate land reuse functions, establishing development authorities that incorporate the tax sale acquisition function of the local land bank within a larger entity capable of coordinating zoning and planning efforts and providing direct project funding.⁷⁰

J. Utilize an integrated data collection system to identify at-risk properties before they become delinquent and track them through redevelopment

In most jurisdictions, the volume of property data is substantial but spread across dozens of public and private entities. Accessing this information is resource-intensive, often requiring freedom of information requests or the purchase of private data, and provides only a limited picture. Alternatively, other jurisdictions have implemented consolidated data tracking systems of various scales. Properly structured, these systems allow policymakers, property owners, developers, and other stakeholders to evaluate a fuller picture of the present state of a property or neighborhood.⁷¹

Effective data systems incorporate multiple public and private sources including property and tax records, utility data, foreclosure records, property code violation records, postal service collection data, zoning and redevelopment plans, and other relevant information. Data tracking should cover the full tax delinquency and redevelopment pipeline, functioning as both a tracking tool and an early warning system. Incorporating tax, financial, and code violation records can allow jurisdictions to identify and potentially intervene with at-risk properties before they become delinquent, reducing the volume of properties entering the delinquency pipeline. Such a system also helps identify properties that should not be included in tax sales at all, including improperly recorded properties such as roads or public facilities, of which the scavenger sale often includes several hundred such examples.^{xvii}

Providing access to a consolidated data tracking system also allows separate government departments to target and coordinate resources and policies to ensure disparate departments do not work toward competing efforts. At its most extensive, an integrated property data tracking system can even function as a policy setting, acquisition, and disposition tool. In Cuyahoga County, for example, the local tax delinquency data tracking system incorporates

^{xvii} The Cook County scavenge sale, for example, contains hundreds of parcels too small for independent development, as well as other non-developable lots such as communal properties, landscape areas, tree laws, and even roads. See Schmidt, at 4.

proprietary decision-making models which allow local leaders and community members to map individual policy alternatives onto existing properties to evaluate their impact objectively.⁷²

Data systems can also be made available to residents and other community stakeholders, which can encourage greater engagement, facilitate more rapid redevelopment, and allow community partners to target and coordinate outreach and support services. Public access may, however, be more effective at certain points in the delinquency process than others, and even counterproductive. For example, newspaper publication delinquency notices are frequently used to identify vulnerable properties whose owners may feel added pressure to sell, as well as potential victims for fraud and predatory lending.

K. Prioritize keeping existing owners in their home

Given the added costs that come along with prolonged, cyclical delinquency and vacancy, many communities find it more cost-effective to prevent properties from entering the delinquency pipeline in the first place. Properly structured, these efforts benefit not only owners, but local governments, and the community at large, as well. By avoiding a tax sale and foreclosure, existing residents are able to keep their home, while the community keeps the home occupied and local governments avoid the added costs of vacancy and protracted collection efforts.

All states offer various property tax abatements targeted at certain homeowners such as seniors, veterans, or individuals with disabilities, many jurisdictions employ more expansive systems ranging from proactive outreach programs designed to prevent delinquency in the first place to installment plans and deferrals which can reduce debts and extend payment periods. In many cases, the use of well-crafted assistance programs may provide significant financial benefits not only for homeowners but the taxing jurisdiction as well.

Beyond abatements, most assistance programs fall into three basic types: preventative outreach and counseling, installment plans, and deferrals. In many jurisdictions, a combination of programs is employed targeting owners and properties facing differing needs. Preventative programs pose unique benefits by allowing jurisdictions to intervene before properties enter the delinquency process. This not only allows properties to be addressed before they enter a cycle of delinquency and distress, but also reduces public costs by eliminating future foreclosures, judicial proceedings, tax sales, and other post-delinquency steps required to collect outstanding debts.

In communities like New York City, which employs one of the most expansive outreach programs nationwide, local authorities have integrated these programs with the city's early-warning and data tracking system to identify at-risk properties before they become delinquent. This system relies on early warning indicators to identify the properties most likely to fall behind, for example reaching out to properties with delinquent utility bills, allowing authorities to reach out to owners no less than nine months before bills become due. For example, the City can reach out to all owners with delinquent utility bills. Authorities across multiple departments work with elected leaders and representatives of community groups with an established role in the community to contact owners directly, and offer frequent targeted workshops to owners seeking

assistance. Officials work with property owners to identify potential abatements, which are applied retroactively, and other opportunities to reduce the owner's tax bill. Eligible owners are also offered an opportunity to be enrolled in installment plans and other community assistance programs offered by various departments. New York has also expanded its legal assistance programs to assist at-risk owners, mirroring similar programs designed to prevent private foreclosure.⁷³

Officials overseeing these programs have repeatedly highlighted the need for repeated outreach at every step of the delinquency process. In New York, this means each owner at risk of defaulting on their tax bill is contacted in writing at least three times before tax debts default in the first place, and no less than nine additional notices between first delinquency and final lien sale.⁷⁴ In practice, this substantially reduces the number of properties that proceed to foreclosure. In 2011, for example, more than 12,000 properties received "90-day notices" warning them of their impending default, but only 2,045 properties proceeded to the subsequent lien sale.⁷⁵ Outreach is structured to provide clear explanations of the delinquency process at each step and explicit warnings regarding the risk of foreclosure and added costs. Notices are provided in multiple languages and include ample redundancy. Still, many advocates argue that, given the complexity of tax delinquency and foreclosure, further improvements are needed to understand each owner is actually contacted and truly understands their options and the risks of inaction.

Many communities also offer various installment-based repayment systems. Some jurisdictions offer these plans to any delinquent property owner, in which case, repayment terms are typically much stricter, more uniform, and come with stricter repayment terms. For example, Texas communities offer any delinquent owner an opportunity to enroll in a repayment plan, but all enrollees receive the same interest rate and one-year repayment period.

Other jurisdictions offer more flexible and expansive repayment plans based on income and economic need. These systems vary much more widely and generally feature a range of repayment options that allow interest rates and repayment terms to be tailored to the circumstances of various owners. For example, Philadelphia offers monthly installment plans with indefinite repayment periods and minimum payments of as little as \$0 based on an owner's income. These plans can be either static or adjusted over time to meet changing circumstances.⁷⁶

Finally, other jurisdictions offer deferral programs that allow certain owners, usually seniors and individuals with disabilities, to forgo any tax payment for an extended period. Typically, this allows owners to eliminate their annual bill, but requires repayment of the full amount, and potentially interest, upon certain future events such as death, sale, or transfer. Deferral programs are less common than other assistance programs as they impose a much higher cost for local governments that must forego revenue for years. Deferrals can also introduce an added risk of future delinquency, particularly when repayment is triggered by a transfer via inheritance. Without proper safeguards, new owners in these cases may not only

inherit a property for which they lack the financial means to maintain, they may also inherit the burden of paying many years of property debts all at once.^{xviii}

Assistance programs should be carefully structured to ensure that they do not increase costs, do not become avenues for abuse of the system, and actually assist owners in need rather than simply delaying an inevitable inability to repay. In many communities, advocates have argued that installment plans may not provide the assistance they claim, arguing that onerous interest and large down payment terms may continue to make repayment difficult for owners facing financial challenges.

Use in other communities also demonstrates that assistance programs that delay revenue collection can still be operated without causing added financial strain to local government budgets. Reasonable interest can be applied to cover the added cost of administering repayment plans. Some communities, such as New York City, have even managed to leverage outstanding debts as a means to collect further revenue by aggregating and securitizing expected repayments, though opponents argue this introduces a problematic profit motive.⁷⁷

Moreover, because local governments cover outstanding tax debts through upfront bond revenues, the use of assistance programs that delay full repayment can be employed without reducing immediate revenues. The delay of installment plans may impact the borrowing terms associated with bond payment, however, in most communities, this impact is limited by the relatively small number of properties utilizing assistance programs compared to the overall tax base. This impact is further minimized where assistance programs are income-limited, by limiting assistance-based delays only to a community's lower-valued properties. In Philadelphia, for example, approximately one-third of delinquent properties both qualified for and took advantage of these programs.⁷⁸

Importantly, assistance programs can only be provided so long as local governments retain some level of control over the underlying debt either by imposing restrictions on debt-buyers or by retaining ownership of the debt outright. Where a jurisdiction sells its full interest in a debt without any restriction, the local government loses the authority to enter into subsequent agreements. Jurisdictions can impose requirements on debt buyers, allowing for the sale of the debt while still maintaining the possibility of assistance. For example, a jurisdiction could elect to sell a lien but require that the buyer agree to provide specific assistance or repayment options as a condition of the sale.

^{xviii} Inheritance is an oft-cited challenge at various stages throughout the delinquency process, and is often the initial cause of delinquency, when new owners inherit a property without sufficient income to pay annual taxes or invest in routine upkeep. These challenges are exacerbated in low-income communities where owners who inherit a property may be unable to find a buyer or may experience added pressure to retain what may be their only major financial asset.

IV. Application and Discussion

A. Cook County

As the previous section demonstrates, Cook County's general approach to tax delinquency and foreclosure employs many of the same elements as other jurisdictions, with only minimal variation. Cook County's time frames, its use of lien sales, and its use of a combination administrative-judicial process are all substantially similar or the same as the majority of other jurisdictions. There are, however, many substantive areas in which Cook County is either an outlier or utilizes a system that is equally problematic in other jurisdictions. These include 1) the reliance on lien sales and below-market pricing, 2) the lack of more comprehensive taxpayer assistance programs 3) the absence of a "release valve" mechanism to address persistently delinquent properties in an efficient and final manner, and 4) rigid and uniform delinquency procedures and a lack of local discretion. These particularities are further exacerbated by Cook County's substantial government fragmentation and a lack of coordinated, comprehensive data tracking. These features not only undermine the ability of local governments to effectively address delinquent properties but likely produce a broad array of adverse secondary effects.

1. Lien Structure

While lien sales are not unique to Cook County, they are the minority approach among America's largest jurisdictions, with only three of the thirteen reviewed communities exclusively relying on lien sales. One of these communities, New York City, uses only a highly modified approach to lien sales, reliant on bulk sales to a public institutional buyer; a one-off system that has attracted unique criticism. While an additional five communities have the power to offer lien sales, these jurisdictions rarely if ever exercise this option, relying instead on deed sales or alternative resolution programs.

In principle, lien sales offer two major advantages for both local tax authorities and property owners alike. By offering debts for little more than the outstanding debt or less, with few strings attached for the buyer, local governments can offer an attractive financial asset. This should allow for quicker resolution of problematic properties by minimizing the risk to potential buyers that comes with buying a distressed property outright. At this same time, because liens do not automatically transfer ownership, they afford the existing owner additional time and further opportunities to save their home from foreclosure.

In practice, though, lien sales do not appear to produce either of these benefits with any certainty. In Cook County, more than thirty thousand liens go unsold every year, while many more cycle right back into delinquency only a few years later. Moreover, when communities like Cook County do sell liens for sale below the value of the outstanding debt, local governments may be trading an expedited time frame for severe discounts on the debts they are owed (even the expedition of lien sales can take years to reclaim tax debts).

The alleged benefits of lien sales for property owners appear equally uncertain. Lien sales offer two additional protections to homeowners: first, they provide an additional redemption

period that effectively extends the time that an owner has to repay their debts before losing their property. Second, most lien sales eliminate automatic property transfers by requiring lien-holders to proactively pursue foreclosure, meaning an existing property owner may end up keeping their home simply because a lien-holder fails to exercise their rights, either because of mistake or oversight.

However, by introducing a profit-driven third party to the tax delinquency process, local authorities impose additional costs on delinquent owners. For owners whose financial circumstances precluded their ability to pay their taxes on time, the additional interest, fees, and legal expenses incurred when a lien is sold may place repayment even further out of reach. Officials often cite added administrative and opportunity costs incurred by delaying collection as the justification for interest and fees, however, the maximum interest and fees imposed in most jurisdictions are far higher than the prevailing market rate. In Cook County, the maximum interest permitted after the most recent reforms is still 12%, at a time when local governments are able to borrow at rates between 1.5-3.5%.⁷⁹

While the lien systems employed in Cook County and elsewhere often fail to achieve their stated benefits, they almost always impose additional costs for property owners, tax authorities, and the community at large. By converting tax debts into tax liens, local authorities serve to detach the debt in question from the underlying property asset. As a result, lien sales operate less like a traditional property auction and much more akin to a financial asset market. Lien sales are frequently marketed as “get rich quick” schemes online, pitched as an easy, low-cost opportunity to secure quick returns well in excess of more traditional investments.⁸⁰ For as little as \$250 upfront and an agreement to pay future taxes, investors can receive returns as high as 12% on all future taxes, with investments reaching full maturity in as little as one to three years. In exchange, buyers assume very little risk: because there is no immediate property interest, buyers are under no obligation to invest in or maintain the underlying property.

In fact, on the contrary, the use of tax liens may disincentivize investment and maintenance in a property. With no express requirements placed on lien buyers, and no guarantee that the buyer will ever receive title to the underlying property, lien investors have less justification to invest in a property to which they may never take possession.⁸¹ At the same time, the risk of losing one’s home reduces the incentive for existing owners to maintain properties they fear they will lose outright anyway. While jurisdictions such as Wayne County, attempt, with mixed success, to address these incentive issues by imposing reuse requirements on tax buyers, the use of lien sales significantly restricts the use of similar tools. The liberal application of sale in error declarations by courts in Cook County further disincentivizes investment by potentially eliminating risk entirely when a lien-buyer is able to secure a full refund.

This low-risk, high-reward financial benefit provided by liens without any accompanying property buy-in is likely a significant factor driving the domination of investor-buyers in lien sales. In 2017, large-scale investment buyers, predominantly out-of-state investment firms, accounted for 84% of all private purchases in the 2019 scavenger sale.⁸² This trend, it should be noted, is part of a larger national trend of financialization of the housing market. In Los Angeles for

example, almost 67% of all residential properties were directly owned by investment vehicles in 2020, accounting for more than twenty-two square miles of property city-wide.⁸³

Lien sales may also reduce the incentive for prospective homebuyers and developers to participate, given that the purchase of a lien does not guarantee a buyer will ever take possession of a property. In a region like Cook County, where many city-center markets are already struggling to attract buyers, there is less justification to go through the added time and expense of purchasing through a tax or scavenger sale, when other less complicated options are plentiful in nearby suburbs. Even where prospective homebuyers or local developers may see opportunities in tax sales, they are frequently pushed out by investor-buyers with larger, more flexible, and more immediate financial resources. In Cook County, this inability to compete with larger buyers is often cited as a reason for many smaller developers to focus on land bank properties instead.⁸⁴

At the same time, though, because the value of a tax lien is primarily driven by the outstanding debt, as opposed to the underlying value of the property, there is little incentive for potential buyers to purchase liens if they do not expect to be able to collect the outstanding debt. As a result, the thousands of vacant properties with absent or neglectful owners caught up in this system, provide little incentive for purchase.

The use of lien sales as opposed to deed sales, particularly in conjunction with ultra-low pricing as in the scavenger sale, can also result in substantial losses in equity and generational wealth, primarily among communities that struggle to build wealth in the first place. Because lien sales typically transfer properties for well below market value, there is no opportunity for existing owners to recapture any excess value. In a traditional foreclosure, and many deed-sale jurisdictions, the existing owner is entitled to any excess revenue over the amount of the underlying debt. In a lien sale, though, there is typically no revenue to be recaptured. As a result, owners who lose their homes to a lien foreclosure also lose any equity they may have had in their homes. In communities of concentrated foreclosure, this could potentially mean millions of dollars in local economic potential simply being eliminated from the communities most in need of investment.

2. Taxpayer Assistance

Cook County was one of only two jurisdictions that did not offer any broad post-delinquency assistance or comprehensive outreach programming.^{xix} Given the significant costs associated with delinquent and distressed property, particularly for owner-occupied properties, many communities find it more cost-effective to prevent delinquency and foreclosure in the first place. Cook County, instead, approaches all delinquencies the same way. While this approach may work well for properties that are delinquent because an owner simply chooses not to pay taxes, such an approach fails to account for owners who lack the resources to pay their taxes.

^{xix} Illinois does offer limited property tax deferral programs state-wide for seniors, veterans, and certain disabled property owners. These programs allow current owners to defer tax bills until a later date but are limited in application rather than providing broad assistance to any resident who may be struggling to afford their taxes. Nor do these programs directly assist owners once their properties become delinquent.

Nor does Cook County offer the level of robust outreach provided in other jurisdictions to assist at-risk owners before they become delinquent. In recent years, the Cook County Treasurer has offered community programs to advise owners of their legal options and identify potential tax exemptions which the owner may be eligible for. These efforts have been far more limited, involving one-off sessions offered on an irregular basis by an individual office, rather than as a component of a comprehensive intergovernmental effort. These programs also rely on owners to take affirmative steps to seek out assistance, rather than through proactive outreach.

Outreach in Cook County is limited to statutory notices provided only at major milestones in the delinquency process. Without any regular review, data collection, or legislative coordination, it is likely that these notices may be susceptible to many of the same shortcomings identified in other jurisdictions. Common challenges include ensuring notices are received and read, language barriers, problems distinguishing delinquency notices and redemption procedures from other standard tax mailers, ensuring recipients understand the gravity of the situation and the implications of their decisions, providing information regarding legal and financial assistance, and problems translating complex legal and financial terminology into language accessible to all readers. In recent years, jurisdictions such as New York have turned to behavioral economics and psychology to specifically address these challenges and create more user-friendly notices. For the same reasons, many of these jurisdictions have also expanded the number of notices that are sent out, as well as expanding the variety of methods of outreach.⁸⁵

Many municipalities do maintain programs aimed at homeowner assistance. For example, Chicago offers financial counseling, legal assistance, and foreclosure prevention programs for eligible residents.⁸⁶ These programs are limited in scope, however, focusing primarily on private housing costs and foreclosure. Programming is also not present countywide, unavailable in many suburban communities, where many smaller jurisdictions lack the resources to provide similar services. Many of these communities also struggle with some of the region's highest property tax rates and disproportionately higher rates of delinquency and tax sale inclusion.

3. Release Valve Mechanism

While additional time can provide property owners further opportunity to resolve their debts, the longer a distressed property remains unresolved the more difficult recovery or redevelopment becomes. Where a tax foreclosure system fails to either transition owners out of delinquency or transfer properties to productive use, added time serves only to compound these challenges. Moreover, given the need for upfront revenue, most communities move relatively quickly to begin the delinquency process, Cook County included, typically moving to collect revenues through tax sales after only a year's delinquency. In many cases, though, Cook County moves much less quickly to resolve properties after this initial step, often resulting in persistent delinquency.

Persistent delinquency generally falls into four types: properties that are bought, redeemed by the existing owner, and then subsequently delinquent a second time; properties that are sold and become delinquent under new owners; properties that are sold and returned without eliminating the underlying debt (sale in error, certificate expiration, etc.), and properties

that fail to sell in the first place. Each of these scenarios requires a different approach, with communities addressing each to varying degrees of success. Cook County, though, has no formal mechanism to address any of these properties other than cycling them back into the same tax sale system which failed to remedy the delinquency the first time around.

In most places, the primary means of preventing recurring delinquency among existing owners is through the provision of assistance and outreach programming. While assistance cannot address delinquent properties once they have been abandoned, these programs could help reduce Cook County's backlog of delinquent properties by reducing the inflow of new delinquencies.

On the other hand, addressing tax buyers subsequently becoming delinquent themselves, or otherwise failing to reverse a property's decline, is a challenge many communities struggle to address. Generally, these efforts encompass policies to streamline the post-sale development process and impose requirements on tax-buyers to redevelop their properties to a sufficient degree and within a sufficient timeline.

The most persistently delinquent of these properties in Cook County, though, are those properties that fail to sell at all. Like many other jurisdictions, Cook County relies on public authorities, namely the Cook County Land Bank Authority, to remedy these properties. Cook County's process for facilitating public transfers, however, presents numerous obstacles that make the system less efficient. Most jurisdictions provide, either by policy or law, for the automatic and permanent transfer of problem properties after certain time, occupancy, and condition benchmarks are met. In the six collar counties of the Chicago metro region, unsold properties are automatically acquired by the county, individually disposed of by the county in a discretionary manner, or transferred to a private clearinghouse company that offers them for continuous sale alongside properties most other Illinois counties (as set by local policy).^{xx}

In Cook County, these transfers are neither automatic nor permanent. The CCLBA must bid on and win properties at tax sales alongside other buyers. CCLBA's acquisition strategy changes from sale to sale, governed almost exclusively by internal policy and reliant on limited public property information which often does not accurately reflect a property's present status. Like most land banks, the CCLBA also lacks the staff and resources to effectively address the volume of cases involved in tax delinquency system. As a result, the CCLBA often acquires properties that are inappropriate for CCLBA development, such as those that are recorded as vacant but turn out to be occupied. Additionally, given the volume of the scavenger sale, the CCLBA regularly acquires thousands of properties per sale and must secure full possession of each property before the redemption period expires (in past years CCLBA often acquired more than 8,000 - 9,000 properties per sale, though this number fell to approximately 2,000 properties in the 2022 sale).⁸⁷

^{xx} All Illinois counties use lien sales, as such, all Illinois counties face a similar problem in providing for the permanent transfer of delinquent properties. While this review did not examine the outcome of collar county delinquency procedures, it is likely that other counties still face challenges redeveloping certain problem properties.

In practice, the process of evaluating and securing properties, quieting title, and completing foreclosure can take years, must be repeated for each property, and can require substantial resources. With limited public funding, the CCLBA has traditionally been able to complete this process for only a fraction of the properties it acquires, with the remaining liens expiring and returning to the county for relisting. Often, this process is then begun anew when the CCLBA re-acquires the same properties at subsequent sales.

4. Discretion

Despite its shortcomings, state law affords no alternative to the present tax sale system. Unlike other jurisdictions, neither local nor state authorities have any discretion to intervene in the conversion and sale of tax liens (authorities may cancel or prevent tax lien sales only in instances of error or fraud). This lack of discretion imposes additional limitations on local governments, such as precluding the power to intervene when a property is ill-suited for sale, or repeatedly fails to sell. A lack of discretion may also limit the power of unrelated redevelopment programs. Whereas other jurisdictions can simply remove properties from normal delinquency proceedings if the property is earmarked for alternative public redevelopment, Cook County governments must first go through the tax sale process as a component of the redevelopment. A lack of discretion even limits the power of local governments to collect outstanding debts, reliant entirely on a single system, whereas communities may find it more effective to pursue collection through internal collections or sequestration.

5. Local Government Fragmentation

Cook County is one of the most fragmented local government landscapes in the country, encompassing more than 500 separate tax authorities, with multiple departments of overlapping jurisdiction even within individual communities.⁸⁸ This introduces added complexity to the post-sale redevelopment process and results in inconsistency in the land-use priorities, resources, and redevelopment programs across different municipalities.

Many of Cook County's larger and more financially stable municipalities have taken steps to modernize and streamline their land development procedures. These efforts include eliminating or minimizing administrative steps, consolidating permitting reviews, reducing the timelines for approval, and eliminating certain zoning requirements such as parking or lot size minimums. Reform remains uneven, though, with many of the region's smaller communities facing financial constraints that make reforms difficult to implement. This produces a landscape in which the areas most in need of redevelopment, also those areas most heavily included in tax and scavenger sales, are the communities least able to facilitate expedited development.⁸⁹

With zoning and permitting decisions generally set at the local level, potential developers may face a separate process in every community in which they operate. Not only do these systems generally operate independently of one another, they may also operate at odds with one another. Cook County has begun to take steps to address government fragmentation and better coordinate economic and community development. These efforts remain in the early

stages, though, and are presently focused primarily on coordinating funding, property acquisition, and keystone project oversight. Many of these programs, such as the Southland Development Authority, have focused on providing support and coordination for the smaller municipalities that have historically lacked the capacity to undertake such reforms.⁹⁰ Other reforms, though, have been limited to individual communities focused on coordination across various levels of government, such as the City of Chicago's recent efforts to better coordinate the municipal housing development projects with the CCLBA.⁹¹ As a result, the process for redeveloping delinquent properties continues to face a further bottleneck in moving properties out of this process as developers navigate this fragmented and outdated process before they can physically improve or reuse delinquent properties.

Data tracking is similarly limited within Cook County, following the common approach of maintaining property records across dozens of separate offices at the local and county level. While larger municipalities such as Chicago maintain numerous public data sets covering vacant properties, public development projects, and a range of other land use information, the region lacks any single source for integrating this information. The region also lacks any widespread, publicly available, or integrated early warning system for preventing delinquency beforehand.

6. Foreclosure and Market Demand

While there are numerous areas where Cook County's tax delinquency process could be reformed, bringing the present approach better in line with best practices should not be expected to substantially improve the effectiveness of this process in returning properties to productive tax status. Rather, many of the communities that struggle with substantial backlogs of properties also employ most, if not all, of the best practices identified here. Even the best-structured tax foreclosure process cannot create a housing market where one does not already exist. Whether these properties are owned outright by local governments or remain in private hands while cycling through the delinquency pipeline, these properties represent a public cost and a drain on their surrounding communities. These backlogs exist regardless of legal structures, present in both lien and deed structures, as well as jurisdictions both with and without a robust land bank, redevelopment, and taxpayer assistance programming.

While these backlogs were not exclusive to softer housing markets – Los Angeles has one of the tightest housing markets in the country and maintains approximately 14,000 publicly owned properties – localized market conditions do appear to be a factor.⁹² With the exception of Los Angeles and Maricopa Counties, all of the communities found to have these backlogs were located in regions with slow or declining population growth. Even in communities with stronger regional markets, the bulk of delinquencies, as well as the bulk of publicly owned land, is located in areas of the region with acutely weak housing markets, such as South-Central Los Angeles. This largely mirrors the situation in Cook County, which is currently experiencing a substantial slowdown in population growth and where the majority of delinquent properties are located in municipalities with severely distressed market demand.

In these situations, tax foreclosure is an attempt to create a market where one does not exist, by simply reducing the initial acquisition cost of delinquent properties. In many cases

though, the lack of local market demand is not a reflection of costs, but a reflection of neighborhood conditions. These neighborhoods typically have some of the lowest property costs in the region, to begin with. At the same time though, these communities struggle with lower rates of public and private investment, lower transit access, decreased access to healthcare, jobs, commercial and academic opportunities, higher rates of criminal activity, and a long list of other public concerns. Simply selling properties for \$250 a piece does not necessarily overcome these external factors, particularly where, as in Cook County, that initial price fails to account for the full cost of redeveloping such heavily distressed properties. Rather than addressing this reality, the present lien-sale system in Cook County, as in other communities, may be exacerbating these underlying problems.

V. Conclusion

Cook County's scavenger sale system, like many other communities' tax delinquency systems, fails to return large numbers of distressed properties to normal tax status every year. Like other jurisdictions, these properties continue to incur added costs as they cycle back through the delinquency pipeline for years on end: costs for local governments, neighboring property owners, and the community at large. More comprehensive assistance and outreach before a property enters a tax sale may help reduce the number of properties entering delinquency, and better coordination and expedition of redevelopment approval procedures may help reduce the bottleneck of properties being navigated out of the delinquency system. More general improvements to the process of publicly redeveloping delinquent properties may reduce the time properties spend in this system. None of these changes, though, should be expected to fully resolve the backlog of delinquent properties currently caught up in Cook County's delinquency pipeline. If other similar communities are a model, the region can expect to retain thousands of persistently delinquent and distressed properties even if the present system were brought into complete alignment with all best practices.

The problem is much more fundamental, decades of disinvestment have left many communities without the means to avoid tax delinquency and prevent foreclosure, the capacity to retain and redevelop those same properties under local ownership, or the demand for infill investment that would attract new residents. The current delinquency system exacerbates these problems by disincentivizing investment and increasing costs for all parties involved. To be sure, the present system is very effective at collecting outstanding tax debts and may be an effective tool for owners who simply choose not to pay their taxes. For the bulk of scavenger sale properties, and many similar vacant, publicly controlled properties throughout the country, a much more comprehensive set of solutions is necessary.

Any alternative system must reflect the reality of the present situation: that thousands of distressed properties are not going to be redeveloped overnight, even under the best of circumstances, particularly where demand and capacity must be rebuilt as well. Where local governments have found success in reversing cycles of persistent delinquency and neglect, reforms have been typified by three general departures from the presently predominant approach. First, these alternatives prioritize a longer-term approach to land stewardship and

resource management. Such systems leverage foreclosure and public acquisition systems as an opportunity to ensure properties are used productively. Often this includes a long-term public interest in the underlying properties, particularly where public resources are invested. Second, alternative approaches prioritize local investment. Traditionally, most systems attempt to resell delinquent properties back to communities that lacked the resources to afford those properties in the first place. Instead, this often means properties are sold to new owners. While this can encourage necessary population growth, it can also produce displacement. In many communities, critics have argued that existing tax foreclosure systems have encouraged speculative investment often and led to neighborhood-wide cost increases that can displace existing residents. Alternatively, efforts to balance new infill with assistance and resources for existing residents support population growth while building wealth and providing homes to local residents. Finally, alternative approaches must realistically address the significant resource commitment often necessary to reverse a decades-old cycle. In many present systems, current efforts have been limited as the communities most in need of reform lack the capacity to implement such changes. Several smaller communities throughout suburban Cook County have already developed broad strategies to reshape land redevelopment throughout their communities, but remain hamstrung by a lack of resources, both public and private, to implement these reforms.

Recent years have seen increased attention for Cook County's present tax delinquency and foreclosure system, as a number of parties including the elected officials responsible for administering the present system, highlight the need for reform. This attention reflects similar reform efforts in the early stages throughout the United States. These range from smaller programs to better coordinate local policies and encourage more responsible property stewardship, to calls for more holistic changes, including the elimination of tax liens entirely. Administrative or procedural changes alone, as other jurisdictions demonstrate, are unlikely to produce substantial improvements, and permitting the existing cycle to continue will only further exacerbate the present challenge. Cook County should use any opportunity for reform of the present delinquency system to evaluate the region's long-term approach to community development and ensure that those systems are working in conjunction, rather than at odds.

Appendix A: Jurisdiction Comparison Overview

	New York City, NY	Los Angeles County, CA	Cook County, IL
	Components of Sale Procedures		
Sale Type	Lien sale (sold to single publicly-controlled trust)	Deed Sale (option for lien sale never exercised)	Lien sale
Judicial/ Administrative	Administrative process; Judicial proceedings available	Purely administrative process unless property owner request judicial action	Administrative sale; Judicial order to transfer possession
Pricing	Single negotiated price for all liens sold in bulk, on average valued at 73% of total outstanding debt	Sale to highest bidder, minimum bid = fair market value	Minimum bid = total outstanding debt, sale to bidder charging lowest interest
Unsold Properties/ Alternative Pricing	n/a	Unsold properties re-offered at discretionary price in "communities' best interest"	Properties unsold after three sales reoffered at secondary sale to highest bidder, bids start at \$250
Timing	Eligible for sale after 1-3 years delinquent based on property type; No fixed redemption period, decided discretionally by trust-buyer	Eligible for sale after 3-5 years depending on property type; Mandatory first sale within 4 years of initial eligibility; No redemption period	Eligible for sale after 1 year; Redemption = 6 months - 3 years depending on property type
Expedited Process	Expedited procedures available for distressed, unoccupied properties	Expedited procedures available for distressed, unoccupied properties	Expedited procedures available for distressed, unoccupied properties
Sale Restrictions/ Reversionary Rights	n/a	Only for properties sold at reduced priced/ expedited procedures for community redevelopment	n/a
Taxpayer Assistance	Payment plans with variable down payment and length available to all residents; Deferrals, reduced payment amounts and other assistance available based on economic need	Installment plans up to 5 years available to all residents	None
Local Discretion	Local officials have discretion to forego sale or foreclosure and to pursue alternative repayment/ collection/ redevelopment	Local officials have broad discretion to decide if and when to foreclose and sell properties, within statutory time limits; Local officials may enter into alternative negotiated sale under certain circumstances	All steps are mandatory; Local officials have discretion to buy properties at tax sale for no cost
	Outcomes		
Properties Offered for Sale	~ 25k properties sent notice of eligibility for sale (2016)	~7130 properties eligible for sale (2022)	37k properties eligible for initial sale (2022); 27k properties offered in scavenger sale (2022)
Properties Sold	~41k liens sold to trust (2008-2016); ~4,600 (2016)	~250 properties (2018)	~12k properties sold in annual tax sale (2017); 5k properties sold in scavenger sale (2022)
Backlog	Data unclear/ unavailable	~ 94k vacant properties; City property inventory ~9k properties, \$3 billion in property value (2020)	25k-30k persistently delinquent properties (2022); ~ 9k vacant properties owned by City of Chicago (2022)

Appendix A: Jurisdiction Comparison Overview (continued)

	Harris County, TX	Maricopa County, AZ	Philadelphia City-County, PA
Components of Sale Procedures			
Sale Type	Deed sale	Lien sale	Deed sale (option for lien sale rarely used)
Judicial/ Administrative	Judicial foreclosure; Actual sale handled by private contractors; Administrative procedures available for select property types	Administrative sale; Judicial order to transfer possession	Administrative sale; Judicial order to transfer possession
Pricing	Sale to highest bidder, minimum bid = total debt	Minimum bid = total outstanding debt, sale to bidder charging lowest interest	Sale to highest bidder, minimum bid = \$600 or total debt
Unsold Properties/ Alternative Pricing	Forfeited to local government and offered for continuous resale; May be reoffered for negotiated price for certain property and reuse types	Unsold liens transferred to state for continuous reoffering; Pricing remains the same	Local officials have discretion to pull properties or dispose/ collect through alternative means
Timing	Eligible for sale after 1 year; Redemption = 2 years for residential/ agricultural, 180 days for all other properties	Eligible for sale after 1 year; Redemption = 3 years	Eligible for sale after 3 years; Redemption = 6 months
Expedited Process	Expedited procedures available for distressed, unoccupied properties	Summary judicial process available for all properties	Summary judicial process available for all properties
Sale Restrictions/ Reversionary Rights	Only for properties sold at reduced priced/ expedited procedures for community redevelopment	n/a	Only for properties sold at reduced priced/ expedited procedures for community redevelopment
Taxpayer Assistance	Single payment plan option offering additional 12 months available to all residents; Additional procedures available for seniors and disable residents	None	Officials have discretion to craft payment plans of any length with installments as low as \$0/ month based on income and economic need
Local Discretion	Discretion to forego sale or reject buyers; Moderate discretion to transfer persistently delinquent and unsold properties to new owners/ land banks	All steps are mandatory	Broad discretion over all enforcement, collection and sale decisions
Outcomes			
Properties Offered for Sale	93 properties currently offered for sale (2022); 29 properties currently listed for resale (2022); 739 properties ordered sold but not yet scheduled (2022)	~17k properties offered for initial sale (2021)	~ 20k (2017)
Properties Sold	Data unclear	~8k property liens sold	~ 6k
Backlog	478 properties forfeited to state pending resale (2022)	~4,700 properties currently listed for sale by state; ~4,700 city-owned lots (2022)	~ 8.5k Landbank properties (2019); ~ 6.3k City owned properties; ~ 30k Properties eligible for Landbank acquisition

Appendix A: Jurisdiction Comparison Overview (continued)

	Bexar County, TX	Dallas County, TX	Santa Clara, CA
	Components of Sale Procedures		
Sale Type	Deed sale	Deed sale	Deed sale
Judicial/ Administrative	Judicial foreclosure; Actual sale handled by private contractors; Administrative procedures available for select property types	Judicial foreclosure; Actual sale handled by private contractors; Administrative procedures available for select property types	Purely administrative process unless property owner request judicial action
Pricing	Sale to highest bidder, minimum bid = total debt	Sale to highest bidder, minimum bid = total debt	Sale to highest bidder, minimum bid = fair market value
Unsold Properties/ Alternative Pricing	Forfeited to local government and offered for continuous resale; May be reoffered for negotiated price for certain property and reuse types	Forfeited to local government and offered for continuous resale; May be reoffered for negotiated price for certain property and reuse types	Unsold properties re-offered at discretionary price in "communities' best interest"
Timing	Eligible for sale after 1 year; Redemption = 2 years for residential/ agricultural, 180 days for all other properties	Eligible for sale after 1 year; Redemption = 2 years for residential/ agricultural, 180 days for all other properties	Eligible for sale after 3-5 years depending on property type; No redemption period
Expedited Process	Expedited procedures available for distressed, unoccupied properties	Expedited procedures available for distressed, unoccupied properties	Expedited procedures available for distressed, unoccupied properties
Sale Restrictions/ Reversionary Rights	Only for properties sold at reduced priced/ expedited procedures for community redevelopment	Only for properties sold at reduced priced/ expedited procedures for community redevelopment	Only for properties sold at reduced priced/ expedited procedures for community redevelopment
Taxpayer Assistance	Single payment plan option offering additional 12 months available to all residents; Additional procedures available for seniors and disable residents	Single payment plan option offering additional 12 months available to all residents; Additional procedures available for seniors and disable residents	Installment plans up to 5 years available to all residents
Local Discretion	Discretion to forego sale or reject buyers; Moderate discretion to transfer persistently delinquent and unsold properties to new owners/ land banks	Discretion to forego sale or reject buyers; Moderate discretion to transfer persistently delinquent and unsold properties to new owners/ land banks	Local officials have broad discretion to decide if and when to foreclose and sell properties, within statutory time limits; Local officials may enter into alternative negotiated sale under certain circumstances
	Outcomes		
Properties Offered for Sale	7 properties listed for initial sale (2022); 0 properties listed for resale or scheduled for future sale (2022)	129 properties currently listed (129); ~1500 ordered sold but not yet scheduled (2022)	~220 notified of delinquency and eligibility (2020); 26 properties offered for sale (2019); 1 property offered at resale (2020)
Properties Sold	Data unclear	Data unclear	26 properties sold (2019); 1 property sold at resale (2019)
Backlog	35 properties forfeited to state for attempted resale (2022)	618 forfeited to state for attempted resale (202); ~120 properties currently offered for land bank or alternative sale	~46k vacant properties regionally; 500 - 4000 vacant properties in San Jose

Appendix A: Jurisdiction Comparison Overview (continued)

	Franklin County, OH	Marion County, IN	San Diego, CA
Components of Sale Procedures			
Sale Type	Lien sale used annually for bulk of delinquencies; Optional deed sale for select property types	Lien sale	Deed Sale (option for lien sale never exercised)
Judicial/ Administrative	Judicial foreclosure; Administrative sale; Administrative procedures available for select property types	Judicial order of sale; Administrative sale; Judicial order to transfer possession	Purely administrative process unless property owner request judicial action
Pricing	Sale to highest bidder, minimum bid set by court (usually total debt or fair market value)	Sale to highest bidder, minimum bid = fair market value	Sale to highest bidder, minimum bid = fair market value
Unsold Properties/ Alternative Pricing	Unsold properties after two sales forfeited to state and offered continuously at discretionary price	Unsold properties offered at subsequent years' sale to highest bidder, minimum bid = fair market value; Properties remaining unsold transferred to City-County and reoffered at discretionary pricing	Unsold properties re-offered at discretionary price in "communities' best interest"
Timing	Eligible for sale after 1 year; Redemption = 1 year	Eligible for sale after 1.5 years delinquent; Redemption = one year unless property has been forfeited to local gov., then 120 days	Eligible for sale after 3-5 years depending on property type; No redemption period
Expedited Process	Expedited procedures available for distressed, unoccupied properties	Expedited procedures for distressed, unoccupied properties transferred to local community development org.	Expedited procedures available for distressed, unoccupied properties
Sale Restrictions/ Reversionary Rights	Only for properties sold at reduced priced/ expedited procedures for community redevelopment	Only for properties sold at reduced priced/ expedited procedures for community redevelopment	Only for properties sold at reduced priced/ expedited procedures for community redevelopment
Taxpayer Assistance	Payment plans available based on economic need, length between 2-5 years depending on property type and need	Installment plans of varying lengths available to all delinquent property owners based on economic need and total debt	Installment plans up to 5 years available to all residents
Local Discretion	Local officials have broad discretion to divert properties to alternative reuse programs both within tax foreclosure or alternative foreclosure structures	Local officials have broad discretion to divert properties to alternative reuse programs or provide assistance	Local officials have broad discretion to decide if and when to foreclose and sell properties, within statutory time limits; Local officials may enter into alternative negotiated sale under certain circumstances
Outcomes			
Properties Offered for Sale	~63k properties eligible (2019-2021)	~3300 properties ordered for sale; 3,069 actually included in sale (2021); 2068 properties pending sale (2022)	559 properties offered for initial sale (2019); 1014 properties offered for initial sale (2018); 279 properties offered for secondary sale (2022)
Properties Sold	~500 foreclosed or alternatively transferred through land bank (2019-2021); ~800 liens sold (2021)	999 (2021 first round); ~1500 liens satisfied or entered into sale payment plan (2021)	449 properties sold in initial sale (2019); 701 properties sold in initial sale (2018); 199 properties sold at secondary sale
Backlog	~40k vacant units countywide	~ 7,200 properties listed as vacant or abandoned; 10 properties listed for resale in second/ third rounds, all sold (2018); 46 properties currently available for surplus sale; 196 land bank sales (2020)	223 city-owned properties (2022); ~1500-4000 vacant properties in San Diego

Appendix A: Jurisdiction Comparison Overview (continued)

	Wayne County, MI
	Components of Sale Procedures
Sale Type	Deed sale
Judicial/ Administrative	Judicial foreclosure and transfer to County; Administrative sale by county
Pricing	Sale to highest bidder, minimum bid = total debt
Unsold Properties/ Alternative Pricing	Unsold properties sold to highest bidder at immediate secondary sale, minimum bid = \$500
Timing	Eligible for sale after 3 years; No post-sale redemption
Expedited Process	n/a
Sale Restrictions/ Reversionary Rights	County includes explicit use/ time frame provisions in deed and regularly reclaims properties not properly reused
Taxpayer Assistance	Installment plans available to all residents; alternative plans w/ reduced interest, extended time frames, and/ or reduced installment amounts available based on economic hardship
Local Discretion	Officials may elect not to pursue foreclosure, may extend deadlines and forego action
	Outcomes
Properties Offered for Sale	~ 75k eligible properties, ~ 26k actually offered (2015)
Properties Sold	~ 800 first round; ~ 8k second round (2013)
Backlog	~ 48% of properties delinquent in Detroit proper (2014); ~20k sold properties reclaimed for failure to meet reuse requirements (2014); ~78% of sold properties re-delinquent within 4 years (2014); ~20k properties in county land bank inventory (2022)

Appendix B: Notes and References

-
- ¹ “Memorandum, Subject: June 28, 2022, “Subcommittee on Oversight & Investigations hearing entitled, ‘Where Have All the Houses Gone? Private Equity, Single Family Rentals, and America’s Neighborhoods.’” June 23, 2022. <https://financialservices.house.gov/uploadedfiles/hhrg-117-ba09-20220628-sd002.pdf>.
- ² Alexia Fernandez Campbell, “The City That Embraced Its Decline,” *The Atlantic*, July 7, 2016, <https://www.theatlantic.com/business/archive/2016/07/the-city-that-tried-to-stop-growing/490313/>.
- ³ , “Re: Draft Scavenger Sale Study,” *Electronic communication between CMF and Cook County Treasurer*, November 2020.
- ⁴ *Id.*
- ⁵ Schmidt, Maxwell, “Cook County Scavenger Sale Evaluation,” Center for Municipal Finance, The University of Chicago Harris School of Public Policy, March 2021, https://harris.uchicago.edu/files/scavenger_sale.pdf.
- ⁶ “Foreclosure and disposition of tax-delinquent properties,” *Housing Policy Library*, Local Housing Solutions, New York University Furman Center, last accessed June 2022, <https://localhousingsolutions.org/housing-policy-library/foreclosure-and-disposition-of-tax-delinquent-properties/>.
- ⁷ *Id.*
- ⁸ *Id.*
- ⁹ *Id.*
- ¹⁰ Schmidt, at 1.
- ¹¹ *Id.*, at 35.
- ¹² “Foreclosure and disposition.”
- ¹³ “The Growing Gap: New York City’s Housing Affordability Challenge,” Bureau of Fiscal & Budget Studies, Office of the New York City Comptroller, April 2014, at 26-28, https://comptroller.nyc.gov/wp-content/uploads/documents/Growing_Gap.pdf.
- ¹⁴ “Evidence Based Policy Making: An Analysis of Six Strategies to Stabilize Neighborhoods,” May 8 Consulting and Reinvestment Fund, Commissioned by Fannie Mae, 2021, at 29, <https://www.fanniemae.com/es/media/42591/display>.
- ¹⁵ Leonard, Jennifer, Mallach, Alan, Capraro, Ben, D’Angelo, Mara, Ritacco, Sergio, and Schilling, Joe, “Restoring Properties, Rebuilding Communities: Transforming Vacant Properties in Today’s America,” Center for Community Progress, September 2010, <https://community-wealth.org/content/restoring-properties-rebuilding-communities-transforming-vacant-properties-todays-america>.
- ¹⁶ Mallach, Alan, “The Empty House Next Door: Understanding and Reducing Vacancy and Hypervacancy in the United States,” *Policy Focus Report*, Lincoln Institute of Land Policy and Center for Community Progress, 2018, at 29, <https://www.lincolninst.edu/sites/default/files/pubfiles/empty-house-next-door-full.pdf>.
- ¹⁷ “Creating and managing vacant property inventories,” *Housing Policy Library*, Local Housing Solutions, New York University Furman Center, last accessed June 2022, <https://localhousingsolutions.org/housing-policy-library/creating-and-managing-vacant-property-inventories/>.
- ¹⁸ “2019 Comprehensive Annual Performance and Evaluation Report (CAPER) Period of January 1st, 2019 to December 31st, 2019,” Issued in compliance with Community Development Block Grant (CDBG) HOME Investment Partnerships (HOME) Housing Opportunities for Persons with AIDS (HOPWA) Emergency Solutions Grant (ESG) Community Development Block Grant – Disaster Recovery, Office of Budget and Management, City of Chicago, OMB Control No: 2506-0117, 2019, https://www.chicago.gov/content/dam/city/depts/obm/supp_info/CDBG/CAPER/2019DraftCaperforPublicComment.pdf.
- ¹⁹ “Cook County Officials Highlight Cook County Legal Aid for Housing and Debt as Alternative to Evictions for Landlords,” Cook County Government, August 2, 2021, <https://www.cookcountyil.gov/news/cook-county-officials-highlight-cook-county-legal-aid-housing-and-debt-alternative-evictions>.
- ²⁰ “New Institutions for a New Economy: Development Authority Design and Practice for the 21st Century,” BW Ventures, Prepared for Cook County Government, April 2018, https://static1.squarespace.com/static/5c991a3f3dab3e000178c991/t/5db75f594cd796168e5c351d/1572298586300/New-Institutions-for-a-New-Economy_final.pdf.

-
- ²¹ “Foreclosure and disposition.”
- ²² Illinois Senate Bill 1721, 2021-2022, 102nd General Assembly.
- ²³ 30 ILCS 200/21-261 *et al.*; and 30 ILCS 200/20-190.
- ²⁴ “Cook County Treasurer Maria Pappas changes 2022 Scavenger Sale to benefit bidders and communities,” Cook County Treasurer, January 12, 2022, <https://www.cookcountytreasurer.com/newsarticle.aspx?articleid=1545>.
- ²⁵ *Id.*
- ²⁶ 35 ILCS 200/21-260.
- ²⁷ Schmidt, *generally*.
- ²⁸ “City and Town Population Totals: 2010-2019,” United States Census Bureau, <https://www.census.gov/data/tables/time-series/demo/popest/2010s-total-cities-and-towns.html#tables>; and “County Population Totals: 2010-2020,” United States Census Bureau, <https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates/2020-evaluation-estimates/2010s-counties-total.html>.
- ²⁹ Rose Gray, *et al.*, “Letter to Mayor Michael Nutter,” Regarding proposed 2015 tax lien sale, June 11, 2015, <https://www.pubintlaw.org/wp-content/uploads/2015/06/Tax-Lien-Sale-June-2015-Nutter-Final.pdf>.
- ³⁰ Jessica Yager, Eric Stern, “Selling the Debt: Properties Affected by the Sale of New York City Tax Liens,” New York University Furman Center, July 2016, at 2, https://furmancenter.org/files/NYU_Furman_Center_SellingtheDebt_28JULY2016.pdf.
- ³¹ *See generally*, Weber, William, “Tax Foreclosure: A Drag on Community Vitality or a Tool for Economic Growth?” *University of Cincinnati Law Review*, University of Chicago College of Law, Volume 81, Issue 4, Article 10, September 2013, <https://scholarship.law.uc.edu/cgi/viewcontent.cgi?article=1160&context=uclr>.
- ³² *See generally*, Kirtner, Ellen, “Interrupting the blight cycle: managing the future of properties in tax foreclosure sales through pre- and post-sale initiatives,” *Case Western Reserve Law Review*, Case Western Reserve School of Law, Volume 66, Number 4, June 2016, <https://law-journals-books.vlex.com/vid/interrupting-the-blight-cycle-652773057>.
- ³³ *See* “Tax Sale Properties,” Linebarger Goggan Blair, & Sampson, LLP, accessed June 2022, https://taxsales.lgbs.com/map?lat=30.94&lon=-99.12&zoom=6&offset=0&ordering=precinct,sale_nbr,uid&sale_type=SALE,RESALE,STRUCK%20OFF,FUTURE%20SALE&area=TX&in_bbox=-107.93103515625,23.88591836639973,-90.30896484375,37.50979582536833.
- ³⁴ *See for example, generally* “FY2017 Year in Review,” Department of Revenue, City of Philadelphia, October 4, 2017, <https://www.phila.gov/media/20171004090435/Revenue-Annual-Report-FY17-FINAL-1.pdf>.
- ³⁵ TCAS, Tax Code, Title 1, Section 33.71 (a).
- ³⁶ CRTC Section 3691(a)(1)(A).
- ³⁷ *See generally*, Kirtner.
- ³⁸ Real Estate Tax Regulations for City of Philadelphia and School District of Philadelphia, Section 302(b)(4)(E)(v), Department of Revenue, City of Philadelphia, August 28, 2019, <https://www.phila.gov/media/20190830101916/Real-Estate-Tax-regulations-compiled-2019-August.pdf>.
- ³⁹ “Report of the Lien Sale Task Force,” Lien Sale Task Force, City of New York, September 2016, at 1, https://www1.nyc.gov/assets/finance/downloads/pdf/reports/lien_sale_report/lien_sale_task_force_report.pdf.
- ⁴⁰ *Id.* at 14.
- ⁴¹ “Strategic Plan & Performance Report,” Philadelphia Land Bank, City of Philadelphia, 2019, at ii, https://secureservercdn.net/45.40.152.202/k05.f3c.myftpupload.com/wp-content/uploads/2019/07/2019_StrategicPlan_DRAFTREPORT_PublicRelease_060519_PRINT-6.5.19-REDUCED.pdf.
- ⁴² “Land Banks,” Housing Policy Library, Local Housing Solutions, New York University Furman Center, last access June 2022, <https://localhousingsolutions.org/housing-policy-library/land-banks/>.
- ⁴³ 35 ILCS 200, Sections 21-260(e) and 22-55.
- ⁴⁴ *See* Frank S. Alexander, Leslie A. Powell, “Neighborhood Stabilization: Legal Strategies for Vacant and Abandoned Properties,” IMLA Mid-Year Conference, 2011, at 5, <https://imla.org/wp-content/uploads/2020/images/2011seminar/papers/imla2011neighborhoodstabilizationpaper.pdf>.
- ⁴⁵ *Id.*
- ⁴⁶ “City-Owned Land Inventory,” Supporting Infor, City of Chicago Department of Planning and Development, last accessed June 2022, https://www.chicago.gov/city/en/depts/dcd/supp_info/city-owned_land_inventory.html.
- ⁴⁷ “Strategic Plan,” at 1-14.

⁴⁸ Kelly, Michael, “Op-Ed: Why does so much city-owned land sit idle in Los Angeles?” *Los Angeles Times*, June 17, 2018, <https://www.latimes.com/opinion/op-ed/la-oe-kelly-los-angeles-city-owned-land-20180617-story.html>.

⁴⁹ “National and Metro Housing Market Indicators,” AEI, Updated Quarter 4, 2021, <https://www.aei.org/national-and-metro-housing-market-indicators/>; “Metropolitan and Micropolitan Statistical Areas Population Totals and Components of Change: 2010-2019,” United States Census Bureau, 2020, https://www.census.gov/data/tables/time-series/demo/popest/2010s-total-metro-and-micro-statistical-areas.html#par_textimage_1139876276; “PIT and HIC Data Since 2007,” *HUD Exchange*, United States Department of Housing and Urban Development, February 2022, <https://www.hudexchange.info/resource/3031/pit-and-hic-data-since-2007/>; and “The State of the Nation’s Housing 2020 – Excel Data,” Joint Center for Housing Studies of Harvard University, Harvard Graduate School of Design & Harvard Kennedy School, 2020, <https://www.jchs.harvard.edu/state-nations-housing-2020>.

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² “Foreclosure and disposition”

⁵³ Weber, at 6.

⁵⁴ *Id.*

⁵⁵ Kirtner, *generally*.

⁵⁶ *Id.*; and “The Other Foreclosure Crisis: Property Tax Lien Sales,” National Consumer Law Center, July 10, 2012, at 6, <https://www.nclc.org/issues/the-other-foreclosure-crisis.html>.

⁵⁷ *Id.* at 8.

⁵⁸ New York City Administrative Code, Section 11-401 *et al.*

⁵⁹ Indiana Code 6-1.1-24-1.5; *see also*, “Indianapolis Case Study Summary: Model Practices in Tax Foreclosure and Property Disposition,” HUD Exchange, United States Department of Housing and Urban Development, Last accessed June 2022, <https://files.hudexchange.info/resources/documents/ModelPracticesInForeclosureIndianapolis.pdf>.

⁶⁰ “Housing Action Plan – Appendices,” *Foundation for the Future: Developing Philadelphia’s Housing Action Plan*, Department of Planning & Development, City of Philadelphia, January 23, 2019, at 52, <https://www.phila.gov/media/20190124094502/Housing-Action-Plan-Appendices-1-23-2019-1.pdf>.

⁶¹ *See for example*, FitzPatrick, Lauren, Novak, Tim, “Cook County OK’d insider deal for Ald. Carrie Austin’s top aide,” *Chicago Sun-Times*, November 4, 2019, <https://chicago.suntimes.com/2019/11/4/20944423/carrie-austin-chester-wilson-cook-county-land-bank-insider-deal>.

⁶² “Foreclosure and disposition.”

⁶³ “Strategic Plan & Performance Report 2019 - Draft,” Philadelphia Land Bank, City of Philadelphia, June 15, 2019, at 8, https://secureservercdn.net/45.40.152.202/k05.f3c.myftpupload.com/wp-content/uploads/2019/07/2019_StrategicPlan_DRAFTREPORT_PublicRelease_060519_PRINT-6.5.19-REDUCED.pdf.

⁶⁴ *Id.* at 12.

⁶⁵ “Disposition Plan for Real Property Acquired by Albany County Through the “In Rem” Delinquent Tax Lien Foreclosure Process,” County of Albany, New York, Last accessed June 2022, https://altamontenterprise.com/sites/default/files/disposition_plan_for_real_property_acquired_by_albany_county_final_10311.pdf; and “Indianapolis Case Study,” *respectively*.

⁶⁶ “Disposition Plan.”

⁶⁷ *See generally*, “Interrupting the Blight.”

⁶⁸ *Id.*

⁶⁹ *See generally*, “Property Tax Fairness,” Center for Municipal Finance, The University of Chicago Harris School of Public Policy, Last accessed June 2022, <https://propertytaxproject.uchicago.edu/>.

⁷⁰ *See for example*, “Attracting Infill Development in Distressed Communities: 30 Strategies,” Smart Growth Program, Office of Sustainable Communities, United States Environmental Protection Agency, EPA 230-R-15-001, May 2015, https://www.epa.gov/sites/default/files/2015-05/documents/fresno_final_report_042215_508_final.pdf; and “New Institutions,” *throughout*.

⁷¹ *See for example* “Creating and Managing;” and “How Can Municipalities Confront the Vacant Property Challenge?” Business and Professional People for the Public Interest, Chicago Metropolitan Agency for Planning, and Metropolitan Mayors Caucus, March 2010, at 4, <https://www.bpichicago.org/wp->

[content/uploads/2021/10/HowCanMunicipalitiesConfronttheVacantPropertyChallenge_AnIntroductoryGuide-1.pdf](#); and Jacobs, Scott, Dyson, Brian, Shuster, William, Stockton, Tom, “A structured decision approach for integrating and analyzing community perspectives in re-use planning of vacant properties in Cleveland, Ohio,” *Cities and the Environment (CATE)*, Volume 6, Issue 1, Article 11, 2013, <https://digitalcommons.lmu.edu/cate/vol6/iss1/11/>.

⁷² Jacobs, *et al.*

⁷³ See, for example, throughout “Housing New York: A Five-Borough, Ten-Year Plan,” The City of New York, Alicia Glen, Deputy Mayor for Housing & Economic Development, 2014.

⁷⁴ See generally, “Report of Lien,” at 21.

⁷⁵ “The Other Foreclosure,” at 21.

⁷⁶ Real Estate Tax Regulations for City of Philadelphia and School District of Philadelphia, Section 302(b)(4)(E)(v).

⁷⁷ See, generally, “Report of the Lien;” and for example, “NYC Council lays Groundwork to Abolish Giuliani-Era Lien Sale,” Press Release, East New York Community Land Trust, February 2, 2021, quoting New York State Attorney General Letitia James, <https://nyccli.files.wordpress.com/2021/02/press-release-tax-lien-sale-2.2.21.pdf>.

⁷⁸ “FY 2017,” at 23.

⁷⁹ “United States Rates & Bonds,” *Bloomberg*, US Edition, rates as of June 24, 2022, accessed June 2022, <https://www.bloomberg.com/markets/rates-bonds/government-bonds/us>.

⁸⁰ Eason, Brian, “Tax sales support get-rich-quick cottage industry,” *Indianapolis Star*, November 28, 2015, <https://www.indystar.com/story/news/investigations/2015/11/28/tax-sales-support-get-rich-quick-cottage-industry/76368402/>.

⁸¹ “A Drag,” at 6.

⁸² Schmidt, at 1.

⁸³ Alexander Ferrer, Terra Graziani, Jacob Woocher, Zarachery Frederick, “The Vacancy Report: How Los Angeles Leaves Homes Empty and People Unhoused,” Strategic Action for a Just Economy, Alliance for Californians for Community Empowerment, University of California – Los Angeles School of Law Community Economic Development Clinic, at vi, 2020, https://www.saje.net/wp-content/uploads/2020/09/The_Vacancy_Report_Final.pdf.

⁸⁴ Darcel Rockett, “Cook County Treasurer to make it easier for developers to snag abandoned properties in annual sale that has been stuck ‘in intensive care unit’,” *Chicago Tribune*, January 26, 2022, <https://www.chicagotribune.com/real-estate/ct-re-cook-county-treasurer-scammer-sale-tt-0119-20220126-g4xkp2xke5he5a5xyjije6fy5a-story.html>.

⁸⁵ “Report of the Lien” at 16.

⁸⁶ See for example, “Housing Counseling Centers,” Services, For Homeowners, City of Chicago Department of Housing, last updated April 29, 2022, <https://www.chicago.gov/city/en/depts/doh/provdrs/homeowners/svcs/housing-counseling-centers.html>.

⁸⁷ Schmidt, at 14.

⁸⁸ “An Inventory of Local Governments in Illinois,” The Civic Federation, February 25, 2021, at 67-171, https://www.civiced.org/sites/default/files/inventory_of_local_governments_report_0.pdf.

⁸⁹ See throughout, “South Suburban Economic Growth Initiative – Phase 1 Report,” Board of Commissioners of Cook County, June 2017, https://southlanddevelopment.org/wp-content/uploads/2020/12/SSEGI-Phase-1_full-report.pdf.

⁹⁰ *Id.*

⁹¹ Fran Spielman, “Committee Oks tool to reclaim distressed properties concentrated in communities of color,” *The Chicago Sun Times*, March 15, 2022, <https://chicago.suntimes.com/city-hall/2022/3/15/22979535/cook-county-land-bank-distressed-properties-redevelopment-city-council-committee-gentrification>.

⁹² Alissa Walker, “This interactive map shows LA’s publicly owned properties,” *Curbed Los Angeles*, July 3, 2019, <https://la.curbed.com/2019/7/3/20681291/map-public-property-los-angeles>.