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Newly Formed Coalition Offers Hope for Families on Verge of Losing Homes Through Real Estate Tax Foreclosures

Stabilizing Neighborhoods and Families is Key to a Healthy City

City of St. Louis, MO – With the goal of helping economically distressed families save their homes from real estate tax foreclosure, a newly assembled coalition of local agencies has joined forces to launch the St. Louis Real Estate Tax Assistance Fund (RETAF). The fund will be available to eligible St. Louis City homeowners starting in the spring of 2022.

The St. Louis Tax Relief Coalition is a collaboration among the Collector of Revenue’s Office, Park Central Development, Prosperity Connection, and Legal Services of Eastern Missouri.

An estimated more than 50 owner-occupied homes are auctioned at tax sales each year in St. Louis due to unpaid real estate taxes. These losses represent individual hardships for homeowners and have long-term destabilizing effects on families and communities.

“Over the last three years, almost \$4.5 million in real estate taxes have gone unpaid in the city,” said Collector of Revenue Gregory F.X. Daly, a coalition partner whose office has been key to establishing this program. “These unpaid taxes fund schools, parks, and public safety. When they aren’t paid, everyone suffers. The law requires us to file a legal suit on delinquent real estate taxes. This is a brutal process for families who are struggling to get by day to day. That’s why this project is so important to our community. The more people we can keep safely in their homes, the stronger our community will be.”

The coalition will raise non-tax dollars to help fund these unpaid real estate taxes. Park Central will manage the fund’s primary activities, screening applicants and disbursing payments to the Collector’s Office. “Committing to equitable development in our city means ensuring that residents who want to stay in their neighborhoods, can stay,” said Park Central Executive Director Abdul-Kaba Abdullah. “Unfortunately, the combined impact of COVID-19 and rising real estate taxes has left many St. Louis homeowners unable to afford their real estate taxes, putting them at risk of tax foreclosure. RETAF will help those homeowners remain in their longtime neighborhoods and hang on to hard-earned home equity.”

The Coalition hopes to raise at least \$300,000 in its first year to save at least 50 owner-occupied homes that could be auctioned at tax sale in 2022, if owners cannot come up with the needed funds to pay back taxes. Each qualifying household could be eligible for up to \$3,500 in grant assistance, with homeowners responsible for coming up with the remaining funds.

Thanks to its generous community partners and local donors, the Coalition has already raised 5% of its goal. St. Louis Community Credit Union kicked off fundraising efforts in October with a \$5,000 contribution. Prosperity Connection received a \$3,000 contribution as a runner up from the Federal Home Loan Bank of Des Moines Strong Communities Award.

The Coalition now looks to the public to help meet the remainder of its goal. Donations are 100% tax deductible and can be made on the fund’s website, www.retaf.org.

“A small real estate tax increase or medical emergency can trigger a financial hardship that eventually leads to the loss of a family home. By offering direct financial assistance before homes go to tax sale, the RETAF helps preserve homeowners’ financial independence and housing stability,” said Prosperity Connection Executive Director Kathy Siddens. Prosperity Connection will offer participating homeowners financial education, one-on-one financial coaching and services to help build credit and improve financial health.

In St. Louis, the Collector of Revenue normally obtains a money judgment against a parcel when its real estate taxes remain delinquent for two to four years. After the judgment and before the tax sale, a homeowner can redeem their property by paying the required balance due before the sale date. RETAF intervenes during this period by remitting up to \$3,500 of the judgment amount directly to the Collector of Revenue on behalf of the needy homeowner, preventing the loss of the home and helping to restore much-needed city revenues.

The fund will be available to households earning up to 100% of Area Median Income. Homeowners must apply in the same year that the foreclosure sale is scheduled. To be eligible for fund assistance, the real estate at risk of foreclosure must be the applicant’s residence. The applicant must own the real estate free of any mortgage and may not own other real estate assets.

Legal Services of Eastern Missouri’s Neighborhood Vacancy Initiative is available to offer legal aid free of charge to qualifying homeowners whose properties have title issues. “In the neighborhoods where we work, we see the impacts of tax foreclosures every day. Vacancy, absentee ownership, abandonment—these are all issues that we can tackle by simply preventing a tax foreclosure from taking place,” explained Peter Hoffman, Managing Attorney of the Neighborhood Vacancy Initiative. “The Real Estate Tax Assistance Fund addresses a critical gap that should be easy for St. Louis’s generous philanthropic community to fill.”

RETAf will begin taking applications in March 2022 from homeowners whose homes are scheduled for tax foreclosure auction in that calendar year.

The Collector’s Office will host a press conference to announce the fund at City Hall on Monday, November 29 at 11am. For more information on RETAF, please visit www.retaf.org or contact Abdul-Kaba Abdullah (314.239.1400, abdul@pcd-stl.org).

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