

Blight Busters!



**New Orleans
City Attorney's
Guide to**

***Acquiring and Rehabilitating
Abandoned and Blighted Properties***
in the City of New Orleans

For questions contact:
Housing Unit
City Attorney's Office
1340 Poydras St., Room 1115
New Orleans, LA 70115
(504) 299-4850
www.blightbusters.com

Introduction

The City of New Orleans has approximately 16,000 vacant substandard buildings, which are havens for drug crimes, prostitution and rape. There are also countless vacant lots that have not been maintained by their owners and which have become rat harborages and dumps. Only about 25% of the owners of these properties appear at administrative hearings to address the rehabilitation, sale, demolition, clean up or maintenance of their properties. Accordingly, All Congregations Together (“ACT”), in December of 1999, challenged Mayor Marc H. Morial to address the problem of blight in our neighborhoods. In March of 2000, Mayor Morial announced his Blight Busters! initiatives, as follows:

- Create a Housing Unit in the City Attorney’s Office.
- Lien Waiver Committee.
- Punish Blighted Property Owners under the new “Slumlord” Bill.
- Tax Break for Citizens who Renovate Blighted Properties.
- Work with Tulane University Environmental Law Clinic to implement Project Renew.

The Housing Unit of the City Attorney’s office is largely responsible for the promotion of the Blight Busters! initiatives, as well as other initiatives to encourage the redevelopment of blighted properties. The Housing Unit has been implementing already existing tools and has advanced through the New Orleans City Council and the Louisiana Legislature additional tools to encourage this redevelopment. This guide outlines resources available to citizens to help them acquire and rehabilitate blighted or abandoned properties and enrich our neighborhoods.

This guide does not address financing options available.

Important Contacts

To search for blighted and abandoned properties and for other guides, go to:
www.blightbusters.com

Division of Housing and Neighborhood Development, Code Enforcement
1340 Poydras St., 11th Floor
New Orleans, LA 70112
(504) 299-4810

Department of Health, Environmental Health Division
City Hall
1300 Perdido St., Rm. 8W03
New Orleans, LA 70112
(504) 565-6896

New Orleans Redevelopment Authority (“NORA”) (the repository of the “Blighted List”)
1340 Poydras St., 11th Floor
New Orleans, LA 70112
(504) 299-4871

Lien Waiver Committee
1340 Poydras St., 11th Floor
New Orleans, LA 70112
(504) 299-4854

Office of Public Advocacy
City Hall, Room 1W09
New Orleans, LA 70112

Tulane University School of Law Civil Law Clinic
6329 Freret St.
New Orleans, LA 70118-6231
(504) 865-5153
jjohnson@law.tulane.edu

Tax Title Services

Dave Schumacher, President
Plaza Tower, 600 Anton Blvd., 11th Floor
Costa Mesa, CA 92626
(714) 371-4041 x4236
(714) 371-4189 Fax
taxtitleservices@aol.com

Department of Economic Development

1340 Poydras St., Suite 950
New Orleans, LA 70112

Office of Commerce and Industry

Robert G. Berling, Program Administrator
Louisiana Department of Economic Development
Office of Commerce and Industry, Business Incentives Division
P.O. Box 94185
Baton Rouge, LA 70804-9185
(225) 342-5401
(225) 342-5364 Fax
berling@lded.state.la.us

Definitions

“**Abandoned or blighted housing property**’ means immovable property that has been adjudicated to a political subdivision for nonpayment of taxes [as opposed to being sold to a private entity for nonpayment of taxes] or which has been acquired by a political subdivision by other means, which property is vacant or not lawfully occupied and which can be used presently for housing or can be revitalized for housing.” R.S. 33:4720.26(1).

“**Abandoned property**’ means immovable property that has been adjudicated to a political subdivision for nonpayment of taxes [as opposed to being sold to a private entity for nonpayment of taxes], which property is vacant or not lawfully occupied. The term ‘vacant or not lawfully occupied’ shall include but not be limited to any premises which is not actually occupied by its owner, lessee, or other invitee, and has been left unsecured or inadequately secured from unauthorized entry to the extent that the premises may be entered and utilized by vagrants or other uninvited persons as a place of harborage or any premises which by reason of dilapidation, deterioration, state of disrepair, or other such status is otherwise detrimental to or endangers public safety, health, or welfare.” R.S. 33:4720.12(1).

“**Adjoining landowners**’ are any owners of adjoining property to the adjudicated vacant lot that is the subject of sale” R.S. 33:4720.42(1).

“**Adjoining property**’ shall be the parcels of land sharing contiguous boundaries with the adjudicated vacant lot that is the subject of sale” R.S. 33:4720.42(2).

“**Adjudicated Vacant Lot**’ shall include, but not be limited to, any undeveloped immovable property without any buildings thereon, which is not being maintained by its owner or an agent of its owner, and that has been adjudicated [or sold] to a parish or municipality for nonpayment of taxes.” R.S. 33:4720.42(3).

“**Blighted Property**’ shall include those commercial or residential premises, including lots, which have been declared vacant, uninhabitable, and hazardous by an administrative hearing officer acting pursuant to R.S. 13:2575 and 2576 or other applicable law. In determining whether any premises are vacant, uninhabitable, or hazardous, the hearing officer shall consider the following:

- (1) Any premises which because of physical condition are considered hazardous to persons or property;
- (2) Any premises declared to be a public nuisance;
- (3) Any premises declared to be a fire hazard;
- (4) Any premises declared to be vermin infested or lacking in facilities or equipment required by the housing code of the city of New Orleans.”

Act No. 155 of the 1984 Regular Session and Act No. 101 of the 1997 Regular Session of the

Louisiana Legislature. See, also, Section 6-44 of the New Orleans City Code.

“An administrative hearing officer acting pursuant to Section 6-44 of the New Orleans City Code, in determining whether a vacant lot is ‘blighted property’, pursuant to Section 8 of Act No. 170 of the 1968 Regular Session of the Louisiana Legislature, as amended by Act No. 135 of the 1994 Third Extraordinary Session, Act No. 375 of the 1995 Regular Session, and Act No. 101 of the 1997 Regular Session, and Section 6-44 of the New Orleans City Code, shall consider to be a public nuisance a vacant lot (1) which vacant lot is owned by a person who has been found guilty of failing to maintain the vacant lot in accordance with Sections 66-241, *et seq.*, by the Municipal Court of the City of New Orleans and/or by an administrative adjudication hearing officer acting pursuant to Section 6-31, *et seq.*, of the New Orleans City Code, and (2) which vacant lot has been adjudicated to the City of New Orleans for unpaid taxes, charges imposed pursuant to R.S. 33:1236, or paving or other improvement assessments.” Section 6-45 of the New Orleans City Code.

“Blighted vacant lots” include any of the following:

- “1. Blighted vacant lots are defined as any portion of ground which is not reasonably or adequately maintained thereby causing deterioration and creating a blighting influence or condition on nearby properties thereby depreciating the value, use and enjoyment to such an extent [*sic*] that it is harmful to the public health, welfare, safety and economic stability of the area or neighborhood and the owner thereof has been twice cited in a 24 month period for failure to maintain the vacant lot. Such lots may be declared blighted by an administrative hearing officer after notification to the owner of record of the hearing at which the blight thereof is to be considered.”
- “2. The taxes owed has [*sic*] not been paid for a period of three (3) years and the taxes exceed the value of the land.”
- “3. Any vacant lot bearing unpaid taxes for three (3) years and meeting the criteria included in the definition of a blighted vacant lot.”
- “4. Any unkept vacant lot that has been created by virtue of demolition by a city agency to protect and ensure public health, and safety bearing unpaid demolition liens.”

Resolution R-98-718, New Orleans City Council.

“**Immediate vicinity**’ shall mean any of the following:

- (1) The square within which the adjudicated vacant lot is located.
 - (2) Properties located on the street on which the adjudicated vacant lot is located in squares adjoining the square within which the adjudicated vacant lot is located.
 - (3) Properties located on the street on which the adjudicated vacant lot is located in the square across the street from the square in which the adjudicated vacant property is located.
 - (4) Properties located on the street on which the adjudicated vacant lot is located in the squares adjoining the square across the street from the square in which the vacant property is located.”
- R.S. 33:4720.45(D).

“Public Nuisance”: “Any garage, shed, barn, house, building or structure shall be deemed to be a public nuisance if by reason of the condition in which it is permitted to be or remain, it shall or may endanger the health, life, limb, or property of any person or persons, or cause any hurt, harm, damages, injury or loss to any person or persons in any one or more of the following ways, means or particulars:

- (A) By reasons [*sic*] of being dilapidated, decayed, unsafe or unsanitary is detrimental to health, morals, safety, public welfare, and the well-being of the community, endangers life or property or is conducive to ill health, delinquency and crime.
- (B) By reason of being a fire hazard.
- (C) By reason of the conditions which require its continued vacancy, the public nuisance, and its surrounding grounds, are not reasonably or adequately maintained, thereby causing deterioration and creating a blighting influence or condition on nearby properties and thereby depreciating the value, use and enjoyment to such an extent that it is harmful to the public health, welfare, morals, safety and the economic stability of the area, community or neighborhood in which such a public nuisance is located.”

Section 102.4.1.1 of the New Orleans Building Code.

“Vacant or not lawfully occupied’ shall include but not be limited to any premises which is not actually occupied by its owner, lessee, or other invitee, and has been left unsecured or inadequately secured from unauthorized entry to the extent that the premises may be entered and utilized by vagrants or other uninvited persons as a place of harborage or any premises which by reason of dilapidation, deterioration, state of disrepair, or other status is otherwise detrimental to or endangers public safety, health, or welfare.” R.S. 33:4720.26(3).

How is a Property Declared Blighted?

A property is not “blighted” because of its condition. “Blighted” is a legal term of art. A property becomes “blighted” when it is declared “blighted” by an administrative adjudication hearing officer. A list of properties that have been declared “blighted” (the “Blighted List”) can be obtained at www.blightbusters.com or from the New Orleans Redevelopment Authority (“NORA”). The following is the process under which property is declared “blighted”.

Administrative Adjudication Hearing

Citation under Blighted Property Jurisdiction (New Orleans City Code, §6-31, *et seq.*)

Administrative Adjudication Case Preparation Inspection report, photograph(s), geographic location verified, ownership verified, etc., and case referral

Administrative Adjudication Hearing Notice Administrative Adjudication Bureau of Department of Health (if vacant lot) or of the Division of Housing and Neighborhood Development (if improved property) mails notification and places notice in official journal (newspaper), while Code Enforcement posts notice

Administrative Adjudication Hearing The Hearing Officer can fine an owner, grant time to an owner to take corrective action, and/or render a judgment finding the property “blighted”

Judgment Process Judgment is mailed to owner by Administrative Adjudication Bureau and Code Enforcement posts judgment on property

Appeal Period Owner has 30 days from date of judgment to appeal to Civil District Court.

Purchase from Owner (Blighted Property Amnesty Program)

The simplest way of acquiring a “blighted” property is to purchase the property from the owner. However, if the taxes exceed the value of the property and/or the City of New Orleans liens are so great as to make the purchase and rehabilitation of the property unfeasible, the City can intercede in the sale so as to reduce the amount of taxes and/or liens.

Be advised, however, that the owner will have to cooperate and will receive no consideration for the sale of his or her property. The incentive for the owner to cooperate is his or her release from liability for the condition of the property. The Louisiana Civil Code makes the owner liable for damages that occur as a result of the condition of his or her property. La. C.C. Art. 660, 661, 667 and 2322. It is a crime to own blighted property, La. R.S. 14:107.3. Owners who refuse to keep their lots free of grass and weeds can be required to perform community service. Ordinance No. 19961, M.C.S. And, as will be evident from this guide, the owner may easily lose his or her property in other ways (see the sections on “NORA Expropriation”, “Purchase at Project Renew Sale”, “Three Year Acquisitive Prescription”, “Purchase at Tax Sale”, “Sale of Abandoned Property”, “Sale of Adjudicated Vacant Lot to Adjoining Landowners who have been Maintaining the Lots” and “Donation of Abandoned and Blighted Property to Non-Profits”).

If City of New Orleans liens are the problem, see the section below entitled “Lien Waiver Committee”. If the ad valorem taxes are the problem, see the section below entitled “Project Tax Amnesty” and this section.

The Louisiana Constitution prohibits the City of New Orleans from waiving its taxes. However, there are two exceptions to this prohibition. One will be addressed below in the section entitled “Donation of Abandoned and Blighted Property to Non-Profits”. The second exception allows the subordination and/or waiver of taxes in favor of a purchaser who is not a member of the immediate family of the original owner of the blighted property and who is not an entity in which the original owner has a substantial economic interest, but only in connection with a property renovation plan approved by an administrative hearing officer. La. Const. Art. 7, Sec. 14(B)(7). The implementation of this exception is known as the “Blighted Property Amnesty Program”.

If the property has not been declared “blighted”, but is in a condition suitable for a declaration of blight, and if the owner will cooperate, a consent judgment of “blight” may be an option. This shortens the period of time it will take to get the property declared “blighted”, because the owner will not have to receive notice, and the advertisement will not have to be run. This option will have to be explored with and approved by the City Attorney’s office.

The “Blighted Property Amnesty Program” is administered by the New Orleans Redevelopment Authority (“NORA”). Pursuant to Executive Order MHM-99-028, the Lien Waiver Committee (see section below on the “Lien Waiver Committee”) may “consider the reduction or waiver of taxes, pursuant to Article 7, Section 14(B)(7) & (8) of the Louisiana Constitution, only on

properties declared blighted by the City, and only if the property owner is certified as a participant in New Orleans Redevelopment Authority's Blighted Property Amnesty Program." Ordinance No. 19962, M.C.S., dated December 18, 2000, grants administrative adjudication hearing officers the authority to approve "property renovation plans in connection with the deduction of any tax, interest, penalty, or other charges forming the basis of tax liens on blighted property so that they may be subordinated and waived in favor of any purchaser who is not a member of the immediate family of the blighted property owner or which is not any entity in which the owner has a substantial economic interest, pursuant to La. Const. Art. 7, §14(B)(7) and (8)."

The requisites for eligible property are as follows:

- Final (non-appealable) judgment declaring the property blighted
- Unpaid taxes, interest and penalties exceed the value of the property
 - Current tax statement
 - Appraisal
- Clear title
 - Title insurance commitment, showing that the property is vested only in those individuals and/or entities that have signed the Owner Participation Consent Form
 - Agreement(s) from lenders/creditors (if any) to cancel liens

The requisites for an eligible seller are as follows:

- Owner Participation Consent Form (with power of attorney, coupled with an interest, to execute transfer)
- Corporation resolution or unanimous consent of shareholders, partners, managers or members, as the case may be, if applicable

The requisites for an eligible buyer are as follows:

- Buyer Participation Request Form (with affidavit that the buyer is not a member of the immediate family of the blighted property owner and is not any entity in which the owner has a substantial economic interest)
- Blighted Property Purchaser Profile
- Blighted Properties Inspection Report
- Credit report
- Loan commitment
- Blighted Property Development Plan

The requisites of an eligible transaction are as follows:

- Transfer at full market value, with the City being paid the entire consideration in

lieu of taxes, interest and penalties

- Property renovation plan approved by an administrative hearing officer
- Subordination of taxes, interest and penalties to construction loan
- Waiver upon completion of renovation
- NORA transaction fee

The forms referred to herein may be obtained from and submitted to the New Orleans Redevelopment Authority (“NORA”), who will refer the application to the Housing Unit of the City Attorney’s office, who will, in turn, review and submit the application to the administrative adjudication hearing officer and the Lien Waiver Committee.

The applicant’s attorney must prepare the subordination, based upon a form that can be obtained from the Housing Unit of the City Attorney’s office.

NORA Expropriation

Pursuant to Section 8 of Act No. 170 of the 1968 Regular Session of the Louisiana Legislature, as amended by Act No. 135 of the 1994 Third Extraordinary Session, Act No. 375 of the 1995 Regular Session, and Act No. 101 of the 1997 Regular Session, the New Orleans Redevelopment Authority (“NORA”) has the power to expropriate (“condemn” or “take”) property that has been declared “blighted”. Once NORA has expropriated the property, NORA sells the property for its appraised value, plus the cost of two appraisals and NORA’s fee. Following is a flow chart showing how to acquire a blighted property through a NORA expropriation:

Citizen obtains the Blighted Property List
(available at NORA’s office)

Is the property in question on the blighted list?	
<p style="text-align: center;">If Yes</p> <p style="text-align: center;">Complete application and return to NORA with \$100 application fee \$275 fee for property appraisal</p>	<p style="text-align: center;">If No</p> <p style="text-align: center;">Notify Division of Housing and Neighborhood Development, Code Enforcement (if improved property) or Department of Health, Environmental Health Division (if vacant lot)</p>
Upon receipt of appraisal, are you still interested?	
<p style="text-align: center;">If Yes</p> <p style="text-align: center;">Pay an additional \$175 fee for an appraisal review</p>	<p style="text-align: center;">If No</p> <p style="text-align: center;">All funds are forfeited</p>
<p style="text-align: center;">Upon satisfactory appraisal review, NORA shall:</p> <ul style="list-style-type: none"> A. File petition for expropriation with Civil District Court. B. Notify owner and/or parties in interest by legal service or judge appointed curator. C. Appear at pre-trial discovery and hearings. D. Obtain trial date. E. Argue for an expropriation judgment. F. Sell properties to prospective purchaser. G. Grant purchaser 270 days to remove blight or suffer recapture of property. 	
<p>*The above terminates at any stage if the owner removes the “blight” via renovation, demolition or sale to a purchaser who will renovate the property.</p>	

Purchase at Tax Sale

If ad valorem property taxes are not paid on a piece of property, the City of New Orleans can put the property up at public sale for the taxes. If the property is sold to a private individual or entity, it is said that the property was “sold” for taxes or was sold at “tax sale”. If no private individual or entity bids at the public sale, the assessor bids the property in for the City, and it is said that the property was “adjudicated to the City” for taxes or was sold at “tax adjudication”.

In the case of a tax sale, the owner has three years, or if the property has been declared “blighted” or is “abandoned” as defined by R.S. 33:4720.12(1), 18 months, from the date that the tax sale is recorded with the Register of Conveyances to redeem the property from the tax sale. La. Const. Art. 7, §25. In the case of a tax adjudication, the owner may redeem the property at any time prior to the City’s determining that the property is needed for a public use or the City’s donating or selling the property (see, e.g., the section on “Donation of Abandoned and Blighted Property to Non-Profits”).

Upon redemption, the tax sale purchaser is entitled to receive from the owner “the value of the improvements made upon such real estate by the purchaser thereof at the sale”, La. R.S. 47:2222, and “the cost of any repairs, rehabilitation, maintenance, removal, or demolition made or done thereon by said purchaser to the extent not otherwise included in the value of the improvements for which payment is required under R.S. 47:2222, when required by an order of [the City] for the purpose of enforcing a property standards ordinance. The reimbursement for costs set forth in this Section shall be limited to the minimum amount reasonably necessary to comply with the order of [the City] and the property standards ordinance....”, La. R.S. 47:2222.1.

After the period of redemption has passed, the purchaser at a tax sale files a proceeding to quiet the tax title.

Purchase at Project Renew Sale

Pursuant to R.S. 13:2575 and 13:2576 (the latter being known as “Project Renew”), the City of New Orleans, through an administrative adjudication hearing officer, may assess fines against owners for violations of public health, housing, fire code, environmental and historic district ordinances, may impose liens against property if the fines go unpaid and may sell the property subject to the liens at public sale pursuant to a writ of *feri facias*.

The property is sold with the benefit of appraisal. No bid is accepted which is less than two-thirds of the appraised value. If the property does not sell in the first sale, the New Orleans Redevelopment Authority (“NORA”) has the right to purchase the property for an amount equal to the greater of one-third of its appraised value and the sum of any taxes, charges imposed pursuant to R.S. 33:1236 and paving or other local assessments on the property, but not to exceed two-thirds of its appraised value. If NORA does not purchase the property, the property is again put up at public sale and must sell for at least one-third of the appraised value. If the property does not then sell, the property is again put up for public sale with no minimum bid.

The property is sold free of all liens, privileges, taxes and encumbrances. There is no redemptive period involved, i.e., the purchaser at the sale is immediately the owner. No suit to quiet title is required.

Three Year Acquisitive Prescription

La. R.S. 9:5633, relative to the acquisition by three year acquisitive prescription of property in the City of New Orleans which has been declared “blighted” by an administrative adjudication hearing officer, was passed by the Louisiana Legislature in the 2001 Regular Session and amended in the 2003 Regular Session. It became effective August 15, 2001.

What does this statute do? Simply put, it means that a neighbor of a vacant lot that has been declared blighted can clean up the lot, fence it, make it part of his yard and keep it mowed for three years, and the neighbor will then own the lot. Or, a developer can renovate a house that has been declared blighted and then own the house.

Of course, in real life, it is not quite as simple as that. There are many hoops to be jumped through. The statute provides that its provisions are to be strictly construed, which means that if a single hoop is not properly jumped through, the whole effort will be wasted. You will have to start all over.

While this statute can be a very important tool in encouraging the renovation and maintenance of property that has been declared blighted and, especially, in getting this property into the hands of the neighbors who have been damaged by the condition of the property, it is not a general purpose tool and will not work with all properties that have been declared blighted. In considering whether to use this tool, it will be important to first consider the amount of taxes, interest and penalties on the property. ***The taxes, interest and penalties burdening the property may make the acquisition and rehabilitation of the property unfeasible.***

Is the law retroactive? Can I count the last ten years that I have been maintaining the property? No, possession prior to the effective date of the act is not taken into consideration when counting the three years. Notices have to be given prior to taking possession. However, if a property has been declared blighted prior to the effective date of the statute, it is eligible for three year acquisitive prescription.

The City Attorney’s office has produced a specific guide to this method of acquiring property that has been declared blighted.

Donation of Abandoned Housing Property to Non-Profits

La. Const. Art. 7, Sec. 14(A) prohibits donations by political subdivisions. However, La. Const. Art. 7, Sec. 14(B)(6) excepts the “donation of abandoned or blighted housing property by the governing authority of a municipality or parish to a nonprofit organization which is recognized by the Internal Revenue Service as a 501(C)(3) or 501(c)(4) nonprofit organization and which agrees to renovate and maintain such property until conveyance of the property by such organization.” See, also, R.S. 33:4717.3, which allows the donation of abandoned or blighted housing to a nonprofit who agrees to renovate and maintain the property until conveyance of the property by the nonprofit.

The statutes which implement this exception, R.S. 33:4720.25, *et seq.*, were amended by the Louisiana Legislature in the 2001 Regular Session to allow the City to waive the taxes on such properties pursuant to a fair and equitable policy which determines the amount of taxes that shall be cancelled in each case. According to Ordinance No. 20819, M.C.S. (which amended an earlier ordinance which waived only a part of the taxes), the City cancels all the taxes.

The City will not donate property that has not been adjudicated for at least 18 months subsequent to the filing of the tax adjudication with the Registrar of Conveyances. R.S. 33:4720.29(A). The nonprofit organization must renovate the property within 270 days of the donation and must maintain such property until it conveys the property. The renovation and maintenance must be consistent with the requirements of the New Orleans City Code and the New Orleans Building Code. If the nonprofit organization does not renovate and maintain the property, the City may revoke and dissolve the donation.

If a nonprofit organization is interested in acquiring “abandoned or blighted housing property” (see the definition earlier in this guide), the nonprofit must submit a plan and a budget for the acquisition and renovation of the property, an appraisal of the property as is, and such other documentation as may be deemed necessary by the City Attorney and/or the Division of Housing and Neighborhood Development (“DHND”) in any particular case. The budget should include, in addition to all costs of renovation and maintenance, the attorney’s fees and costs that may be necessary to render the title merchantable¹. The City Attorney or DHND shall review the plan. The nonprofit organization must fulfill resale requirements that require a purchaser of a single family home to own the home and reside there as its primary resident for two years. If the

¹ The nonprofit organization may file a proceeding to quiet the adjudicated tax title after the donation. In the past, this proceeding has been considered indispensable by title examiners to creating a merchantable title. However, an alternative is being promoted by Tax Title Services in conjunction with a major title insurer, which may reduce the time period within which a merchantable title may be established.

nonprofit organization develops multifamily units, the nonprofit organization must own the property for two years. If these resale provisions are not fulfilled, the purchaser must repay to the City the lesser of (1) the amount of the outstanding taxes, paving and other assessments, and penalties and interest, and (2) the appraised value of the property, less the valuation of the improvements made to the property by the purchaser.

The City Attorney's office administers this program. Applications may be obtained from the Housing Unit of the City Attorney's office.

Sale of Abandoned Property

R.S. 33:4720.11, et seq., allow the City of New Orleans to sell “abandoned property”, which is defined as property that has been adjudicated to the City for nonpayment of taxes and which is “vacant or not lawfully occupied”, which term is defined in the Definitions section of this Guide. These acts of sale convey the property free and clear of taxes, interest and penalties and conventional and judicial mortgages.

The City will not convey property that has not been adjudicated for at least 18 months subsequent to the filing of the tax adjudication with the Registrar of Conveyances. La. Const. Art. 7, §25(C). The act of sale from the City to the purchaser will contain a requirement that the purchaser bring the property up to the standards of the New Orleans City Code and the New Orleans Building Code within 270 days of the act of sale. If the purchaser does not renovate the property, the City may revoke and dissolve the sale. The property will be sold privately for 50% of the appraised value, but for not more than the appraised value, less the attorney’s fees and costs necessary to make the title to the property insurable.

If you are interested in purchasing “abandoned property”, you must submit a plan and a budget for the acquisition and renovation of the property, an appraisal of the property and such other documentation as may be deemed necessary by the City Attorney and/or the Division of Housing and Neighborhood Development (“DHND”) in any particular case. The budget should include, in addition to all costs of renovation and maintenance, the attorney’s fees and costs that may be necessary to render the title merchantable². Prior to approving the sale, the City Attorney and/or DHND will review the plans and specifications of and the budget for the rehabilitation and determine whether it is viable and feasible. Additionally, you *must* retain an attorney who will work with the City Attorney’s office in meeting the requirements of the statutes.

The City Attorney’s office administers this program. A guide, with an application, can be obtained from the Housing Unit of the City Attorney’s office.

² The nonprofit organization may file a proceeding to quiet the adjudicated tax title after the donation. In the past, this proceeding has been considered indispensable by title examiners to creating a merchantable title. However, an alternative is being promoted by Tax Title Services in conjunction with a major title insurer, which may reduce the time period within which a merchantable title may be established.

Sale of Adjudicated Vacant Lots to the Adjoining Landowner who has been Maintaining the Lot

R.S. 33:4720.41, *et seq.*, allows the City of New Orleans to sell an “adjudicated vacant lot” to an “adjoining landowner” who “undertakes open, notorious [generally known and talked of], continuous, uninterrupted, peaceable [not contentious or quarrelsome], public and unequivocal [leaving no doubt] possession of and maintains the adjudicated vacant lot in accordance with all relevant state and local laws for a period of one year.” The terms “adjudicated vacant lot” and “adjoining landowner” are defined in the Definitions section of this Guide.

The City cannot convey an “adjudicated vacant lot” that has not been adjudicated for at least three (3) year subsequent to the filing of the tax sale deed to the City with the Registrar of Conveyances. La. Const. Art. 7, §25(B)(2); R.S. 33:4720.45. The property will be sold privately for 50% of the appraised value, but for not more than the appraised value, less the attorney’s fees and costs necessary to make the title to the property insurable. These acts of sale convey the property free and clear of taxes, interest and penalties and conventional and judicial mortgages.

If you are an “adjoining landowner” who has met these requirements and you are interested in purchasing an “adjudicated vacant lot”, you must submit an application, an “Adjoining Landowner” affidavit and two “Neighbor” affidavits, found in the guide available at www.blightbusters.com or from the City Attorney’s office. Additionally, you *must* retain an attorney who will work with the City Attorney’s office in meeting the requirements of the statutes.

The City Attorney’s office administers this program.

Lien Waiver Committee

Pursuant to Executive Order MHM-99-028, the Lien Waiver Committee was constituted to waive or subordinate housing, uninhabitable, health, grass and/or demolition liens in order to bring distressed properties back into commerce and to make them economically viable. It may also subordinate and/or waive taxes in certain circumstances (see the section on the Blighted Property Amnesty Program). It is composed of representatives from the following departments of the City of New Orleans: Law (the chair), Division of Housing and Neighborhood Development, Department of Health, Department of Finance and the Chief Administrative Office.

The Lien Waiver Committee will consider the subordination and/or waiver of such liens under the following circumstances:

1. Where said liens were improperly or wrongfully placed by the City; or
2. Where subordination, cancellation or waiver of lien advances the development and redevelopment of housing, or social and/or economic development within the City of New Orleans as per the following:
 - A mortgage company requires a lien-free property to approve a loan for purchase or renovations.
 - The owner has demolished the property and has a plan to develop the property.
 - The owner has renovated the property, and the property is occupied.
 - The owner is a non-profit organization, funded by the Mayor's Division of Housing and/or another funding agency and will renovate and sell the property to an eligible person for homeownership, and the property must be lien-free prior to the resale of property by the non-profit organization.
 - The property was purchased through expropriation by the New Orleans Redevelopment Authority.
 - The owner had to pay-off liens on the property in order to acquire it lien-free, or the owner has improved the property by renovation or demolition, and the property is now being used or is occupied.
 - If there is a new owner of the property, and the lien was filed within 100 days after the act of sale was recorded.
 - To facilitate the sale or donation of property for redevelopment.

A brochure about the Lien Waiver Committee and an application for the waiver of liens can be obtained at www.blightbusters.com or at the Office of Public Advocacy.

If liens are subordinated by the Lien Waiver Committee, the applicant's attorney must draft the subordination, based upon a form that can be obtained from the Lien Waiver Committee. The applicant is responsible for the cost of recording the subordination and for the costs of cancelling liens with the Recorder of Mortgages.

Project Tax Amnesty

When taxes exceed the value of property, that property can be effectively removed from commerce. Therefore, in the event that property has been adjudicated to the City for taxes (not sold to a private individual or entity for taxes), R.S. 47:2224 provides that:

“In addition to the above methods of redemption, the tax debtor, heir, legatee, creditor or otherwise, may redeem any property which has been adjudicated to the [City] for nonpayment of taxes by paying to the [City] the actual cash value of the property in lieu of all taxes, interest and penalties due thereon up to the year of redemption. The actual cash value will be determined by the assessor and president of the [City Council], subject to the approval of the [City Council] by appropriate resolution and the Louisiana Tax Commission.”

The actual cash value of the property is ten (10) times the value at which the property is assessed. If you believe that the property is assessed at a value higher than one-tenth of its actual cash value, you should ask the assessor to reevaluate his or her assessment.

Once the assessment has been finally established, you should apply to the Housing Unit of the City Attorney’s office, who will submit the appropriate ordinance to the City Council and request a resolution from the Louisiana Tax Commission. After their approval, you will be able to redeem the property for the actual cash value.

The application must include plans for the rehabilitation of the property, a budget for the rehabilitation and evidence of the financial ability to redeem the property and complete the rehabilitation. While the rehabilitation is being completed, the taxes will be subordinated to your construction loan. The rehabilitation must be completed within 270 days of the application. You may redeem the property only after rehabilitation is completed.

Restoration Tax Abatement Program

At the request of Mayor Marc H. Morial and the New Orleans City Council, the Louisiana Restoration Tax Abatement (“RTA”) Program has been expanded to properties that have been declared “blighted”. This grants to the owner of blighted property the right for five years after completion of renovation to pay ad valorem taxes based upon the assessed value of the property prior to the renovation. If the property is sold, the contract may be transferred, subject to City Council and Board of Commerce and Industry approval.

The tax abatement is not available if property taxes have been paid on the improvements made by the project.

The program is an incentive to renovate existing structures. Therefore, an Advance Notification Form should be filed with the Office of Commerce and Industry prior to the beginning of construction, followed by filing the Application with the Office of Commerce and Industry as soon as possible. The Application is then sent to the City of New Orleans. If approved, the City will return an approval ordinance to the Office of Commerce and Industry. The application is then presented to the Board. Upon approval of the Application by the Board of Commerce and Industry, a contract is entered into between the applicant and the State of Louisiana. A copy of the contract is sent to the assessor.

An Application is available at the Department of Economic Development.