

Judge rules sewer bills don't stick to vacant St. Louis property forever

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MSD says it is owed \$34,000 in back payments for unpaid bills on this vacant home in the 5400 block of Claxton Avenue, shown here on Wednesday, Feb. 28, 2024, in the Mark Twain neighborhood of St. Louis. The property, valued at just \$9,500 by the St. Louis assessor, is owned by the city's Land Reutilization Authority (LRA), which was established to sell properties clear of past liens and unpaid bills. MSD, however, says a 2021 court ruling gives it the ability to try and force new owners to pay those outstanding bills.

Vanessa Abbitt, Post-Dispatch

ST. LOUIS — A judge ruled Wednesday in favor of a north St. Louis nonprofit seeking to remove sewer bills from its property bought at a tax sale.

The ruling in favor of Tabernacle Community Development Corporation may clear the way for investors citywide to buy properties from the city's land bank or at tax sales unencumbered by delinquent sewer bills, and help return some of the roughly 25,000 vacant, abandoned properties in St. Louis — about 10,000 of which are owned by a city agency — to productive use.

“I think it's the right thing,” Rev. Andre Alexander, Tabernacle's president, said Wednesday outside the courtroom. “And I think it will be beneficial to our city as a whole.”

For decades, city and state lawmakers have struggled to deal with properties left behind as a half million people moved to the suburbs, passing laws trying to clear the way for redevelopment.

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Tax sales in the city are supposed to wipe clean a property's title of any outstanding loans or tax liens.

Yet when a **2021 Missouri Court of Appeals ruling** treated unpaid sewer bills like unpaid tax bills, the Metropolitan St. Louis Sewer District adopted a more aggressive collection approach and stopped allowing the tax sales to clear its sewer

bills, which are attached as liens to properties.

Those MSD bills sometimes climb into the thousands at homes and businesses where the owners walked away years prior. In distressed neighborhoods, that can mean the bills reach sums higher than the property value itself. **The Post-Dispatch found many instances where MSD bills exceeded property values by thousands of dollars.**

In 2022, vacant property advocates got the state legislature to amend the law in an attempt to clarify that MSD liens would be extinguished when the city sells land for unpaid taxes.

In October, Tabernacle sued the sewer district over property north of Fairground Park that the nonprofit purchased at a 2022 St. Louis tax sale.

MSD bills on the property were triple what it was worth, Tabernacle officials said.

But MSD argued the new state law conflicts with its charter, governed by the Missouri Constitution, and is therefore void.

The district says it's a matter of fairness: By allowing its sewer bills to be cleared, as other taxes and mortgages are, it was asking its other customers to pay those bills.

"All of our customers, including those that don't reside in the city, would have to basically subsidize (tax) sales if we were to write those balances off or reduce the balances," MSD Finance Director Marion Gee said earlier this year.

In court Wednesday, Tabernacle's lawyer, Michael Hickey of Lewis Rice, called MSD's argument that it is exempt from the state law an "extreme position." The state constitution "didn't make MSD an entity that is insulated from any further regulation by the state."

Allowing their argument to stand would "chill" investment in tax-sale and abandoned properties in St. Louis, Hickey said.

Jonathan Beck, representing MSD, countered that the sewer district has a surprising amount of power under the state constitution.

“The public policy arguments Mr. Hickey made, while persuasive and on point, are not relevant,” Beck told the judge.

But Judge Jason Sengheiser was ready to rule immediately and granted Tabernacle’s motion for summary judgement, saying only that he didn’t see a conflict with the state statute and the constitution.

An attorney for MSD said the sewer district had not yet decided whether it would appeal.

Peter Hoffman, an attorney who focuses on vacant property issues at nonprofit Legal Services of Eastern Missouri, was watching the arguments Wednesday. There are already many hurdles for organizations like Tabernacle to buy and rehab abandoned properties in neglected neighborhoods, he said.

“At least in this case,” Hoffman said, “this is one less barrier.”

By Jacob Barker
Reporter

View the full article here:

https://www.stltoday.com/news/local/business/judge-rules-sewer-bills-dont-stick-to-vacant-st-louis-property-forever/article_b291c110-33e8-11ef-b203-1ba3d47a55bd.html?utm_campaign=snd-autopilot&utm_medium=social&utm_source=twitter_PostDispatchbiz