



Housing Alliance  
of Pennsylvania

## **ADDRESSING BLIGHT IN PENNSYLVANIA**

House of Representatives of Pennsylvania, Republican Policy Committee  
June 12, 2009

### **Testimony of the Housing Alliance of Pennsylvania**

#### **Introduction**

Good Morning. Thank you for the opportunity to testify before the House Republican Policy Committee on Addressing Blight in Pennsylvania. My name is Joanna Deming. I am the director of the Southwestern Pennsylvania office of the Housing Alliance of Pennsylvania, an independent statewide organization that works for a home within reach of every Pennsylvanian through research, information and education. I am honored to be here.

At the Housing Alliance, our vision is a Pennsylvania in which our communities are vibrant, healthy and thriving places for people to live and work, older communities are reinvigorated as unique, attractive places where past and present combine to create a promising future. We see the thousands of blighted and abandoned properties not as the eyesores they are today, but as untapped assets that provide land and infrastructure for redevelopment. Blighted property, when transformed into productive re-use, is a resource for our older communities to modernize, revitalize and grow.

The Housing Alliance began researching the role of state law in local efforts to address blight in 2003. Since that time we have published *Reclaiming Abandoned Pennsylvania, From Liability to Viability* and the *New Tools* outline you have in front of you today. We have had the opportunity to work with policy makers and concerned citizens throughout the state. I would like to share some of what we have learned with you today.

**1. Blighted, abandoned properties have a devastating economic impact on the value of the adjacent properties.** In 2001 Dr. Anne Schlay and Gordon Whitman at Temple University systematically researched the impact of unabated blighted, abandoned properties on those adjacent to them. They documented conclusively – and these are 2001 numbers in Philadelphia – that one abandoned property on a block caused a net decrease of \$6,467 in sales price on the homes on that block. More abandoned property brought with them larger net losses in value. At five abandoned properties on the block, local sales prices experienced a net decrease of \$10,043. Conversely, the absence of abandonment had a positive effect on sales prices. All else

equal, sales prices increased by \$6,715 by virtual of having no abandoned property on the block.<sup>1</sup> Blight is like cancer. Unabated, it spreads. Blocks that started with only one abandoned, blighted property soon came to have two, then three and more abandoned properties. Unless blight is stopped, it spreads.

**2. Blight and abandonment are pervasive Pennsylvania problems that affect rural, urban and suburban communities.** 300,000 vacant buildings are spread across Pennsylvania, impeding community and economic development programs and conveying images of old, worn out communities. In small cities, large cities, and rural towns throughout the state, 300,000 buildings stand vacant, including 1,591 in Altoona, 932 in Lebanon, and 2,278 in Wilkes-Barre, another 35,000 in Philadelphia and almost 19,000 in Pittsburgh<sup>2</sup>. Though fewer in number, vacant properties also litter small towns throughout rural Pennsylvania. While the numbers are smaller, the impact is equally devastating to the community.

**3. Outdated state laws constrain the ability of local communities to effectively address blighted, abandoned property.** Conversely, state leaders have the power to provide local leaders with innovative, powerful new tools to help them deal with blight effectively and abandoned properties back into productive reuse. We found that while addressing blight is largely a local concern, state law provides the framework for addressing property issues. Specifically, tax sale, eminent domain, property donation, urban renewal and spot condemnation are all state laws that dictate the ability of local government to address property problems.

**4. Blight can be addressed. Properties can be fixed up and returned to market. Communities can be revitalized – but it takes leadership, vision and the innovation.** Pennsylvania is not alone. States like Michigan, Maryland, Ohio and New Jersey are enacting innovative new laws to provide communities with tools like conservatorship, special tax sale for abandoned, blighted properties and land banks. But these changes happen only with a strong leadership and partnerships between state and local leaders, as we see here today with this hearing.

## **Solutions**

Thanks to the leadership of many of the people sitting in this room, and many more in Harrisburg and throughout the state, Pennsylvania has made progress. I want to especially acknowledge Representative John Taylor, former Chairman of the House Urban Affairs Committee, for his leadership, Senator Argull who has steadfastly maintained that blight is not just a big-city problem and the late Senator James Rhoades, who convened a *Statewide Blight Task Force* which produced a comprehensive report and legislative reform proposal.

I will highlight a few of the major new tools that are now available to local communities as a result of state action. In your packets is a Housing Alliance paper called “*New Tools for Old Problems*” which provides an outline of recent advances in the state’s

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<sup>1</sup> Blight Free Philadelphia, 2001, Anne B. Shlay and Gordon Whitman, Temple University, Philadelphia, PA

<sup>2</sup> From *Liability to Viability; A Technical Resource Guide for Action*, The Housing Alliance of Pennsylvania, 2004, p. 9.

regulatory structure for addressing abandonment.

### **Blighted and Abandoned Property Conservatorship**

Blighted and Abandoned Property Conservatorship establishes the right of interested parties to petition the Court of Common Pleas to appoint a temporary conservator to fix up a blighted and abandoned property and return it to market or demolish it when all else has failed. It is a private right of action for individuals and communities to act rather than waiting for governmental action. It is designed to be a surgical tool for use when all else has failed.

### **The Municipal Code Avoidance Act criminalizes “housing code avoidance.”**

Owners who are convicted repeatedly for the same code violation can face criminal charges.

**The Municipal Code and Ordinance Compliance Act** mandates that the purchaser of a building with known code violations must fix up or demolish the building within a year (or 18 months if the violations rise to the level of public nuisance) or face fines of up to \$10,000.

**Several Changes to the Real Estate and Tax Sale Law (RETSL)** including eliminating the redemption period on homes sold in sheriff’s sale when they are unoccupied, which means they can be fixed up and occupied sooner, joint filing of petitions which brings down the cost and speeds up the tax sale process and the establishment of prohibited purchasers including landlords whose license has been revoked, taxpayers who are delinquent and those with outstanding housing code violations. Municipalities are also now authorized to record the names and last know address of those whose properties are tax delinquent when previously this information was only kept on the property address.

**Letters of Administration** enables the Redevelopment Authority to file a petition in probate to convey property back to market when there is no interested heir.

### **Proposed State-Level Reforms to Address Blight**

While these reforms are significant, they are clearly not enough to turn the tide. Today there are many good ideas being considered by the General Assembly. Let me just focus on a few that hold promise and have a broad base of support.

As you know, the late Senator Rhoades convened a Blight Task Force two years ago that resulted in new legislation being introduced. The Neighborhood Blight Reclamation and Revitalization Bill, now Senator Argull’s SB900, includes many significant proposals that would make a difference.

### **Private Asset Attachment (§6112)**

This provision allows local governments to seek reimbursement for money that is expended to board up or demolish a building, not just by placing a lien on the property but by attaching the owner’s assets.

### **Availability of Property Insurance (§6191)**

Makes sure that insurers do not refuse to issue or renew a policy on the basis of conditions of surrounding properties

### **Training Program for Judges (§6192)**

Provides for education and training of judges, including Magisterial District Judges, on blight related laws to better equip them to do their jobs

### **Housing Courts (§9193)**

Allows the president judge of a county to establish a specialized court to focus on code enforcement and related matters

**In addition to the proposals in SB900, we would like to make sure that you are aware of three other bills being considered.**

### **Land Banks (HB712)**

In distressed communities across the country, local governments are taking steps to turn their abandoned properties into municipal assets. Properties acquired by the local government through tax sale or purchase are placed into a land bank where they can be packaged with other parcels to create attractive sites for developers. Land banks may hold properties while adjacent sites are acquired, and will often clear title and clear the site.

Representative John Taylor (R-Phila) introduced HB 712 specifically authorizing the creation of local land banks and detailing the functions and powers of land banks. A hearing on the bill was held by the House Urban Affairs Committee on May 28. This enabling legislation would give local communities a new tool that has been found to be helpful in other states such as Michigan and Ohio.

### **Adverse Possession (HB1322)**

For those properties where the owner of record can not be found or has died, the occupant of the property - a tenant or an heir - can not qualify for home improvement loans or local grant programs. As hard as they try to maintain the property, often paying property taxes, these families will eventually abandoned the house if they can not get help.

Rep. Wheatley (D-Allegheny) has introduced HB 1322. The bill would lower the time period to file a claim of ownership in adverse possession from the current 21 years to 10 years for occupied single family dwellings on one acre or less, providing shorter time frames for occupants with color of title (3 years) or who have been paying the property taxes (7 years). This will allow long term residents to obtain clear title to their properties.

### **Letters of Administration**

Rep. J. Taylor (R-Phila) introduced HB 709 to allow community development corporations (CDCs) to act as estate administrators for vacant properties. The estates law was already amended to allow redevelopment authorities to administer estates.

### **Tax Sale Reform**

Tax Sale continues to be one of the main vehicles used by local communities to acquire blighted, abandoned properties for redevelopment. Yet it is a poor tool, cumbersome, costly and unpredictable in its outcome. Our tax sale laws were adopted in the 1920s when the idea that someone would walk away from their home was unthinkable. The laws are blind to the needs and interests of the community above and beyond revenue generation.

We are exploring ways to make tax sale work better in cases where an abandoned, blighted property is concerned. One idea is to allow entities designated as “preferred purchasers” to have the first opportunity to purchase a party at judicial tax sale. (The judicial sale is held if no one buys the property at the upset sale. It is only at the judicial sale that liens can be removed so the property can be sold free and clear.)

Another idea is to allow local governments to have the right of first refusal on properties sold at tax sale and the ability to make sure abandoned properties go to responsible developers, rather than just the highest bidder. We would like to invite your help in crafting a bill that is helpful in Beaver County as well as the rest of the state.

### **Finally, I want to talk briefly about money.**

New laws, code enforcement and regulations only go so far. At some point, we need to provide property owners the wherewithal to fix up and maintain their properties if they have the will but not the means, as so many Pennsylvanians have. Currently there is a proposal to enact a state housing trust fund, House Bill 60 and Senate Bill 599, which would provide critical new dollars to repair and rehabilitate properties as well as prevent foreclosure, which is a tremendous threat to our communities. As we work to prevent blight and address it, I urge all present today to support the proposed state housing trust fund as well.

**Thank you again for the opportunity to speak with you today. We at the Housing Alliance look forward to working with you to transform our beloved older communities.**

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