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October 16, 2019

Allegheny Institute Op-Ed

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510 words

## Auction those Pittsburgh property holdings

By Colin McNickle

The City of Pittsburgh should expedite the sale of city-owned real property it owns by injecting the marketplace into the process, says a new white paper by the Allegheny Institute for Public Policy.

“Property could move more rapidly from the city to the general public through an auction,” says Eric Montarti, research director at the Pittsburgh think tank.

“The city could focus on property that has been held for the longest number of years, the most attractive parcels or some other option,” he says (in *Policy Brief Vol. 19, No. 38*).

A September performance audit by the City Controller’s Office confirmed what many people have experienced first-hand: Buying such properties is a drawn-out, multi-step and time-consuming process, one that lacks transparency which could foster favoritism and fraud.

The audit was prompted by the conflicted 2017 sale of a property to the city’s real estate manager who, after an investigation, was forced to pay a fine of at least \$5,000. In response to the audit, the city is drafting a new policy regarding city employees purchasing city properties.

Indeed, sales numbers show a pattern of sales paucity. As but one example (from the three processes in which properties can be sold), of the 926 properties found to be eligible for sale in 2017 (out of 1,977 that sought a Treasurer’s sale), only 59 (about 6 percent of eligible properties) were sold.

Among the audit’s 44 recommendations are three that involve a strategy to sell property through quarterly public auctions, to aggressively advertise those auctions and ensure that the staff is qualified to see them through.

The auction call is nothing new to the Allegheny Institute; it has urged just that – thrice – since 2003.

“Given the assessment of the property sales progress by the audit, it is clear there has to be an opportunity to try something different,” Montarti says.

In addition to a Treasurer’s sale, city-owned properties can be sold through the city’s e-properties website or a side-yard purchase of a city-owned lot that abuts a private property.

And as the Post-Gazette notes, citing “one major barrier” in the process, the city’s Urban Redevelopment Authority has veto power over any sale.

It has done so in nearly half of proposed purchases and, in nearly one-quarter of those tentative sales, has not provided any rationale for the rejection.

According to audit findings, that has left nearly 3,000 parcels “on hold.” More than a third of those have been on hold for more than eight years, with 78 held for more than *50 years*.

“There is mention of new strategies to sell property, so that provides a glimmer of hope,” Montarti says of the City Finance Department, Division of Sales’, official response to the audit.

“There’s nothing to lose at this point except a lot of property that is not generating tax revenue but could be through private ownership.”

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