



# REVITALIZING PA

SUCCESS STORIES & NEW PRIORITIES



Housing Alliance  
of Pennsylvania

## FROM THE EXECUTIVE DIRECTOR

Dear reader,

For over fifteen years, the Housing Alliance of Pennsylvania has been committed to supporting state and local initiatives that effectively tackle blight. We believe that every community can and should have a system in place that *prevents* blight from occurring in the first place, more quickly *remediates* the blight that does exist, and third includes a *reinvestment* plan. Communities can build and strengthen the three legs of this stool through community engagement, strong partnerships, and the strategic targeting of resources.

Our work began with a report that documented the significant challenges that Pennsylvania communities were facing including declines in population, a shrinking tax base, and a lack of adequate housing stock to attract workers and business to communities. The result of these challenges was that blighted property was too common a problem for the vast majority of Pennsylvania's urban, suburban, and rural communities.

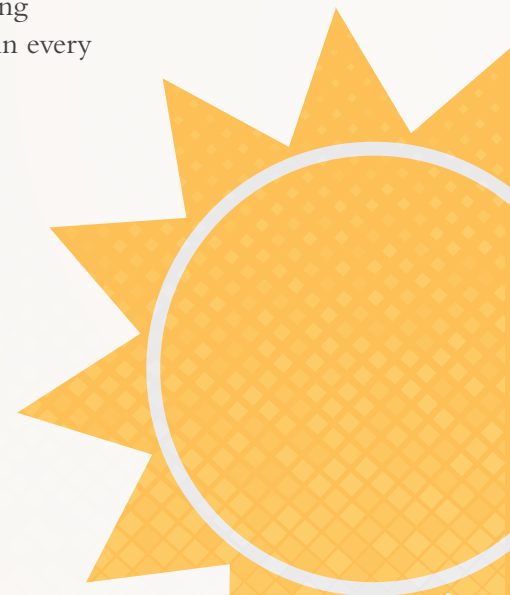
What we knew at the time was that we had to change the narrative from one focused on the numerous problems and challenges to one that crafted and then implemented solutions. We had to reclaim our land to be turned back to productive use, whether the use might be gardens and side lots, or residential and commercial spaces.

We at the Housing Alliance are proud of the many accomplishments – both in state policy changes and increased local strategies – that have already been implemented all across Pennsylvania. There are an impressive number of state laws that have passed creating new tools for local communities to tackle blight including statewide funding for a state housing trust fund, the creation of municipal and county land banks in every area of Pennsylvania, and the use of conservatorship to fast-track the upgrading of neglected vacant properties.

This report is intended to provide insight into the accomplishments that have been made possible through state policy changes and local community innovation. We also will use it to outline the way forward to take these initiatives to greater scale in the form of policy and practice priorities for addressing the remaining challenges that confront Pennsylvania communities.

We invite you to join us in celebrating timely accomplishments and identifying emerging opportunities in support of a strong and balanced housing market in every community in Pennsylvania.

Phyllis Chamberlain  
Executive Director  
Housing Alliance of Pennsylvania



## FROM THE VICE PRESIDENT

Dear reader,

BB&T is committed to making the places we serve better places to live. As active community members here in Pennsylvania, we understand that unfortunately hundreds of thousands of blighted or abandoned buildings are spread across the state, impeding community and economic development programs. That's why we started a partnership with the Housing Alliance of Pennsylvania.

For the past fifteen years, the Housing Alliance has been working with people across the commonwealth to promote common sense solutions to end blight. BB&T and the Housing Alliance see these properties in our communities not as the eyesores they are today, but as untapped assets that provide land for redevelopment. Abandoned land, when transformed into productive useful properties, is a critical opportunity for our older communities to modernize, revitalize, and grow; improving the quality of life for neighbors who are already there.

We are proud to support the work that went into this valuable report. We know that the Housing Alliance listened to people from all around the state who are on the frontlines of fighting blight. By listening, we learned so much about the tools that are working now; code enforcement, conservatorship, and land banks. We also learned about the best new ideas of where we need to go next with statewide policy and practices. While each community faces its own unique challenges, we knew that some common solutions and tools could be of benefit to all.

BB&T has always been a partner, an advocate and a force for change, and we believe that this report will light the way for the change we need to move Pennsylvania forward.

Sincerely,

David Grow

Vice President

CRA Community Development Specialist

BB&T

## ACKNOWLEDGEMENTS

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## INTRODUCTION

For many years, the Housing Alliance of Pennsylvania has been committed to supporting community efforts to turn around blighted properties. The result of our work is a range of new powers and tools, made possible through state legislation, that provide local leaders with the ability to implement solutions to the problem. Our collective successes demonstrate that this approach — strategic policy changes at the state level, along with smart implementation of on-the-ground strategies led by community stakeholders — makes a measurable impact.

Blight can seem like an insurmountable challenge. When we break down the issue into its root causes, however, we can better understand the problem and target solutions. That’s why the Housing Alliance endeavored to take stock of the work that’s been done, evaluate what’s working, and look at what’s next.

The following report was created by soliciting feedback from communities of all sizes around the commonwealth. Through surveys, interviews, and in-person meetings, we gathered information about projects, policies, and practices that people are using and we asked which are working best and what needs to improve.

In this report you will find profiles of communities, advice from experts, and policy and practice priorities for the next steps in our work to end blight. While each community has their own unique challenges, we hope that this report provides everyone with a set a tools to address them. Together we can eliminate the barriers to vibrant communities that help all Pennsylvanians to prosper.

“Strategic policy changes at the state level, along with smart implementation of on-the-ground strategies led by community stakeholders — makes a measurable impact.”



## PART ONE

# THE PROGRESS OF LAND BANKS IN PENNSYLVANIA

Enabling legislation authorizing the creation of land banks—public entities given special powers to facilitate the acquisition and conveyance of vacant and blighted properties for appropriate reuses—was approved by Pennsylvania’s General Assembly in December 2012.

Prior to that time, many communities that had been challenged by property vacancy and abandonment had been voicing support for this legislation, based on their awareness of what land banks had accomplished in other states that had previously authorized them. Now, with the passage of the Pennsylvania Land Bank Act (Act 153 of 2012), land bank supporters could pursue opportunities to form a land bank within a municipal, county, or (for smaller municipalities with fewer than 10,000 residents), multi-municipal jurisdiction, subject to local or county governing body approval.

Less than six years after the approval of the enabling legislation, twenty-three incorporated land banks can now be found in Pennsylvania, and land bank planning and

organizational activities are under way in other areas of the state. Several land banks are engaged in ongoing real estate transactions that require oversight by professional staff on a day-to-day basis and the convening of monthly land bank board meetings to authorize property acquisition and disposition transactions. This high level of performance is particularly remarkable because Pennsylvania is unlike a number of other states in which land banks have received federal and state funding through programs that are not available in Pennsylvania. Under these circumstances, land bank supporters have found creative ways to make use of available resources to support a variety of alternative business models—and their efforts have paid off.

This section contains summaries of the status of existing land banks and land bank planning initiatives in Pennsylvania followed by profiles of three land banks: county-jurisdiction land banks in Westmoreland County, Lackawanna County, and Venango County. These land banks have found the ways to achieve success in a challenging environment.

Activities Directly or Indirectly  
Associated with Land Bank

# STATUS OF PENNSYLVANIA LAND BANKS AS OF SUMMER, 2018



Name	Date Incorporated	Staffed by	Funding Sources for Operations (other than member contributions)	Planning, organizing, and/or startup phase	Acquisition of Tax Sale Properties	Other Acquisition	Demolition and/or Vacant Lot Transfers	Vacant Property Rehab	New Construction
Altoona Redevelopment Authority (Designated City Land Bank)	2018	Altoona Redevelopment Authority		X					
Dauphin County	2013	County Office of Community and Economic Development	Gaming funds (for startup) CDBG/HOME	X	X	X	X	X	
Erie City	2016	City Redevelopment Authority	Erie City Council startup allocation	X					
Fayette County Redevelopment Authority (Designated County Land Bank)	2018	Fayette County Redevelopment Authority		X					
Harrisburg City	2014	City Redevelopment Authority	City startup grant		X	X			
Lackawanna County	2015	County Planning and Economic Development Office	Local Share Grant, property sales		X	X	X	X	X
Lancaster City	2016	Department of Economic Development and Neighborhood Revitalization	Grant funds negotiated from major developer	X					
Lancaster County	2016	County Redevelopment Authority	Grants from area foundations.			X	X	X	
Lawrence County	2017	County Planning and Community Development	General Fund, RTT funds, philanthropic donations		X	X	X	X	
Lebanon City	2017	Redevelopment Authority of the County of Lebanon		X					
North East (Luzerne County)	2014	City Redevelopment Authority	City Redevelopment Authority		X	X	X		
Northumberland County	2015	County Housing Authority	County Housing Authority		X	X	X	X	X
Philadelphia City	2013	Philadelphia Land Bank (City staff)	City General Fund, property sales		X	X	X	X	X
Pittsburgh City	2014	Urban Redevelopment Authority of Pittsburgh	Initial funding from government and philanthropic sources	X					
Pottstown Borough	2018			X					
Schuylkill County	2015	Transactions facilitated by private consultant	CDBG Property sales proceeds		X	X	X	X	
Steel Valley Tri-COG (Allegheny County)	2017	Tri-COG staff	Foundation grants, Property sales proceeds (expected)		X				
Venango County	2014	County agency staff			X	X	X	X	
Washington County	2016	County Redevelopment Authority	County Redevelopment Authority		X	X	X	X	X
Westmoreland County	2014	County Redevelopment Authority	Current funding sources: foundations, Act 137, PHARE, CDBG		X	X	X	X	X
York County	2018	York County Economic Alliance		X					



# WESTMORELAND COUNTY

## An Ambitious Approach Produces New Economic & Green Space Assets

The Westmoreland County Land Bank--Pennsylvania's first--was incorporated in 2013 shortly after approval of the state land bank enabling legislation. Since then, the Land Bank has completed conventional land bank activities, such as the acquisition and rehabilitation of vacant houses, but has also undertaken major new development initiatives, two of which are described below.

Because it is staffed by employees of the Redevelopment

Authority of Westmoreland County, the Land Bank has been able to benefit from existing working relationships with county planning and development agency staff. During a startup period, the Redevelopment Authority provided in-kind staff support for the Land Bank, after which the two agencies entered into a service agreement under which the Authority charges the Land Bank for the percentage of Authority staff time devoted to Land Bank activities (including salary and benefits only, with no charge for overhead).

### MONSOUR MEDICAL CENTER/JAYHAWK COMMONS

Monsour Medical Center, a private hospital and medical facility that occupied a 6.1-acre site on Route 30 in the city of Jeannette, closed in 2006 after failing multiple state inspections. The vacant property became increasingly deteriorated and, after accumulating several years of unpaid taxes, was scheduled for tax sale in 2014. The Land Bank purchased the property at the tax sale for about \$15,000.

To help the Land Bank prepare to market the hospital site for future development, the Westmoreland County Industrial Development Corporation took responsibility for site preparation, including asbestos removal and demolition of the hospital buildings. These activities were completed in 2016 at a cost of more than \$2 million, funded from state and local sources. Subsequent pre-development activity included the construction of a retaining wall along the back border of the property, the completion of utility and stormwater management improvements, and the installation of a concrete pad to facilitate future new construction.

Following marketing and an evaluation of competitive proposals for the development of the site, the Land Bank selected Colony Holdings, Inc. to purchase the property for \$2.1 million. The firm will build a retail and office center, Jayhawk Commons, on the site. As provided in the state enabling legislation, the Land Bank will receive half the real estate tax proceeds generated by the project during the first five years of operation following the completion of construction.



*Monsour Medical Center Site on Route 30*  
Westmoreland County Land Bank





*Seeds of Change Project, City of Jeannette. Credit: Westmoreland County Land Bank*

## SEEDS OF CHANGE PROJECT

In December 2015, Keep PA Beautiful, the state affiliate of Keep America Beautiful, announced the award of a \$2,000 grant to the Seeds of Change project, a collaboration between the Land Bank, the City of Jeannette, and private citizens to clear a vacant lot at Clay Avenue and Seventh Street and develop it as a community garden. The award, along with a grant from the Community Foundation of Westmoreland County, paid for site cleanup as well as tools, equipment, fencing or other materials and supplies needed to support this green space project.

Following demolition of two two-story buildings and the removal of trash and debris, the site was developed as the Jeannette Greenspaces Community Garden, with raised-bed vegetable gardens tended by community members.

The garden is one of three that are maintained with support from Jeannette Greenspaces, a nonprofit organization that plants gardens in the city each year and sells produce at low prices at the local farm market.

In 2018, the project was selected as the winner of the Land Bank's "Love That Lot" contest, a competition highlighting community projects that transform vacant, abandoned, and deteriorated properties into neighborhood assets. "Communities like Jeannette are mobilizing local groups to take back their towns," said Land Bank Executive Director April Kopas. "The Land Bank makes it possible for volunteers and local leaders to come together as neighbors to create a better community image—both physically and socially—on a once-blighted property."

“ The Land Bank makes it possible for volunteers and local leaders to come together as neighbors to create a better community image—both physically and socially—on a once-blighted property. ”

—Land Bank Executive Director, April Kopas



# LACKAWANNA COUNTY LAND BANK

## Finding New Markets for Unwanted Properties

After incorporating in 2015, the board of the Lackawanna County Land Bank decided to focus initially on opportunities in the City of Scranton, where the largest concentration of vacant properties was located. The board gave first consideration to marketing vacant buildings and lots on the County Tax Claim Bureau’s repository sale list—properties that had been offered at past tax sale auctions but that had failed to receive bids and remained unsold.

Repository sale properties previously exposed to public auction without attracting bids may be marketed to prospective buyers through negotiated purchase, without competitive bidding. Many of these properties are scattered vacant lots and deteriorated buildings that are not readily marketable. Although some of these properties do have market potential, tax claim bureaus do not have sufficient staff and budget resources to undertake sales campaigns to promote the availability of these properties. For these reasons,

although tax claim bureaus routinely post information about repository sale properties on their web sites, many of these properties may remain unsold for years. In mid-2016, there were 1,077 Lackawanna County properties on the repository list; 610 of them were located in Scranton.

In 2016, the Land Bank received \$160,000 in gaming funds to support startup activities, and the County Commissioners approved agreements between the Land Bank and Scranton’s municipal government and school board authorizing the Land Bank to complete real estate transactions in the city. County staff reviewed the format of a deed that Westmoreland County had been using to document the transfer of properties from the County’s Tax Claim Bureau to the County’s Land Bank, and the Land Bank adopted this form of deed as a model for Lackawanna County.

As an initial phase of activity, the Land Bank selected 100 properties. Although many were vacant lots that were marketed to property owners for reuse as side yards at a cost of \$100 each, the first-phase inventory also included structures designated for rehabilitation or demolition, including an industrial brownfield site. By February, 2017, the Land Bank had received applications for 26 of the properties, and by July of that year, 20 had been sold, with another 14 in the property-transaction pipeline leading to settlement. In order to keep pace with the need to review and approve the steadily growing number of transaction requests, the Land Bank Board held monthly meetings during 2017 and 2018.

On May 4, 2018, the Land Bank sold its 50th property in Scranton, a vacant building on the 1100 block of Capouse Avenue. A couple that had recently opened a vintage shop across the street were concerned that the deteriorated property would have an adverse effect on their business, and they decided that they wanted to rehabilitate the building, with retail space on the ground floor and a residential unit upstairs. “We’re already a part of this neighborhood now and we just hope to keep on making it better and better,” one of the buyers told PA homepage.



*Side Lot Property, Scranton*  
Lackawanna County Land Bank



As of August 2018, the Land Bank had sold 65 vacant properties, with 17 properties pending sale, and an additional 80 properties under advertisement.

Starting in the Spring of 2018, the Land Bank initiated a series of town hall meetings to brief other Lackawanna County municipalities about the benefits of participating in the Land Bank, as well as to provide blight strategy training for municipal officials and others. A countywide blight task force was subsequently organized in order to address issues that had been raised at the town hall

meetings and to create a strategy for moving forward with a county blight strategy, expected to be completed before the end of the year.

Lackawanna County's experience suggests that many small vacant properties in neighborhood real estate markets may be marketable if offered at reasonable prices with clear title. In light of the Land Bank's successful experience in Scranton, other municipalities in Lackawanna County have expressed interest in joining, and several intergovernmental cooperation agreements are currently under review.

“ We're already a part of this neighborhood now and we just hope to keep on making it better and better. ”

—Land Bank buyer



# VENANGO COUNTY LAND BANK

## Restarting a Regional Real Estate Market

William P. Moon, Jr., whose Venango County firm, Gates and Burns Realty, has been in business for well over a century, is seeing signs of improvement in an area-wide real estate market that has been challenging, to say the least. “I feel we’re coming out of the hole since Quaker State and Pennzoil left,” Moon told ExploreClarion.com. “Oil City had 30,000 people when they were here, and now we’re down to 10,500.”

The Venango County-jurisdiction land bank was formed in November 2014, influenced in part by concerns about the proliferation of vacant houses in the county, as well as about the acquisition of tax sale properties by investors who failed to maintain them adequately. The Land Bank’s founding board consisted of seven members: two County Commissioners, the County Finance Director, the County Assessment Director, the County Tax Claim Bureau Director, and two members from the general public. The board has since been expanded to a total of eleven members. As a consequence of past job losses and resulting population

decline, the Land Bank adopted a strategic approach for decision-making about acquiring vacant and blighted properties. County government did not have sufficient financial resources to support long-term ownership and maintenance of a vacant-property inventory, and there were few opportunities for the County to take on the role of a housing developer in order to rehabilitate those vacant houses that appeared to have market potential.

However, the County did have one advantage: the opportunity to create a working relationship between the Land Bank and the Tax Claim Bureau, so that land bank powers could be used to acquire properties listed for judicial tax sale and convey them to responsible owners. During its first year of operation, the Land Bank began making plans to acquire properties at every annual judicial tax sale, beginning in 2016.

The Land Bank’s approach is straightforward. When the list of addresses to be auctioned at the tax sale is published,



*Land Bank Acquisition: East Bissel Avenue, Oil City*  
Google Street View



*Land Bank Acquisition: Hiland Avenue, Rouseville*  
Google Street View

the Land Bank invites municipalities to identify any properties located within their jurisdictions that they would like the Land Bank to acquire. At the judicial tax sale, the Land Bank buys the requested properties through direct purchase from the Tax Claim Bureau, then conveys them to the municipalities that had asked for them—often within a day after Land Bank acquisition. The Land Bank pays recording fees and sells each property for \$1.00. What happens after that is up to the municipality. For many properties in advanced stages of deterioration, the best plan is demolition followed by green space development (such as the creation of side yards by adjacent owners) or stormwater system improvements.

At the 2016 judicial tax sale, the Land Bank acquired six properties and conveyed them to the municipalities that had requested them. At the 2017 tax sale, the land bank acquired and conveyed twelve properties. In 2017, the County received a \$60,000 state housing trust fund (PHARE) award, to be used for demolition and rehabilitation activities associated with properties that the Land Bank acquires.

Also in 2017, the County used its authority under Act 152 to institute a deed recording fee, the proceeds of which could be used for blight removal. In addition to its tax sale acquisitions, the Land Bank has facilitated transactions involving the donation of vacant properties from banks and private parties.

Mayor Moon has found evidence of emerging opportunities in the private real estate market. “We get people who have made their money elsewhere, and they’re moving back into the area to live comfortably because of the high cost of living in other places,” he told ExploreClarion.com. “When I first meet the people, I ask them what brought them to Venango County. ‘I have family here or I grew up here and you have things I don’t have.’ I ask them what do we have that you like? ‘You have the four seasons, you have the river, you have things I don’t have.’”

The Land Bank’s property acquisition and blight removal activities are helping to create an environment with the potential to attract more buyers like these.

““ We get people who have made their money elsewhere, and they’re moving back into the area to live comfortably because of the high cost of living in other places. ””

—Mayor William Moon



Left: Rebuilding in Mt. Carmel. Right: Beech Street Factory in Pottstown.

## PART TWO

# BLIGHT-FIGHT SUCCESS STORIES

Blight and abandonment is a local and regional problem across Pennsylvania for many reasons: business relocation, job loss, population decline, absentee ownership, and lack of sufficient resources to address new and unprecedented challenges. Notwithstanding these challenges, many public agencies and nonprofit organizations across the state have found creative ways to address blighted-property problems and to position Pennsylvania downtowns and neighborhoods for success in the 21st Century economy.

“ [Phoenix Court] really cleaned up this neighborhood, and it’s a gateway. As you come off of Rt. 61, this is what you see. ”

- Ed Christiano  
Executive Director  
Northumberland County Housing Authority



Left: Goodman Building Prior to Conservatorship Action. Right: East 3rd Street Streetscape Opposite Goodman Building.



## BETHLEHEM

### Using Conservatorship to Support Downtown Revitalization

The City of Bethlehem made use of court-authorized conservatorship to acquire the Goodman Building, a centrally located commercial property located on a historic block in the South Side Business District.

In the years after the Goodman Furniture store closed in 1984, the property deteriorated and accumulated numerous code violations. A city evaluation of the property in 2016 found that the roof in the front portion of the building had partially collapsed, as a result of which rainwater was pouring into the building and mold was beginning to appear on the walls.

After the owner failed to respond to code enforcement citations, the City engaged a contractor to complete temporary repairs that would stabilize the structure and reduce the threat of collapse. Based on the condition of the building and the owner's unresponsiveness to dozens of citations over the years, the City filed a conservatorship petition in 2016, requesting court authorization to take control of the building in order to remediate health and safety code violations.

The City's petition was granted by the trial court and the conservatorship was approved in January 2017. The property owner appealed the court decision, and the appeal was heard by the Court of Common Pleas

of Northampton County. In November 2017, the court affirmed the decision of the trial court, allowing the conservatorship to proceed.

The City subsequently entered into negotiations with a private developer interested in rehabilitating the four-story property for apartments with ground-floor retail, and preliminary plans were submitted for review in Spring 2018.

In May 2018, the former owner of the building reported to Northampton County Jail to begin serving a five-day sentence for code enforcement violations.

Alicia Miller Karner, the City's Director of Community and Economic Development, commented on the significance of the project and the value of the conservatorship approach. "The Goodman Building occupies a very prominent location in the City's central business district," Karner observed. "Because of its deteriorated condition the property had been an obstacle to community revitalization in an area that had seen a lot of investment in the past several years. The City is an appropriate conservator for the property because it can evaluate development plans for the property, as well as determine how the plans will impact the street, the neighborhood, and the city as a whole."



Demolition of fire-damaged houses on West Girard Street. Right: Completed Phoenix Court development.



## NORTHUMBERLAND COUNTY

### “Gateway” Improvement Project Guided by Blight Strategy

The County’s Housing Authority took the leadership role for implementing the strategy. Patrick Mack, formerly County Planner, became the Housing Authority’s Deputy Director and was given responsibility for managing implementation tasks. The County’s initial focus was on addressing “the worst of the worst”—vacant properties that would never be feasible for development in the private real estate market. The County obtained Keystone Communities funding that, along with Community Development Block Grant funds, was used to acquire and demolish vacant buildings, based on recommendations received from municipalities within the county.

In 2013, Mt. Carmel Township submitted a request for the demolition of five properties on the 100 block of West Girard Street in the village of Atlas. Shortly afterward, three of these properties, along with two others, were destroyed by fire. Due to its locations as a “gateway” block on Route 61 near the township boundary, local and county officials agreed that the best approach would be to assemble all of the vacant properties on the block and clear the site for new development.

Although the creation of a land bank had been planned as a component of the County’s blight strategy, land bank powers were not needed in order to acquire the properties on this block. The township

acquired one property (not tax delinquent) through negotiated purchase from a private owner; others, which had been placed on the County repository sale list after being offered at past tax sales without receiving bids, were purchased from the County Tax Claim Bureau.

The County provided funding to finance the cost of demolition, completed by a local contractor, and the cleared site was conveyed to the County Housing Authority.

The Phoenix Court Garden Apartments venture, consisting of a six-unit apartment building for modest-income seniors, was constructed on the site in 2016-17, with the Housing Authority as developer. The total project cost of approximately \$851,000 was financed from several sources, with more than half the budget funded with HOME funds administered by the Pennsylvania Department of Community and Economic Development. In addition to paying for the demolition, the County provided Community Development Block Grant funding for curb and sidewalk construction, as well as Health Choices Reinvestment funds for project costs. FNB Bank made construction financing available and submitted an application, subsequently approved, for Federal Home Loan Bank of Pittsburgh funding support for





Genesis Housing Corporation



Genesis Housing Corporation

Left: Beech Street Factory interior in first phase of construction. Right: Genesis Housing grand opening event, 2017.

the project. In addition to managing site acquisition and demolition, Mt. Carmel Township waived the application fee for approval of a land development project. The Housing Authority provided housing vouchers for five of the units, one of which is available for persons with behavioral health disabilities.

“It really cleaned up this neighborhood, and it’s a gateway,” Housing Authority Executive Director Ed Christiano commented to WNEP News, “As you come in on Route 61, this is what you see.”

Phoenix Court was selected to receive an Award of

Excellence from the National Association of Housing and Redevelopment Officials (NAHRO) at NAHRO’s 2018 National Conference. The project had previously been the recipient of the Pennsylvania Association of Housing and Redevelopment Agencies (PAHRA) Bellamy Award, as well as a NAHRO Award of Merit.

The Housing Authority will be continuing its “Fight the Blight” activities with the support of additional state funding. In August 2018, a \$750,000 grant was awarded to the Authority for the acquisition and demolition of approximately sixty vacant properties, for future residential and commercial development.



## POTTSTOWN: Repurposing a Factory for 21<sup>st</sup>-Century Reuse

Through a creative collaboration with Housing Visions, a New York-based developer, Genesis Housing Corporation brought new life to a long-vacant factory in a Pottstown neighborhood.

This 60,000 square foot building, once the Leibowitz Shirt Factory, then a warehouse for Fecera’s Furniture, then a vacant eyesore, occupies a corner at Beech and Evans Streets in Pottstown. A century after the building first opened in 1912, Genesis Housing Corporation began evaluating the property’s reuse potential.

Genesis Housing saw an opportunity to incorporate some features of the existing industrial building into the reuse plan in order to create attractive residential spaces, with exposed brick walls and large windows.

Seeing an opportunity to develop the four-story portion of the building as rental apartments, Genesis Housing teamed up with Syracuse-based Housing Visions to apply for Low Income Housing Tax Credit funding from the Pennsylvania Housing Finance Agency (PHFA). Housing Visions, also a nonprofit developer, has produced more than 1,600



Housing Authority of Northumberland County



The Gulotta Group

Artfusion 19464 - Genesis Housing.

“Anyone who comes into town is going to see this project and say, ‘This is a town we want to invest in because things are happening.’”

– Judith S. Memberg  
Genesis Housing Executive Director

units of affordable housing in 15 upstate New York communities.

After submitting financing proposals in three highly competitive funding rounds, the development venture, known as the Beech Street Factory, won an award of \$11.6 million in tax credit financing in 2015 to support the development of 43 units of high-quality rental housing. The project also received \$1.3 million in funding from Montgomery County. The development

plan consisted of 43 apartments, with six units designed for occupancy by residents with mobility impairments, and two units for residents with vision/hearing loss. County funding supports the occupancy of six units by people with developmental disabilities or mental health concerns and who are actively enrolled in County-administered supportive service programs.

Following completion of development, ArtFusion 19464 opened a community arts center in the first floor of a two-story section of the building. This 4,000 square foot area includes space for classrooms, as well as for a variety of arts and cultural events. Housing Visions works collaboratively to provide ArtFusion memberships for residents of the Beech Street Factory

The high quality adaptive reuse of a strategically located building is likely to attract the interest of prospective investors in Pottstown’s downtown and neighborhoods. As Genesis Housing Executive Director Judith S. Memberg commented, “Anyone who comes into town is going to see this project and say, ‘This is a town we want to invest in because things are happening,’”



City of Erie



City of Erie

Left: Mayor Schember meeting with middle school students. Right: Community presentation and discussion of Erie Refocused.



## ERIE

### Repositioning the City for Success in a New Economy

Based on an approach outlined in the Erie Refocused comprehensive plan, the City of Erie launched an ambitious neighborhood-oriented implementation strategy and realigned municipal and private-sector resources to pursue the best opportunities for downtown and neighborhood reinvestment.

Erie Refocused was designed to guide “the real work the entire Erie community must do: adapt to a Post-Industrial economy in constructive and sustainable ways” and to provide the planning equivalent of a “football playbook.” In order to accurately characterize existing conditions and identify prospective opportunities for improvement on a neighborhood-by-neighborhood basis, preparation for the plan included a citywide housing survey and a scoring of housing conditions.

When Mayor Joseph V. Schember took office in January 2018, he made the implementation of Erie Refocused a priority. He created the position of Planning Director at the City and hired Kathy Wyrosdick. In her previous position as Erie County Director of Planning Wyrosdick played a key role in assisting the City and their consultants with finalizing the comprehensive plan and then led the City in the development of a 5 year Action Plan to begin implementing the comprehensive plan.

In order to re-energize the community around Erie Refocused, the new Mayor’s administration held nearly two dozen community conversations that attracted more than four hundred participants. These events included discussions with community members about neighborhood concerns, with immigrants and new Americans, and with middle school and high school students. Three large group meetings were held in conjunction with Erie’s Public Schools (EPS), the city’s school district, providing Superintendent Brian Polito with an opportunity to present EPS’s newly completed strategic plan and to discuss related issues with Erie residents.

Guided by Erie Refocused recommendations, the City undertook a neighborhood planning process in the East Bayfront neighborhood, Erie’s most challenged planning area. To engage community members, city staff members and a team of thirty volunteers completed a neighborhood-wide door-to-door survey, knocking on more than 1,800 doors. Survey results obtained from more than four hundred participants provided information and insights about existing neighborhood resources, as well as recommendations about how to address community concerns, particularly with respect to public safety. As an initial approach for this area, Erie Refocused recommends the demolition of blighted and dangerous buildings,



Mayor Joe Schember (left) and volunteer Chuck Cammarata doing neighborhood outreach. Right: Celebrate Erie festival.

combined with the design of high-quality public spaces that link the neighborhood to the downtown and waterfront and create a more favorable environment for future investment.

In Erie, the relationship between the health of the downtown economy and the well-being of the city's residential communities is a particularly critical issue. To support downtown revitalization consistent with

Erie Refocused, business and community leaders created the nonprofit Erie Downtown Development Corporation (EDDC). EDDC capitalized a \$30 million investment fund, representing nearly half of a total of more than \$65 million in funding secured for plan-related recommendations within two years after the plan's adoption. Nearly three-quarters of the Erie Refocused's 5 Year Action Plan recommendations are now in some stage of implementation.

“Erie Refocused was designed to guide ‘the real work the entire Erie community must do: adapt to a post industrial economy in constructive and sustainable ways.’”

- Erie Refocused Comprehensive Plan



*Ken Weinstein with Jumpstart Participants in Philadelphia.*

## PART THREE

# ADVICE FROM PRACTITIONERS

As interest in the solutions to addressing blight and abandonment has grown across Pennsylvania, housing and community development advocates and real estate practitioners in the public and private sector have each become more aware of what they both have in common and have found new opportunities to share information and pursue opportunities to collaborate and provide mutual support.

In this section, experienced practitioners provide advice about three key issues associated with blight remediation and responsible property development: property maintenance code enforcement, the county tax sale process, and supporting entrepreneurship in neighborhood-based housing development.

“ Jumpstart Germantown was born out of the idea that we can remove blight and keep wealth local by helping people rehab vacant deteriorated properties in their community.”

—Ken Weinstein



Left: Mulberry Street: new residential construction on former demolition site. Right: Hummel Street: green space improvements following vacant house demolition

## ► ADVICE ABOUT:

# PROPERTY MAINTENANCE CODE ENFORCEMENT

## From David Patton, Codes Administrator, City of Harrisburg

Harrisburg’s population declined steadily from 1960 until the turn of the century, from almost 90,000 to about 50,000, and little population growth has occurred since then. As a city experiences ongoing population loss, vacant houses begin appearing, and many of them remain vacant as the number of housing units continues to exceed the number of households that move to the city or want to remain there.

As a result of this situation, code enforcement managers in cities such as Harrisburg need to address two major challenges: using available resources to demolish properties that are in hazardous condition or in danger of collapse; and finding the best ways to ensure that vacant buildings not scheduled for demolition are maintained responsibly.

“In reality, I hate demolition,” Harrisburg Codes Administrator David Patton told pennlive.com. “It’s destroying the housing stock, and a lot of these architectural features are painful to see destroyed. You have these beautiful buildings built in the early 1900s that people just walked away from, and we end up demolishing them.”

“Anything can be fixed if you have the money,” he added, “but market value and the cost of rehab contradict each other.”

Patton has adopted a strategic approach to addressing property maintenance code enforcement challenges in a systematic way, through the following actions.

### **Prepare an inventory and set priorities.**

At the beginning of the year, Patton made public a list of up to fifty properties to be demolished with available funding. Because more than four hundred properties in Harrisburg are likely to require demolition, setting priorities is important. The decision about whether to include a property on the list is based on factors such as danger of collapse or a recent fire as well as citizen complaints. A public list provides citizens and anyone in municipal government who needs to be involved with reliable information about the City’s plans.

**Create a foreclosed-property registry.** Harrisburg is one of many Pennsylvania cities that, by municipal ordinance, requires lenders that control properties in the mortgage foreclosure process to register with the City, provide contact-person information for a lender representative, and pay a registration fee. The ordinance can be enforced by a private service provider that will create the registry, contact lenders, and collect registration fees on behalf of the municipality (retaining a small percentage of the fee for the firm’s services), at no cost to the City.

**Communicate with property owners that you can reach.** Many of the vacant properties that are in worst condition are owned by individuals with out-of-state addresses or by corporate entities about which little information can be obtained. Some vacant properties, however, may be owned by individuals and businesses living in or doing business in Pennsylvania—possibly within the



Left: Property sold at Judicial Tax Sale, North 5th Street, Reading. Right: Repository Sale Property, Franklin Street, Reading.

county or city itself. Making contact with these easier-to-reach owners and influencing them to achieve compliance with codes—through the filing of a civil action if an owner is unresponsive to code enforcement citations—increases the likelihood of successful outcomes.

**Issue an arrest warrant.** Issue a warrant for the arrest of a property owner who fails to appear in court in response to a violation notice or who fails to pay code enforcement fines. Then enter this information into the National Crime

Information System, so that it will appear at any time that person may have an encounter with law enforcement—even one involving a minor traffic violation—anywhere in the country.

**Stop a tax sale transaction.** Prevent property owners who have been unresponsive to code enforcement from buying properties at judicial tax sale auctions. Section 619 of the Real Estate Tax Sale Law provides for the filing of a petition for this purpose.

## ► ADVICE ABOUT:

# COUNTY TAX SALES

From Stacy Phile, Tax Claim Bureau Director, County of Berks

*The following narrative is adapted from a webinar presentation by Stacy Phile, hosted by the Housing Alliance on February 16, 2018.*

The county tax sale is not a real estate development program—it's simply a vehicle for recovering taxes associated with tax delinquent properties. In compliance with state law, the tax claim bureau administers a public auction of tax delinquent properties, and the auction proceeds are used to pay the taxes owed on these properties.

Before considering ways in which the tax sale process can be managed to produce the best results for responsible developers of vacant properties, it is important to understand how the process works and to know about the four types of tax sales that are administered in Pennsylvania counties.

In Berks County and other Pennsylvania counties, except for Philadelphia and Allegheny, the tax claim sale process is governed by the Real Estate Tax Sale Law (RETSL), and is basically the same in all of these counties.

Property taxes are collected by local governments, school districts, and other taxing authorities on an annual basis. In January of every year, the addresses of properties with unpaid taxes from the previous year are referred to the County Tax Claim Bureau; so the addresses of properties with unpaid 2017 taxes were turned over to the Tax Claim Bureau in January 2018. Twenty months have to pass before the Tax Claim Bureau can expose a property to tax sale—so a property that is referred to the Bureau in January 2018 won't be exposed to the first tax sale, the Upset Sale, until September 2019.

There are four types of tax sales: Upset Sale, Private Sale, Judicial Sale (also known as Free and Clear Sale), and Repository Sale.

### **Upset Sale: (RETSL, Section 601-609)**

This sale, a public auction conducted by the Tax Claim Bureau, is the first at which a property can be offered for sale based on RETSL. The statute calls for the Upset Sale to be held in September.

In order to sell a property at Upset Sale, a Tax Claim Bureau has to 1) send a certified/restricted delivery notice of the sale to all owners on record; 2) Post the property; 3) advertise the property; and 4) send a second notice by regular mail ten days before the scheduled sale date.

The opening bid price for a property offered at Upset Sale, known as the upset bid price, is equal to the total amount of unpaid past and current taxes and any other unpaid municipal liens (such as liens for water, sewer, or trash collection services). If someone offers the opening bid amount on a particular property and there are no other bids, the property is sold to that bidder, and the sales proceeds are used to pay the amounts owed to the taxing authorities.

A winning bidder at Upset Sale has not purchased a property with clear title; the property remains subject to any other liens or judgements against the property. These obligations are not extinguished as a result of the sale, and the winning bidder, as the new property owner, will be responsible for them.

Because many properties advertised at Upset Sale are subject to private liens and other encumbrances, relatively few properties receive bids at this sale. At the 2017 Berks County Upset Sale, for example, 311 properties were offered, but only 30 were sold.

### **Private Sale: (Section 613)**

An interested party may submit a request that the Tax Claim Bureau consider a private sale bid on a property not sold at Upset Sale. The Tax Claim Bureau may use its own discretion in deciding whether or not to agree to consider a bid and whether or not to accept a Private Sale bid offer. In the event that a bid is received, notice of the Private Sale must be advertised in a newspaper twice, with the advertisements appearing at least ten days apart. The advertisement specifies a 45-day period during which the Tax Claim Bureau will receive competing bids for the property. If competing bids are received, the property is sold to the highest bidder. Although (as with the Upset Sale), a Private Sale clears a property's title of obligations to taxing authorities, the buyer is still responsible for any private liens, mortgages, and/or judgements associated with the property.

### **Judicial Tax Sale (Section 610-612)**

Properties for which no bids are received at an Upset Sale or Private Sale are advertised for Judicial Tax Sale, also known as the Free and Clear Sale. The Judicial Tax Sale for a particular property usually takes place within three to nine months after the Upset Sale.

Because the sale of a property at Judicial Tax Sale results in the removal of all public and private encumbrances from the title, the Tax Claim Bureau must seek court authorization in order to proceed with the sale. Any party that is on record as having an interest in the property must be served with notice of the upcoming sale, a process that may be time-consuming, in some cases requiring more than nine months to complete.

The opening, or minimum bid for a property offered at the Judicial Tax Sale auction is usually the amount of the expense that the Tax Claim Bureau incurred in processing the property for the sale. In Berks County, that amount is set at \$1,000.

Many people are attracted to judicial tax sales because the opening bid amounts are so low and because the properties are sold free and clear of all liens, mortgages, and judgements. Last year, about 450 people registered for the



Berks County Judicial Tax Sale, and nearly all of the 116 properties that were advertised--96 of them--were sold.

In Berks County, the Tax Claim Bureau requires people who want to consider buying a property at Judicial Tax Sale to register with the Bureau in advance. The registration period opens thirty days prior to the sale date, and in-person registration is required. A prospective buyer has to provide a photo ID and sign an affidavit certifying that the person is not the owner of the property, is not a delinquent taxpayer, has no outstanding utility bills, and has never had a rental license revoked. If the prospective buyer is a corporation, corporate documents must be produced, so that the parties responsible for the corporation can be identified. Also required is documentation showing that the signer of the affidavit has been given authority to act on behalf of the corporation.

This year, the Berks County Tax Claim Bureau plans to shut down registration a week prior to the Judicial Tax Sale date, so that local municipalities can review the list of prospective buyers in order to determine whether they have outstanding utility bills or code violations. Any that do will not be allowed to bid at the sale.

### **Repository Sale (Section 625-630)**

If a property has not been sold after being exposed to both an Upset and Judicial Tax Sale and if property taxes remain unpaid, the property is placed in Repository. In Berks County, the Tax Claim Bureau will consider bids on Repository properties at any time during the year. A minimum bid of \$500 is required. This fee is intended to cover Tax Claim Bureau expenses and is in no way reflective of the value of the property.

If a bid is submitted for a Repository property, the bidder is asked to fill out a form in order to provide information similar to that requested from someone who wants to participate in the Judicial Tax Sale. In some cases, a Tax Claim Bureau representative may call a prospective bidder in order to find out whether the person has actually seen the property for which the bid was submitted. After watching late-night infomercials, some people get the impression that riverfront mansions are available to purchase at bargain prices through Repository Sales. So, if a buyer is from out of state, an effort is made to get a handle on what they're bidding on and why. An interested party can be told, "The property you're interested in is a vacant lot that's behind someone's house and that butts up against a mountain—so can you explain your plans for this property?" and the Tax Claim Bureau can decide to reject a bid. With potential buyers who are closer to home and who seem to have a good understanding of what they're bidding on, an effort is made to work to complete the process; but the Bureau is not obligated to accept any bid.

**Note:** With reference to tax sales, Section 619 (b) of the statute, which gives a municipality the right to petition the court to stop a tax sale transaction based on a purchaser having code violations, may be helpful. A municipal government should consider reaching out to the County Tax Claim Bureau to get a list of potential bidders so that they can be researched ahead of time. Then, if necessary, the Tax Claim Bureau can be asked to prohibit tax-delinquent parties on the list from participating in the tax sale, so that the municipality can avoid having to go through the legal process and cost of filing a petition after the sale.



Left: Lena Street, Germantown. Right: Ken Weinstein with Jumpstart participants.

## ► GROW THE PIE, SHARE THE BENEFITS

### Advice from Ken Weinstein

#### A Different Kind of Developer

Northwest Philadelphia based developer Ken Weinstein began his career as a real estate developer in the 1980's, at a time when the City of Philadelphia was experiencing a protracted fiscal crisis and when population decline and disinvestment had been persistent in most of the city's neighborhoods for decades. The Philadelphia Inquirer's real estate columnist would routinely offer this advice: Don't buy in Philadelphia.

During that challenging time, Weinstein's firm, Philly Office Retail, began buying and renovating vacant and underused residential, commercial and mixed-use properties in Germantown, an area that, a half-century previously, had been known for its bustling commercial district and attractive residential blocks. Although Germantown had suffered from the same problems that many other Philadelphia neighborhoods had experienced since that time, much of the area's existing real estate inventory—well-designed, structurally viable buildings constructed during the late 19th and early 20th centuries—was intact. And the area had retained much of its population, with working homeowners and renters living on many residential blocks.

By selecting older buildings that could be upgraded and returned to active use at an affordable price point, Weinstein was able to finance his projects privately, without the need for a public subsidy. Working with local contractors, Weinstein built trust with community members and helped strengthen the neighborhood economy. By leasing ground-floor retail and office space to neighborhood-serving retailers, health and human service providers, and nonprofit organizations, Weinstein

supported the revitalization of commercial-corridor blocks and brought new resources to the area.

#### A New Mission in a Changed Environment

Real estate market conditions have improved considerably since the time Philly Office Retail was getting started, and parts of Northwest Philadelphia are now experiencing reinvestment and gentrification. However, housing stock, in need of significant repairs, remains throughout Germantown. In this new environment, upgrading vacant and deteriorated housing and maintaining and increasing the supply of affordable housing are more important than ever. With awareness of these new challenges, Weinstein created Jumpstart Germantown as a training and capacity-building resource for emerging local developers seeking opportunities to redevelop housing at a neighborhood scale in Germantown. Jumpstart combines slow, steady growth, scattered site rehab, and a mix of affordable and market-rate housing to help reduce gentrification while improving the Germantown community.

As explained in the program website ([phillyofficeretail.com/jumpstart-germantown](http://phillyofficeretail.com/jumpstart-germantown)), Jumpstart Germantown was created: *To facilitate the revitalization of the Germantown neighborhood of Philadelphia through high quality residential renovations. We are working to identify fellow developers who share our interest in investing in the future of Germantown. Through mentoring, networking and providing financial resources to these developers, Jumpstart Germantown will remove blight and deteriorated properties from its residential neighborhoods...*

In an interview with Keystone Edge, Weinstein said, "Jumpstart Germantown was born out of the idea that we

can remove blight and keep wealth local by helping people rehab vacant deteriorated properties in their community.”

#### **Jumpstart Germantown consists of three elements:**

- **A Training Program** that provides aspiring developers with an introduction to the 7 JumpSteps of Real Estate Development, presented by multiple industry professionals, and links them with real estate professionals who serve as mentors for initial projects;
- **A Developers’ Network**, a speaker/panel series organized to advance education and facilitate communication between developers, contractors, suppliers, and other real estate practitioners, with the goal of “growing the pie”—nurturing collaboration in order to strengthen the area real estate market and broaden opportunities for all; and

- **A Loan Program** for new and experienced developers that can provide up to 85 percent of the financing needed for acquisition and construction of residential properties in the Germantown area.

After experiencing successful results in Germantown, Weinstein worked with the Local Initiatives Support Corporation (LISC) to replicate the program in other Philadelphia neighborhoods, offering program materials and a detailed “How To” guide (funded by the Barra Foundation and found at GoJumpstart.org). LISC provided seed grants to start three additional programs in Philadelphia; Jumpstart West Philly, Jumpstart Hunting Park and Jumpstart Southwest. Additionally, two other Philadelphia Jumpstart programs started in Kensington and North Philly West.

#### **The focus of the Jumpstart Training Program model are these “Seven JumpSteps”**

- 1. Create a Development Strategy & Identify Your Team** in order to form realistic expectations and establish good working relationships with future partners, contractors, and consumers.
- 2. Source a Property** by learning how to obtain information about available properties, how to evaluate their development potential, and how to acquire them.
- 3. Do Your Due Diligence** in order to gain insights about the risks and opportunities associated with the real estate market in which the property is located and with the financial feasibility of the project.
- 4. Find Your Financing** by getting acquainted with available funding sources, about the process for loan approval, and about the “buy and hold” long-term investment strategy.
- 5. Develop Design and Procure Permits** based on a work plan that can be categorized in terms of one of the “3 levels of renovations” (minimal, moderate, gut rehab) and identify associated regulatory review and approval requirements.
- 6. Customize Construction** through actively managing of the construction process, effectively coordinating with contractors, and the developing troubleshooting and crisis-management skills.
- 7. Lease/Manage/Sell Your Property** by learning about ways to attract the interest of prospective tenants or buyers, about how to evaluate prospective tenants, and about whether to outsource rental property management or handle it in-house.

#### **The Future**

“The Jumpstart Program is absolutely replicable around the state and country,” Weinstein told Keystone Edge. “The need we saw in Germantown...is a need that exists in many communities.”

Presentations of the Jumpstart model have generated expressions of interest in replicating this initiative within Philadelphia, throughout Pennsylvania, and in five other states so far.

## PART FOUR

# POLICY AND PRACTICE PRIORITIES

As can be seen in this report, the prevalence of vacant, abandoned, and tax delinquent properties is a pressing and common problem for Pennsylvania’s urban, suburban, and rural communities. While many communities are making progress with the tools that they have, the costs of blight are high for local governments, and the impact of addressing blight is substantial on the ability of a community to attract residents and businesses.

The policy and practice priorities outlined here chart a way forward to build upon our successes and address critical needs to further support removing blighted properties and stimulating revitalization and investment in communities across the commonwealth. It includes policy recommendations for how the state and General Assembly can continue to improve the tools available to communities, as well as practice recommendations for strategies that can be replicated by local leaders.

## NEEDS WE AIM TO ADDRESS AND THEIR POLICY AND PRACTICE SOLUTIONS

### ► **Need: Prevent blight through property maintenance code enforcement**

A strong code enforcement strategy at the municipal level is key to preventing and removing blighted properties. The goal of code enforcement is voluntary compliance. Clear standards that are easy to understand help motivate compliance. However, when property owners don’t comply, enforcement is often necessary to protect public health and safety and support community standards. Too often the difference between a blighted property or parcel and one brought in to compliance is a dedicated mechanism through which to educate property owners of their legal responsibilities, and to enforce those standards.

#### **Policy Recommendations**

1. Establish a Code Enforcement Grants Program for municipalities to access funding to start, support or expand

a codes office to educate owners on property maintenance requirements and work with owners to bring blighted properties into compliance.

2. Create a uniform legal definition of “blighted property” that clearly and simply communicates the conditions under which a property is considered to be blighted.

#### **Practice Recommendations**

1. Increase municipal cooperation on low cost regional code enforcement strategies to prevent blight & improve housing.
2. Promote regional gatherings of code enforcement officials to share best practices and successful strategies.
3. Implement low-cost, proven strategies for vacant lot maintenance and disposition such as the Pennsylvania Horticultural Society’s LandCare program , side lot programs, and community gardens.

## ► Need: Increase resources for addressing blighted properties

Removing and rehabilitating blighted properties improves housing, strengthens communities, and expands the tax base. Communities are working hard to put in place and use the blight-fighting tools we've championed in order to realize the many benefits of addressing blight. But a lack of financial resources at the local level is preventing the full use of those tools to achieve greater impact. In addition, many communities struggle due to lack of capacity and need assistance from an "extra set of hands" to seek funding and move forward local priorities, plans and projects to fight blight. More public investment, especially in core communities, is needed to return properties to productive use and take advantage of the development opportunities presented by abandoned and vacant properties.

### Policy Recommendations

1. Increase state funding for existing programs that are available to prevent and remediate blight including PHARE (the state housing trust fund), Keystone Communities with a focus on efforts to remediate blight, and the Neighborhood Assistance Program, among others.

### Practice Recommendations

1. Create a comprehensive locally-driven blight plan to demonstrate to policy makers and funders that resources will be used strategically and purposefully to return blighted properties to productive use in accordance with community needs and priorities.
2. Increase knowledge of local and state community and policy leaders and stakeholders by publishing and disseminating data and information on the cost of blight and the benefits of remediating it.
3. Put in place a county blight demolition fund made possible by Act 152 of 2016.
4. Convene local, state and federal governments and agencies to discuss funding and ensure all available public resources are being sought and leveraged to attract private investment and philanthropic support.
5. Access training and technical assistance on applying for grants to address blighted properties.

## ► Need: Make it easier to identify and locate owners of blighted properties

A conversation with a property owner can often somewhat quickly and easily resolve property maintenance issues. But finding the owner can be difficult. Owners die, move out of state or simply disappear. Where property is owned by a limited liability corporation (LLC), determining the identities of the owners is even more challenging since the individual owners' names are not required when registering an LLC with the state. Owning real estate in LLCs is an increasingly popular practice which is making it harder to track down owners of blighted property. When regulating agencies are unable to identify and locate owners of blighted properties, they can't use the tools in their arsenal to hold owners accountable and address the negative impacts of blight in our communities.

### Practice Recommendations

1. Encourage cooperation between the Pennsylvania Department of State, other state agencies, county and local governments in tracking down the owners of blighted properties, particularly those with serious violations that threaten public health and safety. This may include exploring additional requirements when creating limited liability corporations (LLCs), including requiring the names and addresses of members of the LLC, and requiring an annual report to update contact information for an LLC's registered agent (current requirement is every 10 years).
2. Require the submission of detailed ownership information in applications and forms for landlord licenses, rental property registration, and foreclosed property registration.

## ► Need: Protect local governments from the costs of blighted property abatement and strengthen tools to hold owners of blighted properties accountable

When properties are blighted and abandoned, local governments are often left to bear the burden and cost of repairing or demolishing the properties. New tools and strategies are needed to protect communities from those costs and to ensure owners pay the costs of remediation, including those purchasing at judicial sale.

### Policy Recommendations

1. Require purchasers of condemned properties at judicial sale to post a bond in the amount of the cost of demolishing any structures on the property; exempt nonprofit organizations and governmental entities like land banks from the bonding requirement.
2. Eliminate requirement for re-issuance of condemnation order when condemned property is sold at judicial sale.

### Practice Recommendations

1. Examine the more aggressive remedies provided under Act 90 (municipal permit denial and asset attachment) and consider adopting a local ordinance to implement the Act.
2. Collaborate with District Attorneys and law enforcement to pursue criminal penalties against property owners with serious and repeated housing code violations.
3. Promote discussion with judges and court administrators regarding the impact of blighted properties and costs of enforcement.
4. Monitor and enforce the collection of court imposed fines and penalties, including tightening the criteria for eligibility and terms for payment plan arrangements.

## ► Need: Strengthen tools to prevent irresponsible, absentee owners from acquiring tax sale properties

Judicial sales and repositories of unsold properties present opportunities to purchase tax delinquent properties “free and clear” at very low cost. These sales often attract buyers who lack the expertise and money to maintain the property after purchase. In most counties, buyers may be disqualified if they are (1) delinquent in paying real estate taxes on property located in the county, (2) have an outstanding municipal utility bill that is more than one year delinquent, (3) have outstanding serious code violations on property owned in the county, or (4) have had a landlord license revoked. Bidders are often required by the county tax claim bureau to sign an affidavit attesting to the fact that they do not meet any of the criteria for disqualification. But if the affidavit can be signed on the day of the sale, that leaves little or no time for the county or the local municipality in which the property is located to verify the representations made before the sale occurs. Irresponsible and underfunded buyers should not be able

to purchase these bargain-priced properties which often require considerable rehabilitation for occupancy.

### Policy Recommendations

1. Require or authorize the pre-registration of bidders at judicial sales to provide county and local officials time to verify that bidders are qualified.

### Practice Recommendations

1. For municipalities: share with tax claim bureau a list of owners who have tax delinquencies, code violations, or revoked landlord licenses.
2. For municipalities: require bidders for repository properties to appear in person when the local governing body is reviewing the bid submitted.

## ► Need: Support Land Banks to turn around properties

Land Banks are one of the major tools local communities in Pennsylvania have to transform blighted properties into community assets. Their “special powers” streamline the process for redeveloping vacant, abandoned and tax delinquent properties into new housing, green space, or other positive pillars of a neighborhood. To further support Land Banks and ramp up property dispositions across the state, the Housing Alliance seeks to reduce the transaction costs and the risks associated with the acquisition and disposition of properties. Act 33 of 2018 provides an alternative means for land banking through a designated Redevelopment Authority.

### Policy Recommendations

1. Authorize and encourage counties to exempt land bank transactions from recording fees.
2. Exempt land banks from the payment of the local portion of the realty transfer tax.
3. Strengthen protection from environmental liability by specifically including “Land Banks” within the definition of “economic development agencies” under Act 3 of 1995.

### Practice Recommendations

1. Increase knowledge of the power and potential of a land bank to remediate and repurpose blighted properties, including the two available mechanisms – establish a land bank or designate a redevelopment authority to act as a land bank.

2. Increase knowledge of real estate market conditions and their consideration in identifying, targeting, acquiring and marketing properties for redevelopment.

### ► **Need: Promote greater use of existing tools to address long-term vacant and abandoned blighted properties**

Properties that remain vacant and abandoned over time drain local resources and discourage investment in housing. When an owner consistently refuses or ignores directives to repair or demolish blighted structures, it often becomes necessary for the local government to take action to abate or to transfer the property to a new owner. Pennsylvania is fortunate to have a number of effective strategies that communities can use to address long-term vacant and abandoned blighted properties, such as conservatorship. The Housing Alliance seeks to raise greater awareness of these strategies and share examples of their successful use and best practices so that local stakeholders can learn from and replicate them.

#### **Practice Recommendations**

1. Increase knowledge of the effective use of conservatorship.
2. Gather and share success stories.

### ► **Need: To attract informed and capable private investors to invest in distressed communities**

While preventing irresponsible owners from acquiring property is critical to tackling the problem of blight, communities in distress face challenges attracting qualified investors and developers – who are needed to turn vacant and abandoned properties back into their best and highest use. Effective education and outreach to the investor and developer professional communities, as well as the strategic use of existing incentive programs, are two important means of attracting varied resources to localities most in need.

#### **Policy Recommendations:**

1. Require tax claim bureaus to state in all notices of properties to be sold at tax sales when a property has

been condemned by the local municipality or its agent provided that the municipality has given notice to the tax claim bureau.

#### **Practice Recommendations:**

1. Encourage greater communication between municipalities and tax claim bureaus regarding tax sales.
2. Work with tax claim bureaus and other taxing bodies to provide public education and training to encourage individuals and investors with capacity to purchase tax sale properties.
3. Explore the use of effective incentives to drive private investment such as Opportunity Zones, LERTA, and TIF.

### ► **Need: Loans and grants to home owners and small landlords for repairs to address occupied blighted properties**

Homeowners and small landlords across Pennsylvania often need a “helping hand” to ensure their properties do not fall into disrepair and remain compliant with current codes and standards. Examples include but are not limited to assistance to address non-critical repairs before they escalate and to ensure senior citizens can stay in their homes. The Housing Alliance and our partners will explore potential avenues for funding assistance for maintenance and repair purposes, as well as opportunities for collaboration and best practice sharing.

### ► **Need: Develop incentives to utilize formerly blighted properties for equitable development**

Too often, development at the neighborhood level does not positively impact all members of a community equally. As we continue our work to address blight in communities throughout Pennsylvania, we will explore incentives, programs, and potential policy changes so that vacant and abandoned properties are brought back into use in a manner that benefits all community stakeholders. This might include, but not be limited to, technical assistance and education to Land Banks regarding land disposition policies and the effective use of community land trusts.

# CONCLUSION

After talking with communities all over the Commonwealth who are working to eliminate blight, it is clear that Pennsylvania has made significant progress. The examples of success stories and advice from practitioners demonstrate that there are strategies that work. The Policy and Practice Priorities are our proposed solutions to overcome remaining challenges. As the work continues, the Housing Alliance in collaboration with our local members and partners will be on the forefront advocating for policies and encouraging local practices that will bring us closer to meeting our goals to meet the size and scale of the problem in PA.

## ABOUT THE HOUSING ALLIANCE OF PENNSYLVANIA



### A Community Working Together

The Housing Alliance is a statewide coalition working to provide leadership and a common voice for policies, practices and resources to ensure that all Pennsylvanians, especially those with low incomes, have access to safe, decent and affordable homes.

### Our Values

- If you work hard and play by the rules, you should be able to afford a decent place to live.
- Thriving communities should provide people with a variety of choices in places to live.
- No child should be homeless. In fact, no one should be homeless involuntarily.
- Parents should be able to spend time with their children and community, rather than in long commutes to and from work.
- Seniors and people with disabilities should be able to live safely and with dignity.
- Businesses that invest in our communities deserve the support of housing policies that help them find and keep qualified workers.
- Government leaders have an obligation to plan ahead and look at the big picture, to enact policies that allow the housing market to meet the needs of our economy.

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