



Testimony of the Housing Alliance of Pennsylvania  
on the Neighborhood Blight Reclamation and Revitalization Bill  
May 5, 2009

Good Morning. My name is Cynthia Witman Daley. I am the policy director of the Housing Alliance of Pennsylvania. The Housing Alliance was founded in 1985 to work for safe, decent, affordable homes within the reach of every Pennsylvanian, especially those with low incomes. We are a statewide organization made up of housing developers, property owners, residents, policy makers and community members committed to advancing and enacting common sense solutions to the pressing housing problems facing our rural, urban and suburban communities.

The Housing Alliance has been involved in the fight against blight for many years, advocating for safer, more prosperous communities, healthier homes for children and families, and the productive reuse of land. In 2002, the Pew Charitable Trusts asked the Housing Alliance to research the role of state laws on the ability of local communities to address blight and abandonment. We learned three things that are as relevant today as they were when we first published our research in *Reclaiming Abandoned Pennsylvania* in March 2003.

**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 blighted, abandoned properties on the nearby homes. They documented conclusively that one abandoned property on a block caused a net decrease of \$6,467 in sales price on the other homes on that block. More abandoned properties on a block brought larger net losses in value. At five abandoned properties on the block, local sales prices experienced a net decrease of \$10,043.

Not surprisingly they found that “housing within 150 feet of an abandoned unit experienced the greatest decrease in values, a net decrease in sales price of \$7,627. Those within 150-299 of an abandoned unit experienced a lower but sizeable net decrease in sales price of \$6,810. Housing within 300-449 of an abandoned unit experienced a net decrease in sales price of \$3,542.<sup>1</sup>”

Schlay and Whitman also clearly documented that blight is like a 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.

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

## **2) Blight and abandonment are widespread Pennsylvania problems that affect rural, urban and suburban communities.**

Contrary to public perception, blight and abandonment are not just big city problems. In large cities, small cities, and rural towns throughout the state, an estimated 300,000 buildings stand vacant. While 35,000 of these are in Philadelphia and almost 19,000 are in Pittsburgh, smaller cities also grapple with blight: 1,591 in Altoona, 932 in Lebanon, and 2,278 in Wilkes-Barre<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.

The causes of blight and abandonment vary but are generally rooted in the historic loss of industry and population, and an aging housing stock. 61% of Pennsylvania's homes were built before 1970. For the 17% of homeowners whose income is less than \$20,000 per year, and for the 28% of homeowners who are elderly, maintenance and property taxes can be major problems.

Blight is a common denominator in the Pennsylvania experience.

## **3) Outdated state laws constrain the ability of local communities to effectively address blight. Conversely, state leaders have the power to provide local communities with innovative, powerful new tools to help bring blighted properties back into productive reuse.**

Addressing blight is largely a local responsibility, yet state law provides the framework for the acquisition and disposition of blighted and abandoned property, especially when code enforcement fails or is inadequate. State law sets out the range of allowable practices under tax sale law, eminent domain, property donation, urban redevelopment and spot condemnation.

Many of these laws are antiquated, enacted in a different era when no one could have foreseen the problems of today. For example, tax sale laws date back to the 1920s. Tax sale is one of the main ways that property transfer takes place when taxes end up unpaid. But the tax sale laws are designed to generate revenue - a worthy goal - and generally require that properties go to the highest bidder whether or not that person has the wherewithal or the desire to fix up the property. Pennsylvania's tax sale laws provide a sound revenue generating mechanism that has become a tool for the proliferation of blight. Without being modernized, they can hamstring the ability of local officials to get a handle on a problem property or problem owner. This is just one example.

There is good news. The General Assembly has been "chipping away" at these cumbersome old laws and replacing them little by little with provisions that give local leaders the ability to address blight. Last year, the General Assembly passed, and the

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

governor signed, the Abandoned and Blighted Property Conservatorship Act. This new tool allows a municipality, redevelopment authority, community organization, neighbor, or businessperson to petition the court to appoint an independent third party to rehabilitate an abandoned property when the owner has died, disappeared, or refuses to act.

Since 1998, several other important laws were enacted. For example, today repeat code violators can be criminally prosecuted; municipalities can choose to accept the donation of property to redevelop it; properties can be bundled for tax sale making the process less costly while maintaining needed owner protections; some properties can be conveyed to a non profit for local community development without a bidding process, and a redevelopment authority can file a letter of administration as an interested party to get property back onto market when an owner dies without a will or interested heirs. Both DCED and PHFA have developed new financing mechanisms, tax credits and incentive programs such as Main Street, Elm Street, Mixed Use Facilities Financing Initiative (MUFFI), and Homeownership Choice, to name a few of the more notable and effective tools in use.

Progress has been made to modernize the blighted property system. There is evidence throughout the state that blight can be addressed. Properties can be fixed up and returned to market. But if we had done everything we could, we would not all be here today. There is still more to be done. Communities need stronger, more powerful tools to fight blight and create vibrant communities. That is why the Housing Alliance strongly supports the proposed Neighborhood Blight Reclamation and Revitalization Bill. It provides a range of new tools for local communities to better equip them to fight blight and bring communities back.

Communities can be revitalized – but it takes leadership, vision and innovation, which is why we are here today. These changes cannot happen without a strong partnership of state and local government, private investment, and nonprofit and community contributions. We need leadership from the our elected officials, as we are seeing here today, to help make our vision a reality, and to transform our abandoned past into a bright and promising future.

Based on our many years of experience and our hundreds of conversations with local community leaders, I would like to highlight some aspects of the proposed bill and why they are so important:

**Private Right of Action (§6111)** – Most codes enforcement departments are stretched too thin to handle all of the blighted properties in there jurisdiction. Many small municipalities do not have code enforcement programs. This provision empowers the people closest to the problem to take action instead of waiting for government to act.

**Private Asset Attachment (§6112)** – Too often property owners ignore code violation notices, knowing that the likely course of action for a municipality is to place a lien on the worthless property. This provision allows local governments to seek reimbursement for

money it expended to board up or demolish a building, not just by placing a lien on the property but by attaching the owner's assets.

**Reaching Out-of-State Owners (§6114)** - The nature of property ownership has changed in the last decade. The problem of out of state owners is no longer limited to people who once lived in PA and have moved away, nor is it just a problem in border communities where, e.g., Philadelphia properties are owned by NJ residents. Now properties are being bought and sold on E-Bay by owners who never see the property but hope to make a profit by flipping it. This section provides local officials with a way of bringing these owners to PA for prosecution.

**Statewide Database (§6151)** – This provision would allow municipalities to find out if a potential buyer of municipal property has code violations elsewhere, so a slum landlord can not spread blight. The database would be paid for by a surcharge on code violations.

**Grants to Establish or Enhance Code Enforcement Programs (§6161)** – Nearly one-third of all municipalities lack a property maintenance code. Even those that have a code are often hampered by the inability to fully enforce. Lack of money is a major obstacle facing municipalities in the battle to enforce the housing code. Not unrelated, they also need money for acquisition, rehab, and demolition.

**Availability of Property Insurance (§6191)** – Insuring properties in deteriorated communities has become prohibitively expensive, if insurance is available at all. The state needs to make sure that insurers do not refuse to issue or renew a policy on the basis of conditions of surrounding properties.

**Training Programs for Judges (§6192)** – With new laws on the books and more coming, hopefully, in the near future, judges on the front lines, including Magisterial District Justices, need education and training on blight related laws to help them do their jobs.

**Housing Courts (§6193)** – Cities and counties that have established housing courts have found it to be very useful to have one or more judges who specialize in housing matters, including code violations, and who understand the importance of code enforcement for the health of the community. This provision allows the president judge of a county to establish a specialized court to focus a judge's expertise on code enforcement and related matters.

In sum, the Housing Alliance supports the Neighborhood Blight Reclamation and Revitalization Bill and is dedicated to working with you to ensure that all provisions are fair, effective and balanced. We stand ready to work with you to address the blight that undermines our communities, our competitiveness and our rich heritage. Thank you for your leadership in envisioning and working for a more prosperous future for Pennsylvania.