



**City of Greensboro
Vacant Housing Receivership
Pilot Initiative**

July 2020

City of Greensboro Vacant Housing Receivership Pilot Initiative

Properties that have been abandoned by owners or heirs, or left damaged without being repaired, leaves neighborhoods to deal with consequences beyond their control and results in decreasing property values and increasing crime.

Abandoned, dilapidated, and deteriorating housing affects the health, safety and welfare of occupants as well as neighbors. Quick action by the City can help to prevent further neighborhood deterioration.

The Vacant Housing Receivership process, whereby the court system appoints a receiver with independent authority to undertake needed repairs or demolition under its supervision, is a powerful tool that not only improves the neighborhood, but preserves available affordable housing and creates jobs in construction and property management.

PROGRAM DESCRIPTION

The City of Greensboro's Vacant Housing Receivership Initiative was developed to preserve and increase the City's housing stock, improve the appearance of neighborhoods by improving or removing blighted properties and to increase the availability of affordable housing.

There are currently approximately 139 residential structures with upheld demolition orders and 68 residential structures with upheld repair orders. The North Carolina General Statutes allow for the City to demolish or rehabilitate a property, no earlier than 90 days following the adoption of an ordinance to uphold the Inspector's decision.

Vacant residential or non-residential structures for which the owners have failed to comply with Code Compliance Orders to Repair or Demolish and have had an Ordinance issued by the Greensboro Minimum Housing Standards Commission upholding the order, are eligible for referral to this Vacant Housing Receivership Pilot Initiative program.

The Code Compliance Division staff will identify up to 20 properties for referral to the Vacant Housing Receivership Pilot Initiative. Properties selected for referral in this pilot program phase will be chosen based on an analysis of property condition and value, ownership status, areas of interest or high visibility, and identified property clusters.

For the Pilot Initiative, the Code Compliance Division staff will identify and select qualified entities to be recommended for appointment as receivers through a formalized process, review a rehabilitation plan with a timeline for each property in collaboration with the proposed receiver, and petition the Superior Court to appoint a qualified receiver to execute the plan of action. Staff will monitor the progress of each property and assist the receiver with monthly reports to the court.

PROGRAM PROCESS

Code Compliance Investigation

An investigation begins by a citizen's complaint, inspector's observations, government official's referral, the department has knowledge of violations, or a petition is filed with the signature of five citizens. If more than five minor violations or one major violation is identified, an enforcement case is opened. The inspector will issue an Order to Repair and work with the property owner for up to 90 days, including referrals to available City and community resources. A Director's Extension can be used to help the owner gain compliance, when necessary, if sufficient progress is being made. If the property owner fails to repair the property, the inspector refers their investigation to the Minimum Housing Standards Commission for review.

Minimum Housing Standards Commission's Decision

The Minimum Housing Standards Commission reviews the inspector's decision to issue an Order for Demolition or Repair, the owner's progress made to date, and renders a decision whether to uphold the inspector's order after hearing all evidence presented in a quasi-judicial hearing.

Code Compliance maintains an up-to-date listing of all upheld decisions for demolition / repair with a listing of all required repairs and a cost estimate worksheet. Each adoption of an ordinance to uphold an inspector's order will contain an eligibility referral for receivership. Any past cases that have not received this referral will be brought before the Commission to amend its ordinance.

Assignment & Appointment of Receiver by the Courts

Qualified receivers are selected through a Request for Qualifications (RFQ) process, based upon the general statute requirements. A Request for Proposal (RFP) will be issued for eligible properties to identify the best receiver to be recommended to the Courts.

A receiver appointment packet that includes the selected proposal will be prepared and delivered to the City Attorney's Office for presentation to a Superior Court Judge. The packet is designed to demonstrate to the Court that a "Plan of Action" is in place with the qualified receiver being requested for appointment. By statute, a Superior Court Judge can appoint a receiver recommended by the City or any other person that the judge finds to be qualified as a receiver.

Monitoring of Receiver's Progress

Code Compliance will meet with the receiver and begin the rehabilitation or demolition process, outlining expectations, and review the Plan of Action for achieving compliance. Upon completion, the Code Compliance Inspector will issue a Certificate of Compliance to the receiver.

Receiver Forecloses on Lien or is Relieved by the Courts

Any costs or fees incurred by a receiver shall constitute a lien against the property. The receiver's lien shall have priority over all other liens and encumbrances, except taxes or other governmental assessments. A receiver may recoup expenditures through rental income or foreclose on the receiver's lien by selling the property or bidding and taking possession at public sale in the same manner as a mortgage foreclosure.

CITY OF GREENSBORO VACANT HOUSING RECEIVERSHIP INITIATIVE

Frequently Asked Questions

The City of Greensboro's Receivership Initiative was developed to preserve and increase the City's housing stock, improve the appearance of neighborhoods by improving or removing blighted properties and to increase the availability of affordable housing.

1. **What is a receiver?** A receiver is a person or entity qualified and appointed by the Superior Court to complete the rehabilitation or demolition of a vacant, dilapidated, or deteriorating structure.
2. **When does a receiver get appointed?** A receiver is appointed to rehabilitate or demolish a vacant structure when the Courts find that the petitioner (person requesting appointment) has presented a qualified property warranting a receiver appointment and that the receiver is qualified based upon the statutory requirements.
3. **What is a qualified property?** A property within the City of Greensboro where the owner fails to comply with an order of a Code Compliance Inspector under North Carolina General Statute (NCGS) 160A-429/160D-1122; the owner fails to comply with an order of the Greensboro Minimum Housing Standards Commission (MHSC) following an appeal (if applicable); and the owner fails to comply with an order to repair, alter, improve, remove, or demolish a dwelling under 160A-443/160D-1203 by the Code Compliance Inspector and the MHSC.
4. **What are the qualifications of receiver?** A receiver must demonstrate to the Courts that they have the (i) financial ability to complete the purchase or rehabilitation of the property; (ii) the knowledge of, or experience in, the rehabilitation of vacant real property; (iii) ability to obtain any necessary insurance; and (iv) absence of any building code violations issued by the city on other real property owned by the person or any member, principal, officer, major stockholder, parent, subsidiary, predecessor, or others affiliated with the person or the person's business.
5. **Who is not eligible to be a receiver?** Members of the City's Governing Body, Members of the Greensboro Minimum Housing Standards Commission, or a Public Officer of the petitioning city.
6. **How are receivers selected by the City?** The City of Greensboro's Neighborhood Development Department issues a Request for Qualifications (RFQs) to solicit candidates to become a receiver. Receiver candidates must demonstrate financial capacity, experience in housing rehabilitation, demolition, new construction or property management. Receivers are selected on a rotating basis to ensure that properties are repaired and/or demolished in a timely manner.
7. **Who appoints a receiver?** A North Carolina Superior Court Judge.

8. **If I'm interested in purchasing a property, how would I know if a receiver is appointed to it?** Upon appointment by a Superior Court Judge, the "Notice of Receivership" must be recorded in the county where the property is located, and all parties are divested of any authority to collect rents or other income subject to the receivership.
9. **Can a receiver sell a property?** Yes. The Courts can appoint a receiver for the purposes of selling the property. After the courts ratification of the sale of the property, the receiver shall sign a deed conveying title to the property to the buyer, free and clear of all encumbrances, other than restrictions that run with the land. Upon the sale, the receiver shall have the time to file with the court a final accounting and a motion to dismiss the action.
10. **What happens if a property owner tries to collect rent or sell the property while a receiver is appointed?** Anyone other than the receiver who attempts to collect rents or other income can be held in contempt of court and subject to penalties of law.
11. **How long is the appointment of a receiver?** The tenure of a receiver appointed extends two years after the rehabilitation or demolition of the property.
12. **Who recommends that appointment of a qualified receiver?** In this program, the City of Greensboro with authorization from the Minimum Housing Standards Commission (MHSC) presents to Superior Court a Contractor or Developer that has been qualified by the City as a receiver to be appointed to a particular property for rehabilitation or demolition. The MHSC is granted the authority to request the appointment of receivers for vacant qualified housing cases by the Greensboro City Council.
13. **If the Court doesn't appoint the City's Contractor, who else can be appointed as a receiver?** The court may appoint an owner, mortgagee, or parties of interest if that person demonstrates the ability to complete the rehabilitation or demolition within a reasonable time, agrees to comply with a specified schedule for rehabilitation or demolition, and posts a bond in an amount determined by the court as security for the performance of the required work in compliance with the specified schedule.
14. **What is the Minimum Housing Standards Commission (MHSC)?** The MHSC is a quasi-judicial body appointed by the City of Greensboro City Council to hear and determine appeals from decisions of a City Code Compliance Inspector based on Chapter 11 of the City's Code of Ordinances. The MHSC also studies rental rates, the need for reconditioning or condemnation, and other housing conditions within the city, and make recommendations to City Council concerning such matters. Perform other duties as may be assigned by City Council. The commission may inspect houses and living quarters in the city and has the right to enter with a Code Compliance Inspector for that purpose.
15. **If a receiver stops working and isn't making progress, can they be removed?** Yes. If the Code Compliance Team charged with monitoring each project reports to the MHSC that the person appointed is not proceeding with due diligence or in compliance with the court-ordered schedule, the Commission may authorize staff to apply to the court for immediate revocation of that person's appointment and for the appointment of a qualified receiver.
16. **If the City petitions the Court to appoint a receiver, who is notified and when?** Within 10 days after filing the petition, the City gives notice to the pendency and nature of the proceeding by regular and certified mail to the last known address of all owners of the property as recorded with the Register of Deeds, any mortgagee with a recorded interest in the property, and all other parties in interest, as defined in 160A-442(5)/160D-1202(2).

17. **Can a property owner or anyone else intervene with petition to appoint a receiver?** Yes. Within 30 days of the date on which the notice is mailed, an owner, mortgagee, party of interest, may apply to intervene in the proceeding and to be appointed as receiver. If the city fails to give notice to any owner of the property, mortgagee, or party of interest, the proceeding may continue, but the receiver's lien for expenses shall not have priority over the lien of the owner, mortgagee, and party of interest.
18. **What happens if the court revokes a receiver's appointment that has a bond posted?** If the court revokes the appointment and appoints a qualified receiver, the bond posted shall be applied to the new receiver's expenses in rehabilitating, demolishing, or selling the vacant building, structure, or dwelling.
19. **What powers and responsibilities does a receiver have?** A receiver has the powers and responsibilities set out in the order of appointment. Typical powers include taking possession and control of the property (real estate), rehabilitation of the house or demolition of the property. A receiver can collect all rents and income from the property, which shall be used to pay for current operating expenses and repayment of outstanding rehabilitation or demolition expenses. The receiver can place the cost and fees incurred as a lien against the property and can foreclose on the lien or accept a deed in lieu of foreclosure.
20. **Who does the receiver answer to?** The appointed receiver must comply and provide periodic reports as necessary to Superior Court.
21. **How do the parties and the court know what the receiver is doing?** Unless waived by the Courts or assigned to the Neighborhood Development Team by the Courts, the receiver provides monthly reports of activities, receipts and disbursements, and files a final accounting of all activity to the Courts.
22. **How does the receiver recover costs?** During the period that the receiver manages the rehabilitation or demolition of a property, any receiver fees set by the court and any costs incurred by the receiver shall constitute a lien against the property. The receiver's lien has priority over all other liens and encumbrances, except taxes and government assessments. The receiver has exclusive rights to collect all rents and income from the property. Following rehabilitation, the receiver possesses all powers of a landlord and may manage the property for up to two years following rehabilitation, with rents received being applied to current operating expenses and repayment of outstanding rehabilitation or demolition expenses. Additionally, the receiver may foreclose on their lien by selling the property at a public sale and applying the proceeds in the following order: Expenses of the sale, outstanding taxes and government assessments, receiver's lien, liens against the property in order of priority, and remaining funds are returned to the property owner.
23. **When does the Qualified Receiver's Appointment end?** The tenure of a receiver serves as an appointment at the pleasure of the Courts. The general statute identifies a time period to end a receivership as the expiration of two years after the completion of the rehabilitation or demolition. At that time, the Courts can choose to take a couple different actions such as determining the final accounting of monies owed to the receiver and government taxes and fees; initiate foreclosure to recover the costs and expenses; or dismiss the receiver when or if all costs has been recovered. The receiver is eligible to bid on the property during foreclosure at the public sale to gain ownership of the property if approved by the Courts.