

**Southwestern Pennsylvania**  
**Blighted and Abandoned Properties Solutions Project**

Conference copy. Prepared for release at:  
6th Annual Southwestern Pennsylvania Regional Equitable Development Summit  
"Going Regional on Addressing Blighted and Abandoned Properties"  
Tuesday, December 15, 2009  
Summit presented by:  
Housing Alliance of Pennsylvania  
Sustainable Pittsburgh's Sustainable Community Development Network  
University of Pittsburgh Graduate School of Public and International Affairs: Johnson Institute for  
Responsible Leadership

Sustainable Pittsburgh  
December 10, 2009

Principal Contributors:  
Chelle Buffone  
Christina Gabriela  
Court Gould  
John Kromer  
Irene McLaughlin, J.D.  
Ray Reaves

Additional Contributions by:  
Joanna Deming, Bob Gradeck, Liz Hersh,  
Kendall Pelling, Dan Sullivan, Greg Simmons,  
and the project Advisory Committee

Funded by: The Buhl Foundation

## TABLE OF CONTENTS

I.	Preface - Context, Definitions, and Data	3
II.	Introduction	4
III.	Introduction - The Extent of Blight and Abandoned Properties in Southwestern Pennsylvania	5
IV.	The Business Case for Addressing Blight and Abandonment	6
V.	Strategy 1: Education and Outreach	8
VI.	Strategy 2: Regional Approach	12
VII.	Strategy 3: State Role	17
VIII.	Strategy 4: Property Inventory	20
Appendices:		
1.	Problem Properties Worksheet	26
2.	Advisory Committee Members	28
3.	The Extent of Blighted and Abandoned Properties in SWPA	29
4.	Housing Alliance of Pennsylvania New Tools for Old Problems	35
5.	Regional Blighted and Abandoned Property Constituencies	41
6.	SWPA Liability to Viability Guide to Capacity Building	42
7.	Recommended Education Program: Draft Plan, Objectives & Rough Budget	46
8.	Beaver County Blight Reduction Project	49
9.	Commonwealth Funding and Technical Assistance Programs	50
10.	Federal Vacant Property Inventory Data	59
11.	Additional Partners to Compliment Regional Roundtable	61
12.	YWCA of York Simplified Survey	63
	Notes	64

## **I. Preface - Context, Definitions and Data**

Who does not have a story about problem properties that bring down a neighborhood? This is a hot topic relative to sustainable community development throughout Southwestern Pennsylvania. Blight and abandonment is a point of contention in neighborhood meetings, council chambers, commissioners meetings, etc. The dialogue is impassioned. Emotions run high in the personal connections to neighborhoods and their heritage, livability and future prosperity. The topic is frustrating. There are so many variables. Solutions seem elusive. Necessary resources are often not available. And even when solutions and resources exist, it is a complicated, tedious, and cumbersome process to turn problem properties around. Further complicating the challenge is the need to prevent decline in the first place. Preventative interventions are necessary to curtail the cycle of deleterious effects on economic development, quality of life and resident mindset caused by blight and abandonment. Regardless, blight and abandonment constitute a pressing regional economic development issue. It deserves a concerted regional approach. Our region's prosperity depends on it.

Conversations about blight and abandonment can be difficult because there are different types of such problem properties which are often lumped together. These encompass all kinds of disruptive or nuisance occupied properties often associated with 'absentee landlords' or 'slumlords', they may be sealed, vacant properties that 'speculators' sit on as well as those vacant properties the owner or property manager has under a building permit for years at a time. There are the underwater properties (debt exceeds the market value) as well as properties owned and occupied by those whose incomes just do not allow for necessary repairs and upgrading. There are properties that were nice until the owner passed away, or moved to a nursing home, or left the area for job opportunities, or went bankrupt... and nothing has been done to the property since. Problem properties may be located in a strong as well as weak real estate markets. In weak markets abandonment may be the best option available for even the long term, well-intentioned owner.

The focus of this report is reclamation of blighted and abandoned property throughout Southwestern Pennsylvania's neighborhoods. There are various definitions of "blight" and "abandoned". The following proposes a shared understanding of these two terms for this report.

An abandoned property is a chronically vacant structure or lot which is not being actively maintained, improved or marketed by the owner. Blight is used to capture the general deleterious effect that eyesores, property neglect, lack of investment in and productive use of the built environment has on economic development, quality of life and resident mindset.

Strategy for reclaiming abandoned property depends on various property characteristics like class of municipality in which the property is located, ownership, lien holders, real estate tax status, structural integrity and significance of the property. Different classes of municipalities are enabled with different laws. Property owners may be individuals, corporations, trusts, tax exempt entities or government. Owners may be available, locally or at a distance, deceased, bankrupt, or defunct. Taxes may be paid or delinquent. A taxing body (county, school district or municipality) may have put the property up for tax sale, or not. If tax sold, the taxing body may have taken the title to the property or it may continue to be titled in the name of the delinquent property owner. The property may be subject to liens like a mortgage and the lender may or may not foreclose on its lien, and may or may not take title to the property to satisfy its debt. Structures may or may not have retained their integrity, and may or may not have aesthetic, spatial, or historic significance. Abandonment is often the end result of a dynamic cycle of lack of investment and property neglect over time making prevention critical.

A Problem Property Worksheet presented in Appendix 1 portrays these variables in order to facilitate clarity in deliberations about the type of problem being considered and viable strategies and solutions.

### **Going Forward**

How big is the problem? What is a stake? How to tackle the issues and take advantage of efficiencies of scale? This report attempts to address these issues and provide a recommended path and structure for the region to pursue. This report is a first step to characterize the problem and inspire partners and support necessary to go the next step of implementing the recommendations presented herein.

## **II. Introduction**

*"City, county, and town leaders must make the revitalization of vacant properties their top priority, and must base their cooperation on a new view of vacant land and properties as potential assets to be reclaimed, either as green space or as redeveloped sites and structures, bringing revenue and residents to the city and region."*

*- Blueprint Buffalo*

Launched at the behest of Sustainable Pittsburgh's Sustainable Community Development Network (SCDN), the purpose of this SWPA Blighted and Abandoned Properties Solutions Project is to develop recommendations for raising capacity to address blight and abandonment at scale for the ten (10) county Southwestern Pennsylvania region.

Sustainable Pittsburgh views this work as a phase I in the process of moving from recommendations to action toward filling the void and exercising a collaborative regional strategy to addressing blight and abandonment -- whose prevention and mitigation is key to sustainable communities for the region.

This project examines how revitalization of blighted and abandoned properties can be a catalyst for addressing other pressing challenges in the region: population loss, job creation, weak real estate markets in the inner cities, and economic instability in older suburbs, quality-of-life issues, and sprawl.

Elevating regional capacity to address blight and abandonment will indeed require coordinated action by the region's cities, surrounding communities, state and federal agencies, and neighborhood groups. As the Business Case (Section IV) shows, the region's prosperity depends on it.

It is generally recognized that best practices regarding blight and abandoned properties are local, even block-level, market-driven solutions. Yet, blight and abandonment problems manifest in similar ways in municipalities across the region and are perpetuated by the region's legacy of sprawling growth and development patterns that exacerbate decline of the urban cores found around the region. Solutions are provided by state law. Since the type of problem and source of solutions are shared, many of the business, community development, and government processes and tasks associated with addressing blight and abandonment may be common to multi-municipal or sub-regional scales. Common processes and tasks can be tailored to local strategy.

The recommendations included in this report take a regional perspective and approach to the problems, challenges and solutions associated with blight and abandonment. The recommended solutions target the tools municipal, neighborhood and business leadership need to effect the change they want to achieve in their disinvested communities.

The focus of this project is blight and abandonment on the neighborhood level; in particular, residential parcels scattered throughout neighborhoods and small, commercial parcels in neighborhood business districts. The focus is not large tract, commercial or industrial sites or brownfields.

For purposes of this project abandoned properties are chronically vacant structures and lots, which are not being actively maintained, improved or marketed by their owners. Blight is a term that has been defined in laws, in particular the laws that delineate the use of state eminent domain powers, but for purpose of this project, Webster's definition of blight that includes "anything that destroys, frustrates, etc." is more relevant.

There are informational, resource, law and policy voids regarding blighted and abandoned property challenges and solutions. There is great need for land use education, state law and policy reform, mindset shifts, and capacity building at local and regional levels. Addressing blight and abandonment, ideally, is part of local government's comprehensive plan, and regional planning and programming too, for managing community assets. A community asset management plan is best informed by neighborhood planning and strategizing. Such a plan ideally fits in an overall economic development strategy spearheaded by local government leaders in partnership with neighborhood leaders and private business leaders. With vision, strategy and resources, unused structures and lots can be assets to a community.

The Advisory Committee (Appendix 2) for this project tasked this exploration to be conducted along strategies including:

- Education and Outreach
- Regional Approach
- State Role
- Property Inventories

This does not imply a linear progression but rather related strategic areas needed for regional capacity building. Improvement along the way is desired as reactions and dialogue follow deployment of this report. Before exploring these strategies, this report takes up the urgency of the matter by reviewing the extent of blight and abandonment in Southwestern Pennsylvania. This is followed by a chapter on the business case for lifting this issue up as a pressing regional economic development priority.

### **III. Introduction - The Extent of Blighted and Abandoned Properties in Southwestern Pennsylvania**

Blight and abandonment is a decades old phenomena and a still growing problem in Southwestern Pennsylvania. Appendix 3 presents the extent and trend of blighted and abandoned properties in the region. Featured is there is information on population changes, vacancy data, age of homes and homeowners, income, home values and foreclosures in the region. However, quantifying the problem is difficult for lack of appropriate data sources. Data does evidence that every county has experienced in increase in vacant units over time. Foreclosure trends continue to rise and the 2007 figure of 67,886 abandoned housing units in Southwestern Pennsylvania commands attention, particularly when factoring that vacancy begets abandoned properties and the compounding associated costs to individuals, neighborhoods, social networks, the economy and region which is works so hard to reach its economic aspirations. Blight and abandonment is certainly not just an urban problem. It affects almost all municipalities in the region. And it effects our regional economy as a whole.

## **IV. The Business Case for Addressing Blight and Abandonment**

The presence of blighted and abandoned properties is a growing problem with negative economic consequences for Southwestern Pennsylvania. Without remediation this problem will continue to rise and be a drain on the region's resources. As Pennsylvania's Statewide Blight Task Force noted in 2008, "Blight is an "economic crime" costing taxpayers and municipalities millions of dollars annually in lost property tax revenues, sewer and water fees, and increased municipal expenditures."i Blight and abandonment is among this region's most pressing threats to undermining sustainable communities.

### Causes

There many causes of blight and abandonment in Southwestern Pennsylvania. This section reviews population loss, older homes and slumlords.

One of the main causes of blighted and abandoned properties in Southwestern Pennsylvania is the loss of population in comparison to the amount of housing units. There was a net population loss of 13.9 percent to Southwestern Pennsylvania from 1970 to 2008.ii In the 1990s, the Pittsburgh Metropolitan Area "saw 4.3 new units of housing built for everyone one net new household, a building ratio far higher than that in most other U.S. metro areas."iii At a point when the population was down, Southwestern Pennsylvania continued to build houses at a rate that was unsustainable. There are too many houses and not enough households to fill them.

Another cause of blight and property abandonment is the intersection of elderly homeowners and low-income families with aging homes. Over half of the housing units in Southwestern Pennsylvania are 40 years and older and, at this point in their life, they need basic system and maintenance repairs. The most affected homeowners are low-income families and elderly on a fixed-income. They are more likely to let the houses deteriorate because of lack of income to be able to repair the home.

The economics of property investment is another source of the problem. The 2008 Blight Task Force Report referenced above notes, "while most landlords are good business people, some landlords and property owners, referred to as "slumlords," milk all the equity out of their properties" but it is a difficult business for any property investor since median household gross rent has been stagnant for the past eight years. (See income and home values in Appendix 3.) When the rent is equal to or less then the amount of maintenance on the property, there is no economic incentive to fix the property. Some landlords choose to wait as long as possible to repair the unit, while others chose to not repair the unit at all, allowing the unit to become unmarketable.

These are some of the most significant demographic forces contributing to the rising prevalence of blight and abandonment in Southwestern Pennsylvania.

### Economic Impacts

Blighted and abandoned properties cause a variety of problems for the region. Such conditions are linked to exacerbating crime, loss of property taxes, and decrease in property value and neighborhood and business decline. In Chicago, a study found that higher neighborhood foreclosure rates lead to higher violent crime rates. It was found that every 0.01 percent increase in the foreclosure rate caused a 2.3 percent increase in the number of violent crimes.iv Indeed, safety is a very important factor in retaining people in neighborhoods. Accordingly, an important reason families give for moving out of Philadelphia is safety.v

Abandoned properties tend to be favorite targets for arsonists. Frequent fires endanger the lives of community members and municipal public safety personnel, while raising insurance premiums in the

neighborhood.vi The National Fire Protection agency reported that around 11,400 structure fires in vacant properties caused 24 civilian deaths, 66 civilian injuries, and \$131.5 million in direct property damage in 1999.vii

When a property becomes abandoned, the community not only suffers from the public safety risks but they also lose out on potential tax revenue and face increased maintenance costs. An Ohio study found that 25,000 vacant properties in eight cities costs cities \$15 million to service (money for maintenance, fees to demolish, price of police and firefighters called to properties, etc) and \$49 million in lost property taxes.viii

Blighted property also reduces the value of properties within the neighborhood. In Philadelphia, an abandoned house on the block reduced the other properties by an average of \$6,720 on sales prices.ix

Deterioration of a community makes retention of households and businesses very difficult. A neighborhood analysis showed that neighborhoods with a small group of vacant houses widely scattered within a cluster became a larger cluster of vacant properties when nothing was done.x City-based businesses find it harder to attract customers and employees in a deteriorating city.xi

Abandonment can by itself cause population loss and market deterioration. It is a vicious cycle of decline for neighborhoods, which brings down businesses and in turn undermines market demands.xii

#### Positive Economics of Actions

As described above, blight is a vicious cycle that unless remediated will continue to spread. It has been described as a cancer that saps the life out of and can kill neighborhoods.

Blight remediation pays. Not only will it allow the region to avoid all of the problems mentioned above (as well as the cost that are associated with them), but blight remediation also fosters an environment conducive to job creation and increase in property values.

There are many costs associated with blighted and abandoned properties. To reiterate, the cost to eight cities in Ohio was \$15 million to service 25,000 vacant properties and \$49 million was lost in property taxes.xiii In 2007 there were 67,886 abandoned housing units in the region of Southwestern Pennsylvania with 37,791 of them in Allegheny County. xiv

Greening of neighborhoods can be a tool for property appreciation. A 2006 Carnegie Mellon University, Heinz School systems synthesis project on “Greening Vacant Lots for Pittsburgh’s Sustainable Neighborhood Revitalization” presents a comprehensive look at the greening strategy. <sup>xv</sup> It is a compilation of various studies that measured positive effects of greening vacant lots. The referenced Wharton School study had several key findings<sup>xvi</sup>. One found that clearing and greening of vacant lots could increase adjacent property values by as much as 30 percent. Whereas, neighborhood blocks that contained higher concentrations of unmaintained vacant lots had lower house values, roughly 18 percent. Another key finding suggested that planting a tree within 50 feet of a house could increase the value by 9 percent and that being located within ¼ of a mile from a park increased values by 10 percent. xvii The Pittsburgh Hillside investigation, managed by the Allegheny Land Trust and available at its website ([http://www.alleghenylandtrust.org/special\\_projects/hillside/index.html](http://www.alleghenylandtrust.org/special_projects/hillside/index.html)) is a relevant resource providing insights to natural capitalism. The hillside investigation considers the sustainable economic benefits associated with a local, green asset and references studies done in other parts of the country that demonstrate natural areas can enhance adjacent property values.

Appreciation is indeed gaining for the correlation between urban greening and crime reduction, increased consumer spending, increased property values, increased access to healthy, local food, and even reduced ADHD in children and improved self-discipline in inner-city girls.<sup>xviii</sup>

In 2003 the US Conference on Mayors surveyed the nation's cities to see whether redevelopment of abandoned properties had any benefits. They found that such actions were highly beneficial in growing a community's taxes, population and employment bases.<sup>xix</sup> The study noted that 153 cities had already successfully redeveloped 922 sites. Of these sites, \$90 million in revenue has been brought into 45 cities and 83,000 jobs had been created in 74 cities. As a representative example, Lima, Ohio with a population of 40,081 saw an increase in tax revenue of \$250,000, 1,000 jobs were gained and population grew by 25,000. East St. Paul, MN with a population of 287,151 estimated a gain in revenue of \$20 - \$30 million, saw an increase in 40,000 jobs created, and had an increase in population by 50,000.<sup>xx</sup>

As stated in guidance materials regarding the PA Housing and Redevelopment Assistance Program, by "redeveloping blighted and vacant properties, the neighborhood and community as a whole is improved. When community improvements like this occur, economic improvements develop because businesses become more attracted to the area, therefore creating jobs and enhancing the lives of citizens." Many regions around the nation are already reaping the benefits of increased populations, increased revenue, job creation, increase in property values and lower crime. Remediation of blight and abandonment is a win-win that pays. Of further note is the associated positive job creation benefits of addressing blight and abandonment. Paul O'Neill's 12/8/09 op-ed in the New York Times makes this association in urging the administration to reimburse cities and towns who hire people from the unemployment rolls to remediate blight and abandonment, if there is no immediate buyer for them, to turn them into green spaces. He states, "Not only will this create jobs, it will also provide lasting economic value as the properties get placed back on the tax rolls".

In light of both the information here substantiating the extent and growth of blight and abandonment as well as the business case for addressing it, clearly, Southwestern Pennsylvania needs to begin now to develop a collaborative regional strategy and action approach to prevent and address blight and abandonment.

## **V. Strategy 1: Education and Outreach**

### **Introduction**

Collective thinking about blight and abandonment needs to shift from loss and liability to opportunity and 3E (economy, social equity, environment) return. Traditional methods available for addressing blight and abandonment are state enabled tax sale, demolition, and eminent domain. Unfortunately, given that the Pennsylvania legal framework was largely designed in the first half of the 20th century at the height of industrial progress and population in-migration, many of these laws are antiquated and the methods ill-suited for present reality. For example, tax sales and demolitions have limited application to the vast inventory of blight and abandonment resulting from global shifts in manufacturing, dramatic population losses, an aging population and housing stock that lawmakers couldn't have anticipated. The broad sweep of eminent domain powers has become quite unpopular. Making matters worse, high rates of foreclosures coupled with the Pittsburgh region's low properties values, leaves one wondering whether national lenders and servicers are going to expend the necessary costs to foreclose, take title and actively maintain and market them.

There is collective need to recognize broadly the limitations of the traditional legal framework, to seek thoughtful policy reform, to develop local strategy, and to identify necessary resources in order that local



solutions may be developed and implemented. All the while, appreciation of contemporary market trends on one hand brings the need to focus on prevention and on the other, to deal with the reality that not all properties will be return to the tax rolls. Local markets suggest that in some cases properties would be better as green space.

### **Traditional Legal Framework in place**

There are informational, resource and policy voids regarding blighted and abandoned property challenges and solutions at the local, county and regional levels. In order to address blight and abandonment, municipal and county government leaders and neighborhood leaders need support. All need at least a working knowledge of the legal framework including foundational concepts like due process of law and clear title.

The following introduces assumptions, intentions, and methods of traditional approaches to addressing blight and abandonment. The purpose here is to give substance to the type of base education needed to create awareness and understanding of what is currently available and to develop an appreciation of what is necessary to advance abandoned and blighted property solutions. The assumptions behind the traditional Pennsylvania legal framework are that property owners develop and improve land, an assessment is established on the value associated with the 'highest and best use of the land', and each of three taxing bodies collects public revenue on each parcel of land.

### Tax Sale

When tax revenue is not derived from a parcel of land, tax sales schemes authorized by state law (dating back to the 1920s) enforce collection of taxes by ultimately allowing for foreclosure of real estate with the intent of selling the parcel to another owner with the expectation the new owner will develop a tax producing parcel. When there is not a buyer at tax sale, a taxing body takes title to the property, or the property remains assessed to the delinquent property owner and sits in limbo with clouds on title, property taxes accumulating, and any improvement deteriorating to the point where the municipality needs to raze the dangerous condition.

The intention behind a tax sale is revenue collection, not property recycling or reuse. In this way it is blind to the interests of the next-door neighbors or the community. The primary goal of any new buyer of real estate, as well as a lender when financing part of the purchase, is to obtain good and marketable title, which in practice means getting insurable title, e.g. a real estate title insurance underwriting company will issue a title insurance policy on the property title. Tax sale does not necessarily mean title to the property is 'cleared' of clouds, liens, and encumbrances on the title obtained by a new owner. There are three tax foreclosure laws in Pennsylvania and all three have application in Southwestern Pennsylvania. The Housing Alliance of Pennsylvania's report, 'Reclaiming Abandoned Property II, Liability to Viability', presents a comparative spread of these laws.<sup>xxi</sup> Under only one of Pennsylvania's three laws, the Municipal Claims and Tax Lien Law, which utilizes the sheriff sale process, the purchaser receives free and clear title at tax sale. Under the other two laws, it is usually the purchaser's obligation to obtain insurable title, usually by way of a court procedure called an 'Action to Quiet Title'.

### Demolition

Demolition by a municipality that condemns a structure under municipal police powers simply allows the municipality to remove a dangerous condition on private property. Usually, the condemning municipality places a lien against the property for the costs associated with razing the dangerous structure. Demolition does not clear title or transfer ownership to the land.

### Eminent Domain

The traditional method for clearing and transferring title on blighted property is the state's power of eminent domain in which properties certified as being in a blighted area are taken for just compensation,

razed and transferred to new ownership for redevelopment. Pennsylvania law allows for a 'blighted property review process' which allows for eminent domain of scattered site, vacant parcels.

### Mortgage Foreclosure

The legal process based in contract law that allows a lender to recover the amount owed on a defaulted loan by taking ownership of the property securing the loan is the mortgage foreclosure process. The law refers to it as an 'in rem' (against the property) court process, as opposed to an 'in personam' process (against the person). The property foreclosed and taken by the lender are referred to as bank-owned or REO, Real Estate Owned by the lender with the intent to re-sell it on the open market. The high rates of foreclosure coupled with the Pittsburgh region's low properties values raise the question of whether national lenders and servicers will expend necessary costs to take properties through the foreclosure action, take title to these properties, actively maintain and market them.

### **New Tools for Old Problems**

Reform of the traditional legal framework has been and is happening incrementally with individual pieces of legislation. A primary example is the new law, the Blighted and Abandoned Property Conservatorship Act, Act 135 of 2008, which enables communities to petition county courts to appoint third parties, conservators, to take control of problem property without a transfer of title. It is a far-reaching and complex statutory scheme that may compel owners to properly manage community assets and/or allow for property remediation and transfer to new ownership.

Another example is the recent introduction of a state law authorizing the creation of land banks (House Bill 712). Land banking may offer new opportunities to under-resourced municipalities by controlling, assembling and planning around currently unmarketable parcels without accumulation of property tax debt. The City of Pittsburgh currently operates a small land bank called the Land Reserve that holds about 200 properties and allows for qualified community development corporations to affordably assemble tax saled parcels for development. Most municipalities throughout the region lack the scale and capacity to create a functioning reclamation system to routinely recycle properties and get them back into reuse.

The Housing Alliance of Pennsylvania has been producing an outline of recent and ongoing advances in the state's framework for addressing abandonment. The most current revision is included in Appendix 4.

### **Identification of Key Constituencies and Their Information Needs**

Some 20-25 distinct constituencies are identified in this report that interface with land use in the Southwestern Pennsylvania region (Appendix 5). All are working in the context of the traditional land use framework. The primary constituencies dealing directly with the traditional land systems are tax collectors, treasurers, assessors, tax claim bureaus, and recorders of deeds. There is a great deal of variety in how these functions are operationalized in each county. They may be separate positions, or the assessor/tax claim director may function out of the same position, or the assessor and treasurer may be the same position.

Interviews for this report yielded insights to the difficult decisions municipalities are faced with regarding unpaid tax claims. Taxing bodies are allowed to outsource their tax collection functions to third party debt collectors and law firms. The Municipal Claims and Tax Liens Act also allow taxing bodies to assign, or sell, property tax liens. The City of Pittsburgh, the Allegheny County and Pittsburgh Water and Sewer Authority sold its portfolios of tax liens and unpaid water charges in the late 1990's. In the last several years they all have largely but not completely bought back those tax liens. Community development in disinvested neighborhoods was largely hamstrung during the near decade that saw property liens in the hands of third party investor/collectors. The quick cash that can be derived from

outsourcing tax collection services and selling tax liens is understandably attractive to under-resourced municipalities but significantly undermines getting properties transitioned to productive use.

Stories were also reported from representatives of the identified constituencies that there is a need for a new framework that would somehow declare a property “dead on arrival”, slate wiped clean, and a fresh start opportunity created. Further, government officials speak to the need for guides to what state laws are available to what classes of municipalities for what kind of property situations. And articulated was the need for broadly available ‘how to’ manuals for acquiring abandoned properties. Regional Housing Legal Services and the Pittsburgh Community Reinvestment Group have started developing such ‘how to’ manuals.

Traditional land assumptions and systems are formidable. Somewhat paradoxically, the lack of purchasers at tax sale to re-develop problem properties, which eventually leads to blight and abandonment, becomes a community development issue rather than an economic development issue. There are myriad neighborhood organizations devoted to community development. There have been intentional weavings of community and economic development functions and activities on the local and state levels, but economic development organizations are seen as a constituency unto itself and often separate from community development. Again, there is tremendous variety in the number, form and function of economic development agencies working in counties of Southwestern Pennsylvania which are about evenly split between government entities and independent entities.

### **Liability to Viability Guide to Capacity Building**

Around the region, the complexity and capacity to address blight and abandonment is highly variable. Addressing blight and abandonment at scale on a regional basis will require capacity building to achieve a broad constituency. This diverse constituency needs to have at least a working knowledge of the slow and tedious ‘liability to viability’ transition. Education is also necessary for productive dialogue regarding beneficial reuse, and the education is needed to address changes the state leaders need to enact in order to create opportunities and resources for local solutions. Integral to this process is tension stemming from reality that the traditional ‘highest and best use’ ideal is potentially at odds with sustainable re-use since it is unrealistic to expect that all former productive and presently abandoned properties will not be put back on the tax rolls. Nevertheless, strategic greening of abandoned property may produce property appreciation that will benefit municipalities.

Presented in Appendix 6 is a recommended "**SWPA Liability to Viability Guide to Capacity Building**". This guide lays out the necessary steps of moving from liability to viability by way of abandoned property acquisition, remediation and transfer of clear title to new ownership.

This Guide lays out recommended phases of Education, Prevention, and Planning that need to occur in order to achieve local, data-driven and measurable strategy.

The guide also lays out the phases of Due Diligence, Acquisition Strategy, Solution Implementation, and Post-Transfer Services necessary to implement the local strategy.

Components of each phase are identified as Educational or Service. The Educational components are the necessary pieces of a recommended training outreach effort (see below) to develop capacity of a broad constituency that can lead a regional approach to addressing blight and abandonment. The Service components are discussed further in this report's chapter - Strategy 4: Regional Approach found below.

### **Develop and Deploy a Regional Education Program**

Municipalities and the region as a whole will benefit significantly as comprehension grows concerning the direct connection between sustainable community development and addressing blight and abandonment (prevention, blight remediation and title clearing). It is recommended that a partnership be created between the Local

Government Academy, Sustainable Pittsburgh, and Housing Alliance of Pennsylvania to fully develop a regional education and training outreach program plan. Presented in Appendix 7 is a preliminary education program outline and budget.

The proposed education program would address the content set out in Liability to Viability Guide to Capacity Building using methods consistent with the appropriate level of scale (Neighborhood, Municipal, County, Region). The purpose of the education program is to build capacity in understanding the methods and needs to addressing blight and abandonment. As an outcome of the training, stakeholders will understand the ‘liability to viability’ transition, appreciate the need for changes our state leaders need to enact in order to create opportunities and resources for local solutions, and initiate the dialogues and actions that need to happen locally for sustainable re-use of abandoned property.

Fundraising (approximately \$50,000 per the Appendix 7) would be necessary to implement this proposed education and outreach program. Ideally further development and deployment of this proposed education program would have the benefit of input and guidance by the proposed Regional Roundtable (proposed in the chapter below).

## **VI. Strategy 2: Regional Approach**

### **Deploy the SWPA Abandoned and Blighted Properties Regional Roundtable**

To address blighted and abandoned properties at scale for Southwestern Pennsylvania, it is recommended that a SWPA Abandoned and Blighted Properties Regional Roundtable be convened. No such entity currently exists (The Vacant Properties Working Group facilitated by PCRG is a model whose focus is on the City of Pittsburgh). Absence of such a regional structure is indicative of lack of regional comprehension and appreciation of the collective negative economic and social impacts of blight and abandonment, which is indeed a problem pervasive throughout all the ten counties.

The Roundtable would be a vehicle for communication, sharing of what works and what to avoid, and development of capacities and partnerships. Its chief purpose would be to build regional capacity to tackle blight and abandonment by providing oversight and guidance in the implementation of recommendations contained in this report. The Roundtable is proposed to be comprised of a practical number of professional associated with public and private partners that represent the perspectives and expertise associated with select constituencies identified in Appendix 5 and the expertise or capacity to deploy the Liability to Viability Guide to Capacity Building educational and services components identified.

Some of the constituencies that might be represented at a regional roundtable:

- Tax Claim Bureau Directors
- Real Estate Professionals
- Affordable housing developers
- Title Insurers
- Workforce Development Entrepreneurs
- Economic Development Organizations
- Community Development Organizations (ensure voice/interests of the community)
- Attorneys especially real property practitioners and municipal and school district solicitors
- Conservation Districts
- County Planners
- Judiciary
- Treasurers, Property Assessors

- Municipal Code Enforcement
- State officials
- Community Residents

Consistent with this report, the first order of business for the Roundtable would be to take up the recommendations presented in this strategic report.

The Roundtable would also collaborate with state-level initiatives to hasten reform and consolidation of the traditional legal framework by adding its voice, as deemed appropriate, to proposed legislation and policy. Close collaboration with the Housing Alliance of Pennsylvania in this regard is recommended. Additional recommended strategic partnerships and opportunities for the Roundtable are noted in Appendix 12 Additional Partners to Compliment Regional Roundtable.

Foundation funds and public/private funds should be sought to cover the expenses of the Roundtable's first several years. Development of a work program and budget are recommended next steps.

### **Neighborhood Strategy & Abandoned Property Acquisition**

As part of the overall asset management plan, it is recognized that the region needs a scalable model for acquisition, remediation and transfer of abandoned properties. However, acquisition cannot be the only strategy to address blight and abandonment because it is simply too expensive. Various methods of addressing blight and abandonment must be considered in the planning phase. As such, the planning phase of the Liability to Viability Guide to Capacity Building is a critical part of the process that includes collaborations of municipal officials and residents, building parcel inventories of ownership, and visioning a neighborhood strategy. And the local market and capacity for future stewardship of reclaimed property must be carefully considered.

As part of a neighborhood plan, certain abandoned parcels must be identified and prioritized for acquisition due to their potential to catalyze market shifts that attract private investors to the area. Acquisition, remediation and title transfer, are heavy handed market interventions that must be used strategically because they are expensive.

As presented in the above chapter on the business case, a key strategy to consider when tackling blight and abandonment is the green infrastructure asset approach that creates value in the area that attracts investors and residents. Pocket parks, community gardens, open spaces linked with a web of trails and greenways are a part of the portfolio of options relevant in this strategy. GTECH Solutions, Inc. is a terrific Pittsburgh example of an innovative approach to developing biofuels while greening vacant properties that does not include property ownership in its model. Other examples include collaborative, low risk endeavors by communities and municipalities like food gardening, tree plantings and other greening strategies. Lawrence County's "Tree Revitalization Project" is creating conservation areas on vacant lots in its tax claim bureau repository. This is another local example that does not have property ownership as part of its model.

### **SWPA Liability to Viability Model and Develop and Deploy a Shared Technical Service Entity for Neighborhood Strategy Implementation**

With the general priorities outlined above, it follows that addressing blight and abandonment in the region is best driven by local strategy and technical implementation support aided by a proposed shared technical service entity. The following four elements are essential to planning and implementing solutions to address blight and abandonment. The four are:

- a. Local capacity building for data collection;
- b. Participation by taxing bodies and water/sewer provider;
- c. Committees of local government officials, residents and business representatives;

- d. A Shared Technical Service Entity shared amongst participating localities.

The following presents these four elements in greater detail.

a.) Build local capacity for data collection that meets uniform standards of a well-organized, up to date blighted and abandoned property inventory for the area. The inventory is the basis for mapping and planning to create neighborhood plans and evaluative aspects to measure the impacts on nearby properties, local markets and quality of life.

b.) The participation of taxing bodies (county, municipal and school district) and water authorities associated with the targeted blighted and abandoned properties is critical. They participate by adopting intergovernmental cooperation agreements that create:

- a commitment to framing blighted and abandoned property solutions within a community asset management strategy that is part of the area's economic development;
- data sharing agreements (these often require governmental departments to review internal business processes to meet data collection standards for developing property inventories and maps that allow for neighborhood planning and measuring results);
- a charge to appropriate public officials, (i.e. code officials and planners) to be a part of committees with residents and business people (section c) to develop neighborhood strategy to address community blight and abandonment;
- engagement with a shared regional entity to obtain needed technical assistance in the acquisition, remediation and reuse of blighted and abandoned properties;
- agreement to cooperate with reducing costs associated with blighted and abandoned property acquisition, remediation and transfer;
- a leadership role for private entities committed to supporting efforts to address community blight and abandonment.

c.) The actual work of developing neighborhood strategy would be done by committees of residents, business representatives and government officials. The committees would be tasked to research property characteristics, manage property data, explore beneficial re-uses of abandoned property, map, plan, prioritize and develop neighborhood strategy.

d.) For properties identified for acquisition in the neighborhood strategy, it is recommended that a Shared Technical Service Entity be comprised to support implementation of neighborhood strategies by providing technical assistance to:

- perform thorough real estate due diligence to identify liabilities associated with property
- advise as to the liabilities, acquisition options and costs of acquisition
- advise on evaluative standards and measures
- engage teams of service providers for planning, acquisition, remediation and transfer services
- acquire and hold property while remediation is performed
- transfer title for reuse; measure impact over time

#### Shared Technical Service Entity for Neighborhood Strategy Implementation

As described above, the approach to abandoned property acquisition, remediation and transfer needs to be driven by the neighborhood strategy. This is a complicated task. Not many communities have the resources necessary. Our region's municipalities need relief of the full burden of garnering the necessary resources and expertise to implement solutions and measure results. There needs to be additional capacity to carry out the phases of the SWPA Liability to Viability Guide to Capacity Building (Appendix 6 the Guide lays out services phases of Due Diligence, Acquisition Strategy, Solution Implementation, and Post-transfer services that implement the acquisition of abandoned property as part of the neighborhood strategy). Fulfilling this need for additional capacity is through a recommended new Shared Technical

Service Entity. This “operation arm” can be thought of as a hub where the facilitation of all the strategies is carried out. This entity can be in the form of a nonprofit, housed in the public sector, a collaboration, or built upon an existing program. Regardless, further development of the function and form is recommended to be among key tasks of the recommended Regional Roundtable.

A recommendation of this report (see below) is to strategically choose and advance a few pilot projects strategically identified around the region to address blight and abandonment for a host of communities. Accordingly it flows that this recommendation for a Shared Technical Service Entity also be on a pilot basis and be directed to tackle a finite number of demonstration projects.

Among rationale is that the entity would allow for efficiencies gained from economies of scale in implementing neighborhood plans. The work of this entity would also assure that uniform evaluative measures are part of neighborhood planning an implementation across the region. Per selected demonstration project areas, abandoned parcels identified for acquisition, remediation and transfer in the neighborhood strategy would be submitted to this entity to handle due diligence through post-transfer service liability to viability phases. This proposed entity would be resourcefully staffed, and engage the needed service providers as required by any given project.

#### Regional and National Shared Entity Best Practices

An example of an existing shared entity is the Allegheny County Vacant Property Recovery Program, which coordinates blight remediation for 21 participating municipalities which have passed ordinances. The effort executes municipal cooperation agreements, reviews by committees and has incorporated pro bono title, legal and appraisal services for properties located in 6 of the municipalities.

A non-profit example is the Mon Valley Initiative which acts on behalf of its member’s communities to interface with the Allegheny County Vacant Property Recovery Program. Another non-profit shared entity is the Pittsburgh Community Reinvestment Group, PCRG. PCRG has a Vacant Property Working Group that coordinates (for its membership) blighted property acquisitions with the City of Pittsburgh Department of Real Estate. PCRG staff are the point of contact for Department of Real Estate agreements with community development corporations throughout the City.

Yet another example of a local shared non-profit is the Beaver Initiative for Growth which conducted due diligence, acquisitions, title clearing and transferred 68 blighted and abandoned parcels scattered throughout participating municipalities. As a part of the Beaver County Blight Reduction Program, Beaver County municipalities adopted ordinances, created committees of residents and government officials. Sustainable Pittsburgh profiled the Beaver County Blight Reduction Project as a part of Sustainable Community Essentials Resource Sheets on Expanding Housing Choice and Addressing Blight (see Appendix 8).

Looking across the country for shared entity success examples brings attention to the Detroit Vacant Property Campaign (DVPC). DVPC is a collaborative project housed at Community Legal Resources, a statewide organization that leverages pro bono attorney involvement. DVPC serves communities in building capacity and assisting with planning, mapping, ownership searches, acquisitions, and disposition of vacant properties. DVPC also focuses on systems reform, code enforcement, educational publications, legal and policy work, and developing tools and manuals for addressing blight and abandonment. The DVPC team is comprised of (2) legal/policy person, (2) technical assistance professionals, and (1) vacant property legal program manager. The annual personnel budget is approximately \$350,000 with the annual consolidated budget of approximately \$500,000. LISC was an initial supporter. Grant funding and the number of funders has increased commensurate with the great results the effort has demonstrated through its model of concentrated expertise applied to target communities.

When the Roundtable proposed in this report is up and running and taking on the formation of a shared regional entity, the DVPC will be an excellent resource to consider.

### **Recommended Demonstration Project Strategy**

A leading opportunity for the proposed Regional Roundtable is to determine one or two locations around the region where commitment, cooperation, and need converge to enable successful implementation of demonstration projects. It is recommended that such a project would apply the Liability to Viability Model and Capacity Building Guide in adjoining localities comprising a sub-regional pilot area. It is recommended that the demonstration projects be facilitated by the Shared Technical Services Entity under the guidance of the Regional Roundtable. The purpose of the demonstration projects is to demonstrate cost efficiencies and evaluative measures for addressing blighted and abandoned properties at a level of volume otherwise not likely to be addressed ad hoc. Outcomes of the demonstration project would prove invaluable in further developing scalable approaches for other locations throughout the region.

Given the studies done elsewhere that suggest blight remediation triggers positive economic impacts on properties adjacent and nearby reclaimed abandoned property, it is logical to expect that targeted blight remediation would buttress the significant public and private investments being made in our region's weak and distressed markets. For example, locations in our region that are benefitting from investments in the form of tax credit projects stand to benefit from addressing blight and abandonment as a means to protect and enhance those investments. Along these lines, it is recommended that the selection of communities to be addressed in a demonstration project begin with criteria that focuses on those where significant current and future public investments are being facilitated by the likes of the Southwestern Pennsylvania Commission, Pennsylvania Housing Finance Agency, and/or PA DCED. Furthermore, places benefitting from federal Neighborhood Stabilization and Neighborhood Stabilization II projects, tax credit projects, and homeownership choice projects are also good candidates for demonstrating results and lessons on which to build for the benefit of other communities around the region.

With intergovernmental cooperation also a top level criteria and necessary condition, a sub-regional area perhaps ideally suited for targeting a demonstration project is the new collaboration among the 35 communities that are direct neighbors to Pittsburgh called the Congress of Neighboring Communities (CONNECT). CONNECT is facilitated by the Innovation Clinic, GSPIA at the University of Pittsburgh. It is an emerging example of intergovernmental cooperation. Given the concentration of blight and abandonment in and around the City of Pittsburgh, CONNECT makes for a well-timed and well-oriented entity through which to consider a demonstration project utilizing the Liability to Viability model in a comprehensive approach to improving their neighborhoods. Through CONNECT's existing structure, such a project could be positioned to both bring material benefits to these urban communities and also further cement the case for CONNECT's collaborative model for reducing costs and creating more efficiency in addressing inter-municipal problems.

### **Recommended State Role in the Demonstration Projects**

As the proposed Regional Roundtable is convened and takes up the inter-related tasks of deploying the regional education program, setting up the Shared Technical Service Entity, and determining a couple demonstration projects, there is an important role for the Pennsylvania Department of Community and Economic Development (DCED). Recommendations are developed in the next chapter below.

Specific to the recommended demonstration projects, DCED would be of significant assistance in comprising a multi-agency group to work with the Shared Technical Services Entity to help explore and assemble technical assistance and appropriate funding from across DCED programs and other agencies. What is in mind here is an action team akin to DCED's Community Action Team (CAT) but specific to addressing blight and abandonment per the Liability to Viability model in cooperation with the Shared Technical Services Entity in its work to execute a couple initial demonstration projects.



Both the demonstration projects and establishment of the Shared Technical Services Entity could perhaps be funded in part through the Community Development Block Grants awarded to the state every year (allocated to projects in jurisdictions that do not receive their own CDBG entitlements). By using a portion of its CDBG funding in this way, DCED could further enhance rational and systemic allocations. As such, DCED would address the continuous need for greater equitability in the expenditure of this funding. It is noted that the most recently posted expenditure performance report<sup>xxii</sup> shows that much of non-entitlement CDBG funding was spent on public facilities (in many instances, probably on the development and improvement of recreation centers, senior centers, fire stations, etc.). Of the beneficiaries, 40 percent had higher-than-moderate incomes, and another 48 percent were people of moderate income, with low- and very low-income beneficiaries amounting to less than ten percent.

Another possible means of support for the demonstration projects and the Shared Technical Services Entity may be the PA Housing and Redevelopment Assistance (HRA) Program. The HRA program, administered by DCED, provides flexible funding to cities and smaller urban areas to redevelop and reuse blighted and/or vacant property, to expand housing opportunities and to promote stability of neighborhoods. As for funding, it is recommend that the relevant County or a local governing body apply for the funds and either implement the project, or contract with a local entity. Funds are eligible for uses including: acquisition, rehabilitation or restoration of older or underutilized buildings for reuse, demolition of blighted structure when a reuse plan has been adopted, and business site and property improvements creating "family sustaining" jobs as a loan to the business.

## **VII. Strategy 3: State Role**

### **State Programs in Pennsylvania with Reference to Blighted and Vacant Properties**

#### Regional Smart Growth and Targeted Investments

At a base level it is recognized that the state, regional governing bodies, and municipalities play a key role in overall strengthening existing communities and discouraging sprawl. Indeed our region's legacy of sprawl has exacerbated the decline of existing communities leading to the growing incidence of blight and abandonment. In a region of stagnant population growth, too often new development in one area is met with the commensurate decline in another, with our older urban communities often taking the brunt of the burden.

Sustainable Pittsburgh continues to serve an advocacy role in collaboration with a wide range of stakeholders in accelerating the region's embrace of sustainability and smart growth. Among priorities, given the regional nature of development markets, it is critical for our region to strategically target development and investments to guard against market shifts without real net regional growth. One of the most important outcomes of investment in existing places is that it provides opportunity for jobs to residents of the area. In turn, a stabile job may be the most important contributor to community stability and prevention of blight and abandonment.

#### Recommended Integration/Realignment of State Funding and Technical Assistance Programs

Appendix 9 identifies the Commonwealth offers a plethora of funding and assistance programs that are potentially relevant to addressing blight and abandonment. Regional and local governments provide yet another layer of programs and policies. Given the daunting number and array of programs offered (at least offered in the past under as enabled by prior budgets), it is recommended that efforts commence to work with the state to realign, integrate, and consolidate these funding and assistance programs in order to establish a designated new pooled funding and assistance program, along the lines recommended in this

report, specific to addressing blight and abandonment in Southwestern Pennsylvania. In integrating its funding programs and technical assistance, the state can provide flexibility and tailor interventions strategically to the appropriate political jurisdiction and level of system (neighborhood, municipality, county, region) in ways that are scalable and designed to achieve cost efficiencies with the volume of blighted and abandoned properties across the community fabric of the region.

#### Recommendations for Additional Attention and Resources

Because the problem of blighted and abandoned properties is state-wide it is logical to assign primary responsibility for tools to the state and, specifically, the Department of Community and Economic Development. However, in some cases counties and municipalities could also take action, using existing tools, to organize a program to expedite the return of properties to productive use and tax paying status. Further discussion with the parties will be needed to assign responsibilities to the appropriate level of government.

An important first recommended step is to identify a Blight and Abandonment Ombudsperson at the Department of Community and Economic Development who will be the point, go-to person at the state. Due to the number of programs and division of responsibilities in the department, it is necessary to have a single point of contact who has sufficient rank to communicate across the department, identify priorities, pull together appropriate programs and ensure accountability. This person would serve as a funding coordinator to counties and municipalities and provide guidance and direction through the grant proposal process. Also, it is recommended that a state level steering committee be created to oversee solutions to the issue of blight and abandonment. This committee should include the state point person, a representative of counties and of local municipalities, plus appropriate non-governmental agencies such as the Housing Alliance of Pennsylvania. Both the Ombudsperson and the committee would provide a critical point of contact and coordination for the Southwestern Pennsylvania Region Blighted and Abandoned Properties Roundtable's collaborations with the state. Also, the Commonwealth's support and funding assistance would be a boon to implementing the recommendations in this report.

Following is a list of additional actions for state consideration. This is drawn largely from the 2004 report of the Legislative Budget and Finance Committee and the Housing Alliance of Pennsylvania entitled, "From Liability to Viability" and subsequent updates. It is recommended that priorities for action be established through an appropriate process including involvement by the above recommended DCED Ombudsperson and state level steering committee.

1. The Department of Community and Economic Development received a substantially reduced allocation in the recently enacted state budget. The Department is currently identifying programs that can be funded and the level of that support. Regardless of the results of this process, it appears that the state programs for economic and community development have overlapping provisions. While professionals – such as housing oriented organizations – may understand the differences, most civic leaders do not. Therefore, it is recommended that the state make their offerings more transparent by reducing the number of programs and sharpening the focus of the remaining ones.
2. Many municipalities do not have the resources to initiate and operate a GIS system or engage professionals in the areas of planning, code enforcement and program implementation and evaluation. The state could be of assistance by providing incentives for municipalities to engage professional services from their counties or enter into a multimunicipal collaboration to provide such services at the local level. Areas that should be strengthened with such an approach include:
  - Diffusion of best practices.
  - Provision of training and technical assistance to local code inspection programs especially in the use of the International Existing Building Code, a part of the Uniform Construction Code.
  - Producing a model housing maintenance code and training in its use.

Furthermore, it is recommended that the Regional Roundtable pursue collaboration with the state in helping to fund and deploy recommendations of this report.

3. Providing for the creation of Land Banks. (This is currently the subject of a bill before the General Assembly.)
4. Streamlining the tax sale procedure and requiring rehabilitation/development by the purchaser with a time deadline. Shift the emphasis from obtaining the highest price to getting the property rehabilitated by a responsible party. (The recently enacted Conservatorship legislation should help here.)
5. Create or assist municipalities to create an inventory of blighted or abandoned properties using GIS technology.
6. Train District Justices to treat blight and abandonment more seriously.
7. Provide incentives to encourage more aggressive code enforcement as a means to prevent blight and abandonment.
8. Assist municipalities in creating a neighborhood information system and training to use it to prevent blight and abandonment.
9. Require an inspection at sale.
10. Require full name and address of the person owning or responsible for the property at sale.
11. Provide tax credit for rehabilitation of historic properties.
12. Reduce the time required to establish adverse possession.
13. Waive bidding and fair market requirements for properties sold to non-profit community development corporations. (See number 4 above.)
14. Provide better coordination between state agencies in community and economic revitalization efforts by encouraging members of the Interagency Land Use Team to insist on implementation and evaluation of loan and grant programs.
15. Establish rigorous evaluations of the dozens of state and federal program aimed at community and economic development.
16. Establish a statewide property code violator registry with provisions to exclude offenders from state programs.
17. Report tax liens to credit agencies.
18. Create a private right of action.
19. Permit private asset attachment of those who repeatedly maintain deteriorating property.
20. Require consistency between comprehensive plans and zoning and subdivision/land development ordinances.

21. Promote shared municipal services and/or county assistance in the implementation of a land use program including prevention of blight and abandonment and rehabilitation.
22. Early childhood, primary and secondary education needs additional state assistance to ensure that every child receives the highest quality education regardless of the resources of the district in which he/she lives. This should increase job prospects and, in turn, neighborhood stability.
23. Job training and jobs especially for older teens and younger adults with emphasis on matching opportunities in existing places through infill or brown/greyfield development.
24. Dependable and sufficient public transit funding to access jobs throughout the region.

## **VIII. Strategy 4: Property Inventory**

### **Existing Resources for Blighted and Abandoned Property Parcel Information**

#### Definition

For the purposes of this project, an inventory can be defined as a systematically organized list of assets, which may include structures, lots, or both. A well-organized, up to date blighted and abandoned property inventory is a valuable information resource that can support the following activities.

- Completing strategic investment plans that include designation of desired reuses for blighted and abandoned properties listed in the inventory.
- Marketing available properties for redevelopment.
- Assessing real estate market trends by periodically recording and analyzing changes in the number, type and location of blighted and abandoned properties.
- Facilitating tax collection and code enforcement, particularly with respect to multiple blighted and abandoned properties owned by a single individual or entity.

#### Uses of a Blighted and Abandoned Property Inventory

The ideal regional blighted and abandoned property inventory would consist of a database containing address-specific real estate records linked to a Geographic Information Systems computer-mapping application and made accessible to authorized users through the Internet. An inventory of this kind would have particular value in several respects.

- Investors or developers considering opportunities associated with a particular location could obtain basic information about the specific characteristics of properties within that location, including addresses, lot dimensions, building sizes, zoning classifications, market values, and annual property taxes, among others.
- Local and county governments could layer onto the regional database real estate data records which they own and maintain, enabling authorized users to obtain information about property tax payment history, tax delinquency, utility shutoffs, and housing code violations.
- In response to the proliferation of foreclosed properties—some vacant, some investor-owned, some under the control of out-of-state creditors—that are emerging throughout the region, local and county governments could develop better strategies for cycling blighted and abandoned housing back into the real estate market and for ensuring that creditors and absentee investor-

owners are complying with property maintenance standards and other local code requirements. Inventory information stored in a consolidated data base would be especially useful in monitoring the activities of out-of-state investor owners--some of whom control hundreds of properties in multiple cities, boroughs, and townships--and in enabling affected governments to work in coordination with one another when needed to take action against negligent investor-owners.

#### Impediments to Organization of a Regional Vacant Property Inventory

Although much of the information described above is available through public agencies in digitized form, most of this information cannot be consolidated into a regional data base. The major impediments to creating a regional vacant property inventory can be characterized in the following way.

- *Proprieterial.* Real estate records of the type described above are owned by different local and county agencies, each of which would need to agree to contribute data to the inventory through periodic downloading.
- *Technological.* A major commitment of information-technology hardware and the design of systems architecture would be required in order to create and maintain the inventory.
- *Managerial.* Contributors of data to the inventory would have to agree on the identification of an entity that would manage the system and make data available to authorized users and on protocols for sharing data that they control and will load into the system.
- *Financial.* Funding would need to be obtained to start up and operate the system.

Although these impediments are significant, they are not necessarily insurmountable. As shown in the examples summarized in the next subsection, property inventories that include detailed information about blighted and abandoned property characteristics, have been organized and are operating reliably in areas with characteristics similar to those of Southwestern Pennsylvania. In addition, a regionally oriented resource for property information and data sharing, the Pittsburgh Neighborhood and Community Information System (PNCIS), is already in place at the University of Pittsburgh and is available to support the creation of a regional blighted and abandoned property inventory.

#### **Recommended Approach to Property Inventories (State, Regional , County, Local)**

##### National

See Appendix 10 for a review of the types and source of inventory data collected by the federal government. To varying degrees this data is a useful resource for local needs.

##### State

The Commonwealth does not maintain statewide blighted and abandoned data records. No statewide blighted and abandoned property inventory exists. However, the state could play a proactive role in supporting the creation of such an inventory if greater attention were devoted to three opportunities described below.

- a. *Neighborhood Information System Prototype.* A March, 2004 report by the Legislative Budget and Finance Committee entitled, "Commonwealth and Local Government Efforts to Ameliorate Blight" recommended that DCED "take the lead in developing a prototype neighborhood information system to support municipal efforts to address blight and neighborhood revitalization." The report further states that

Computerizing information in such areas as tax liens, utility liens, permit denials, code enforcement citations, and mortgage foreclosures, would assist municipal, regional, and Commonwealth decision-makers in developing strategies for additional blight and

community revitalization...A stronger role by DCED to develop model systems and to encourage consistency among systems could save municipalities money and result in greater sharing of information.

Although DCED may not have acted on this recommendation (possibly due to staffing and funding constraints), the fact that this proposal is “on the record” may present an opportunity to pursue this recommendation with the support of Commonwealth officials.

- b. *Land Use Planning and Technical Assistance Program (LUPTAP)*. The DCED-administered LUPTAP program, if funding is restored, could provide support for planning activities associated with the creation of a regional vacant property inventory. The purpose of LUPTAP is “Developing and strengthening community planning and implementation efforts,” in order to “revitalize communities” and “devise economic development strategies”, among other objectives. LUPTAP funds may be used to finance “economic development, redevelopment, housing, and resource conservation” plans, among other activities. Municipalities may apply for assistance through the program, which frequently is matched by funding from other sources or by in-kind services. Unfortunately, at present, the state's funding of the LUPTAP program is severely diminished from prior allocation levels.
- c. *Shared Municipal Services Program (SMSP)*. DCED also administers SMSP, one of the objectives of which is to “promote cooperation between municipalities and to foster increased efficiency and effectiveness in the delivery of municipal services at the local level.” SMSP funds may be used to finance “shared data processing operations” and “joint ownership of equipment,” among other activities. Any group of two or more municipalities, or a body authorized to act on behalf of two or more municipalities (such as a Council of Governments) may apply to the program, which requires a 50 percent match in the form of cash, municipal labor, or other in-kind services.

Based on the above it appears that some combination of LUPTAP and/or SMSP funding could be used to support the organization and start-up of a regional vacant property inventory system. Because of budgetary challenges currently confronting the Commonwealth of Pennsylvania, however, the availability of funding, if any, for these programs is uncertain at present.

### Regional

Making vacant property inventory data available on a regional basis should be a high-priority goal; however, it is neither necessary nor desirable that a single entity own and control all of the data. In some cities, the same data is shared by different entities—government agencies, nonprofit organizations, academic institutions, or data consortiums—each of which has a different area of specialization. One entity manages the “data warehouse” into which participating agencies download real estate records periodically; another focuses on GIS applications of the data, another on the use of data to support research projects, and so on. The important underlying principle governing these relationships is information sharing and the avoidance of duplicating services or areas of specialization.

With this perspective in mind, the recommended regional approach for the region consists of the following elements.

- a. Supporting the expansion of the Pittsburgh Neighborhood and Community Information System's (PNCIS) role as a data warehouse and clearinghouse for access to regional data.

PNCIS is one of the nation’s most comprehensive metropolitan-area property information resources. Based at the University of Pittsburgh, the PNCIS data warehouse contains more than

fifty address-specific data variables, as well as an interactive mapping application. It is particularly valuable for its collaborative approach (was initiated by the Pittsburgh Community Reinvestment Group, 10,000 Friends of Pennsylvania, the Community Technical Assistance Center, Carnegie Mellon University's Center for Economic Development, and Pitt's University Center for Social and Urban Research.) This collaboration ensures that the PNCIS model is relevant and useful to a variety of metropolitan-area consumers. PNCIS is also supported by seven City of Pittsburgh agencies that have made commitments to share real estate data. PNCIS leadership and staff have been successful in demonstrating that data consolidation and management through this system can be beneficial to public agencies, providing them with access to information that would be difficult and time-consuming to compile on a piecemeal basis.

- b. Encouraging collaboration between municipal and county governments leading to the consolidation of key real estate data variables in a single location. The latter could be PNCIS or a countywide information system using the property assessment database as the bottom data layer.
- c. Assisting municipalities in digitizing real estate records and making them accessible to the public as appropriate. Some municipalities may be able to obtain technical support from information-systems staff and interns at academic institutions within the region.

To be successful, a regional approach to creating and maintaining a vacant property inventory requires agreement among all owners of information on real property, as well as the manner in which this information will be collected, compiled, shared, and reported. Although the creation of a regional vacant property inventory would require an initial investment of start-up funding as well as ongoing operating support, the primary challenge associated with achieving this goal is not financial but managerial. As described above, contributors of information to the inventory would have to agree on the identification of an entity that would manage the system and make data available to authorized users, as well on protocols for sharing data that they control and will load into the system.

### County

Because each county government already owns and manages a countywide real property inventory that includes both occupied and vacant properties (i.e., the county's property assessment data base), the most straightforward way to create a countywide blighted and abandoned property inventory would be to integrate into the county data "layer" additional layers of such property data compiled at the municipal level. In Philadelphia's Neighborhood Information System (NIS), for example, vacant property addresses compiled through a citywide survey conducted by the municipal code enforcement agency are integrated with property assessment data from the Board of Revision of Taxes (the property tax assessment agency for Philadelphia County), so that an authorized user of the NIS can view blight and abandonment and property ownership/assessment records together. The NIS database is managed by a nongovernmental entity (the Cartographic Modeling Lab at the University of Pennsylvania) separately from the Board of Revision of Taxes database; the latter remains unchanged and continues to display property assessment data only.

To promote information sharing on a county level, communication with county governments about the prospects for creating a layered database that includes blighted and abandoned property inventory data is recommended. Because of its past experience in data management, PNCIS could play an important role in advancing communication on this subject.

### Local

At a local level -- within a municipality, neighborhood, or area targeted for planning and development -- conducting annual vacant property surveys on a regular basis and compiling the results in a digitized format is recommended. Because survey work can be time-consuming, it is recommended that surveys of

this kind be structured so that they can be completed within a few days. This goal can be achieved if the following approach is adopted.

- Create a simplified survey format that involves the identification of the address of each blighted and abandoned property along with some basic information about the condition of the property. An example of a simplified survey format used by the YWCA of York is provided as Appendix 13, YWCA of York Simplified Survey.
- Limit the survey to an area or areas with high concentrations of blight and abandonment or to areas designated for investment and development. The latter may include areas that have been targeted for funding through the federal Neighborhood Stabilization Program, as well as designated Main Street areas, Elm Street areas, and Keystone Opportunity Zones.
- Store survey results in a single Excel or Access file.

An increasing number of municipalities have adopted vacant property registration ordinances. Information obtained through the registration process can support local code enforcement and revenue collection activities as well as the monitoring conditions of blight and abandonment. Information about local measures enacted through February 2008 is available through Safeguard Properties at: <http://www.safeguardproperties.com/content/view/1843/106/>.

Vacant property registration measures initiated among some municipalities in the region this year include:

*Pittsburgh.* Legislation introduced in May 2009 would amend the Pittsburgh Code by calling for the registration of “nuisance vacant properties,” characterized as properties “which remain vacant, with access points boarded over, are unsightly, unsafe and have a negative effect on their surroundings.” The registration process would include the submission of a “vacant building plan,” documenting anticipated owner action to demolish, secure, or rehabilitate the building. The ordinance also calls for the Bureau of Building Inspection to submit to the Mayor and City Council reports documenting addresses of properties that have been registered, as well as a list of previously declared vacant buildings that are no longer subject to the ordinance.

Pittsburgh’s Department of Planning is launching an interactive online data and map center for Pittsburgh’s 90 neighborhoods known as the Sector/Neighborhood Asset Profiles (SNAP). This online center will serve as a resource to neighborhood residents looking for more information about community groups, investors or prospective residents looking for information about neighborhood housing markets, community organizers looking for information about vacant properties and buildings, and non-profits or foundations looking for information about neighborhood demographics. There will be market and demographic data collected from a variety of sources in the profiles.

*Carnegie.* In June, the Solicitor for Carnegie Borough announced plans to draft a vacant property registration ordinance designed in part to influence action on the part of property owners. The measure would also call for the payment of a fee starting in the second year in which the property was registered as vacant.

Blight and abandonment are highly correlated with severely disinvested communities and their historically disenfranchised citizenry. Residents, local representatives and municipal officials of these disinvested communities know their inventory best. It is critical prior to conducting a survey to genuinely approach residents who have lived amidst the blight and abandonment as the starting point for conducting a survey. Any outsider who participates with a mindset to ‘save’ the community should shift to mindset of curiosity. An early task, before conducting the survey, is to simply ask the ‘locals’ about their



community, the significance of the place, what ideas they have. Then, discussions of engagement in conducting a survey should determine its focus. In conducting surveys if this kind, quality (i.e., completeness and accuracy of information) is more important than quantity (i.e., geographic coverage). Local land use strategies and planning can become mired down in turf battles, defensiveness and mistrust. Mediation and collaborative processes can complement planning and other resources deployed to support the neighborhood strategy development. Local realtors, appraisers and developers also know these inventories. Their early participation in neighborhood strategy development can add expertise on how to assess properties values and how disparate parcels might be able to be assembled for marketing and development.

The recommended Regional Roundtable should play a key role in initiating and guiding communication that leads to agreement on how many, most, or all of these inventory approaches and issues will be addressed in Southwestern Pennsylvania.

**PROBLEM PROPERTIES WORKSHEET**

**PROPERTY IDENTIFICATION**

Complete Address:  
 Parcel ID:  
 Neighborhood:  
 Municipality:  
 Municipal Class:  
 School District:  
 County:  
 Water provider:  
 Sewer provider:


**PROPERTY CHARACTERISTICS**

LOT:  
 BUILDING:

X

X
---

ZONING:

	Residential
	Commercial
	Industrial

HISTORIC DESIGNATION?  
 HISTORIC DISTRICT?

	yes
	yes

	no
	no

BUILDING CONDITION:

	Occupied
	Vacant
	Secured
	code violations
	building permit
	condemned

	use:
--	------

ON MARKET?

	yes
--	-----

	no
--	----

REAL PROPERTY TAX STATUS:

	paid
	delinquent
	tax saled

	date:
--	-------

PRIVATE LIENS?

	yes
	no

(If yes) FORECLOSURE ACTION?

	yes
	no

OWNERSHIP:

	title vested in:	{NAME OF RECORD OWNER}
<input type="checkbox"/>	Individual	<input type="checkbox"/> available
		<input type="checkbox"/> bankrupt
		<input type="checkbox"/> deceased
		<input type="checkbox"/> unknown
<input type="checkbox"/>	Corporate	<input type="checkbox"/> active
		<input type="checkbox"/> bankrupt
		<input type="checkbox"/> closed
		<input type="checkbox"/> unknown
<input type="checkbox"/>	Tax Exempt Entity	<input type="checkbox"/> active
		<input type="checkbox"/> defunct
		<input type="checkbox"/> unknown
<input type="checkbox"/>	Government Unit	<input type="checkbox"/> Municipality
		<input type="checkbox"/> School District
		<input type="checkbox"/> County

PROPERTY MANAGEMENT:

<input type="checkbox"/>	local owner
<input type="checkbox"/>	absentee owner
<input type="checkbox"/>	property manager
<input type="checkbox"/>	realtor
<input type="checkbox"/>	none or unknown

PROSPECTIVE PURCHASER?

<input type="checkbox"/>	yes
<input type="checkbox"/>	no

PROSPECTIVE REUSE?

<input type="checkbox"/>	yes
<input type="checkbox"/>	no

PART OF A PLAN?

<input type="checkbox"/>	no
<input type="checkbox"/>	yes

<input type="checkbox"/>	historic
<input type="checkbox"/>	neighborhood
<input type="checkbox"/>	municipal
<input type="checkbox"/>	county

**\*Advisory Committee Members**

Joy Abbott, City of Pittsburgh Planning Department  
Daniel Ayello, Pittsburgh community Reinvestment Group  
Debbie Bardella, Washington County Recorder of Deeds  
Tom Bartnik, Community Design Center of Pittsburgh  
Bracken Burns, Washington County Commission  
Andrew Butcher, GTECH  
Bob Damewood, Regional Housing Legal Services Western Pennsylvania  
Cassandra Collinge, Allegheny County Housing and Human Services  
Bridget Coyne, Regional Housing Legal Services Western Pennsylvania  
Bethany Davidson, Pittsburgh community Reinvestment Group  
Deno DeCiantis, Penn State University  
Sabina Deitrick, University of Pittsburgh  
Joanna Demming, Housing Alliance of Pennsylvania  
Tracey Evans, Office of Representative Preston  
Bob Gradeck, University of Pittsburgh  
Kim Graziani, City of Pittsburgh Office of the Mayors  
Brian Hill, Richard King Mellon Foundation  
Grant Irvin, 10,000 Friends of Pennsylvania  
Chris Koch, GTECH  
Deborah Lange, Carnegie Mellon University  
Frank Mancini, Beaver County Redevelopment Authority  
Shelly Martz, City of Pittsburgh Planning Department  
Joe McCarthy, Penn State University  
Katie Molnar, City of Pittsburgh Planning Department  
Jean Mosites, Jones Day  
Jerry Paytas, GSP Consulting  
Kendall Pelling, East Liberty Development Inc.  
Susan Rademacher, Pittsburgh Parks Conservancy  
Diane Sheets, Butler Community Development Corporation  
Dan Sentz City of Pittsburgh Planning Department  
Kyra Straussman, Urban Redevelopment Authority of Pittsburgh  
Fred Thieman, The Buhl Foundation  
Melissa Urishko, Allegheny County Housing and Human Services  
Cindy Vannoy, Beaver Initiative for Growth  
Doug Van Haitsma, Mon Valley Initiative  
Laura Zinski, Mon Valley Initiative

\*The content and recommendations contained in this strategic report do not necessarily represent the views of the individual member of the project Advisory Committee.

## The Extent of Blighted and Abandoned Properties in Southwestern Pennsylvania

### Main Indicators

This report attempts to measure the extent of blight and abandonment by looking at population changes, vacancy data, age of homes and homeowners, income, home values and foreclosures in the region. These causes may be used as indicators to track blight and abandonment in Southwestern Pennsylvania and identify trends. As the focus here is largely on residential blight and abandonment (and the available data is census data related to housing markets measured by housing units) in this section, the analysis is leveled on chronically vacant and uninhabitable units which are not being actively maintained, improved or marketed by their owners.

### Population

Blight and abandonment is not new to Southwestern Pennsylvania. It dates back to the region's loss of manufacturing jobs over the last five decades. As factories closed and jobs left the region, families departed as well. As businesses, jobs and families left the region more homes and other buildings were left empty. These structures deteriorated to the point where they became uninhabitable. The repercussions of this exodus can still be seen in population data for many counties in Southwestern Pennsylvania. Presently, the Southwestern Pennsylvania population loss in 2008 is still down 13.9% from what it was in 1970. (*see chart below*).

Southwestern Pennsylvania Counties:	Population in 1970	Population in 2008	Percent Net Change in population
Allegheny	1,605,016	1,215,103	-24.3%
Armstrong	75,590	68,790	-9.0%
Beaver	208,418	172,476	-17.2%
Butler	127,941	182,902	43.0%
Fayette	154,667	143,925	-6.9%
Greene	36,090	39,344	9.0%
Indiana	79,451	87,479	10.1%
Lawrence	107,374	90,272	-15.9%
Washington	210,876	206,407	-2.1%
Westmoreland	376,935	361,589	-4.1%
Southwestern Pennsylvania Total	2,982,475	2,568,287	-13.9%

Source: American Community Survey 2008<sup>xxiii</sup> and US Census Bureau and 1970 Census<sup>xxiv</sup>

Although there has been population gain in Butler, Greene and Indiana, the net population change of negative 13.9% to Southwestern Pennsylvania is still staggering, leaving patches of blight and abandoned properties across the region. Growth in those few areas noted has been twined by decline in others (principally in older urban areas) resulting in no net growth regionally. The blight and abandonment left behind our region' population loss is a drain on both the local and regional economy.

### Vacant Property

Vacant properties can be used as a means to track blight and abandonment in the region. However, there is no one good piece of data that accurately reflects vacancy. According to US Census Bureau data the

percent of vacant units in Southwestern Pennsylvania grew from 7.7% in 2000 to 10.8% in 2007 (every county went up), a significant increase in vacant housing units in only 7 years (*see chart below*). When calculating vacant units the Census Bureau includes ‘sold not occupied’, ‘rented not occupied’ and ‘other’, ‘for rent’, ‘for sale’, ‘for seasonal, recreational, or occasional use’ units and units for migrant workers. An abandoned unit is defined as a chronically vacant and uninhabitable unit whose owner is taking no active steps to bring it back into the housing market. xxv To calculate abandoned housing units, this report used the ‘sold not occupied’, ‘rented not occupied’ and ‘other’. The latter half of the above list was removed since those properties are only vacant for short durations, not chronically. By this method, it is estimated that there are around 37,791 abandoned housing units just in Allegheny County. xxvi

Southwestern Pennsylvania Counties:	Percent of Vacant Housing Units (2000)	Percent of Vacant Housing Units (2007)	Percent of Abandoned Housing Units (2007)	Number of Abandoned Housing Units (2007)
Allegheny	8%	11.9%	6.4%	37,791
Armstrong	10.4%	12.0%	6.2%	2,025
Beaver	6.7%	10.2%	5.1%	4,063
Butler	5.7%	6.7%	3.1%	2,379
Fayette	9.8%	12.5%	5.9%	3,990
Greene	9.7%	15.3%	7.1%	1,220
Indiana	8.4%	9.4%	4.5%	1,730
Lawrence	6.4%	10.1%	5.1%	2,077
Washington	7.0%	9.4%	5.4%	4,966
Westmoreland	7.0%	9.0%	4.6%	7,645
Southwestern Pennsylvania Total	7.7%	10.8%	5.7%	67,886

Source: American Community Survey 2008<sup>xxvii</sup>, US Census Bureau and 2000 Census<sup>xxviii</sup>

This project compiled the above abandoned housing unit estimates by using 2007 Census data. The data that is still being utilized presently by most of Pennsylvania municipalities is 2000 Census data. These data sets are prior to the current economic crisis, so it is important to recognize that the actual extent of blight and abandonment is likely to be worse than this data indicates.

#### Unsold Tax Saled Properties

Another indicator of the extent of blight and abandonment in Southwestern Pennsylvania outside of Allegheny County is the number of properties that have been taken to tax sale and not sold at public auction (*see chart below*). All Southwestern Pennsylvania counties except Allegheny County have Tax Claim Bureaus, which are required to maintain public lists of their ‘repository of unsold properties’ in accordance with the Real Estate Tax Sale Law of 1947. Recent inquiries with each Tax Claim Bureau provided the following numbers of properties in each of the counties’ repository of unsold properties. A site visit to each of these properties today would likely find the vast majority of these tax saled properties blighted and abandoned except where mobile homes are indicated. Tax claim bureaus are able to convey these properties to a new owner and, therefore, they are a key part of solutions to address blight and abandonment.

County	# in Repository	Notes
Greene County	*200	
Butler County	337	<i>Taken from Judicial sale list.</i>
Lawrence County	391	
Westmoreland	*500	
Fayette County	82	
Indiana County	40	<i>All are mobile homes.</i>
Beaver	*1100	
Washington	*600	
Armstrong	100+	<i>Most are mobile homes and some are sub-surface mineral rights</i>

\*Numbers are approximate

### Age of Home and Homeowners

Another means of tracking where blight is headed is to look at the age of homes as well as the age of their owners. Half of the homes in Pennsylvania are 40 years or older (*see chart below*). Once homes are about 40 years old typically their maintenance costs increase significantly. Homeowners must replace basic systems and make improvements or the quality of their homes will begin to decrease.xxix

Southwestern Pennsylvania Counties:	Percent Owner Occupied Housing Units over 40 years old	Percent Renter Occupied Housing Units over 40 years old
Allegheny	51.8%	22.0%
Armstrong	50.9%	17.1%
Beaver	51.9%	17.2%
Butler	33.7%	9.7%
Fayette	46.3%	19.2%
Greene	44.1%	15.6%
Indiana	38.9%	12.9%
Lawrence	54.8%	14.7%
Washington	47.3%	13.7%
Westmoreland	47.6%	14.3%
Southwestern Pennsylvania Total	48.9%	18.2%

Source: American Community Survey 2005-2007<sup>xxx</sup>, US Census Bureau<sup>xxxi</sup>

In Southwestern Pennsylvania, 48.9% owner-occupied housing units and 18.2% renter-occupied housing units are over 40 years old, which means that there needs to be substantial maintenance done on these homes to keep them livable.

Extensive home improvements are especially challenging for elderly owners. It is more likely an elderly owner will be unable to properly maintain, repair and upgrade their property. In Southwestern Pennsylvania, over 25% of homes are owned by an elderly person (over 65) (*see chart below*). It has also

been found that elderly owners' properties are more likely to become abandoned. xxxii Two reasons this may occur are failure to leave a will and heirs not wanting inherited property.

Southwestern Pennsylvania Counties:	Occupied Housing Units by Owners over 65	Owner Occupied Housing Units	Percent of Occupied Housing Units by Owners over 65
Allegheny	100,368	355,259	28.3%
Armstrong	6,181	21,642	28.6%
Beaver	16,289	53,951	30.2%
Butler	12,310	54,992	22.4%
Fayette	13,052	41,844	31.2%
Greene	3,188	11,165	28.6%
Indiana	7,408	25,222	29.4%
Lawrence	8,399	28,516	29.5%
Washington	17,768	64,847	27.4%
Westmoreland	34,708	116,946	29.7%
Southwestern Pennsylvania Total	219,671	774,384	28.4%

Source: American Community Survey 2005-2007<sup>xxxiii</sup>, US Census Bureau<sup>xxxiv</sup>

#### Income and Home Value

Looking into household income, owner-occupied house value and gross rent also can be used to track where abandonment is and is going.

In the past 8 years, the median household income went down in most counties in Southwestern Pennsylvania (*see chart below*). The median household income for Southwestern Pennsylvania went from \$43,272 in 1999 to \$42,877 in 2007. This leaves households with less money to be able to make the inevitable repairs on homes. As previously mentioned, half of the homes in Southwestern Pennsylvania are 40 years and older, and as a result in order to maintain their homes a higher percentage of owners' income must go into home repairs.



Southwestern Pennsylvania Counties:	Median Household Income in 1999(dollars adjusted for inflation)	Median Household income in 2007 (dollars)	Median Owner-Occupied House Value in 1999 (dollars adjusted for inflation)	Median Owner-Occupied House Value in 2007 (dollars)	Median Household Gross Rent in 1999 (dollars adjusted for inflation)	Median Household Gross Rent in 2007 (dollars)
Allegheny	47,288	45,266	103,882	107,900	637	655
Armstrong	38,933	38,693	79,577	86,300	487	513
Beaver	45,642	44,262	104,869	108,400	540	534
Butler	52,197	53,323	140,771	146,300	601	654
Fayette	33,868	32,077	78,836	79,400	453	477
Greene	37,447	36,647	70,200	76,000	453	468
Indiana	37,300	36,520	89,693	88,800	526	546
Lawrence	40,901	41,491	89,077	90,200	523	566
Washington	46,398	47,336	107,953	122,100	522	514
Westmoreland	45,779	45,289	111,778	118,000	533	544
Southwestern Pennsylvania Median values	43,272	42,877	96,788	99,050	525	539

Source: American Community Survey 2008<sup>xxxv</sup>, US Census Bureau and 2000 Census<sup>xxxvi</sup>  
(Dollars from 1999 data have been adjusted for inflation to 2007 dollars.)

As for median owner-occupied house value, there is a rise in all counties except for Indiana, bringing the median value for Southwestern Pennsylvania from \$96,788 in 1999 to \$99,050 in 2007. As the house value increases the monthly housing costs increase. Thus households with less income need to pay more for housing costs, which puts elderly and disabled owners on fixed incomes and low-income families at greater risk for abandoning their properties.

Median household gross rent has been at a stand still. Gross rent is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, water and sewer) and fuels (oil, coal, kerosene, wood, etc.) Median household gross rent in Southwestern Pennsylvania over the past eight years has only gone up by \$14. When rental income is less than maintenance costs and taxes, property investors do not make a profit, and often times wait as long as possible to make repairs, or don't repair at all. If the property is left unrepaired, chances are it will not get rented and the owner won't break even. If as a result the owner in turn doesn't have money to pay taxes for two years, typically a tax liening body files liens against the property. If the outstanding tax liability on the property increases to more than the property is worth it becomes more likely the property owner will abandon. In contrast to new construction, existing structures are not the priority of municipal code enforcement unless dangerous conditions exist or residents' complaints warrant a municipal intervention. Within Pennsylvania one-third of municipalities have not adopted property maintenance codes.<sup>xxxvii</sup>

### Foreclosures

Foreclosure data may indicate blighted and abandoned property trends. In Allegheny County, in 1997, 1,700 foreclosures were filed. In 2007, 4,706 foreclosures were filed. Foreclosure filings tripled over the past decade standing at 2.2 foreclosures per 100 mortgaged units.<sup>xxxviii</sup> In 2008, Allegheny County alone had 4,718 foreclosures filed (PNCIS); add Beaver, Butler, Washington, and Westmoreland Counties, and the total rises to 10,013 properties. This rate of foreclosures was up 147.8% from 2007.<sup>xxxix</sup> Looking back at this year (2009), between January and September there were 3,362 foreclosures

filed in Allegheny County alone. The amount of foreclosures doesn't appear to be slowing down with PNCIS projecting that 2009 will end with 4,481 foreclosures. This figure would be a slight decline from 2006, but it would still be the fourth highest of all time, as well as the eighth consecutive year of 4000 plus filings. This recent phenomena of foreclosed properties (that are vacated by the debtor/property owner) and the lack of purchasers at public auction with intent to re-develop problem properties, overlays the population changes, vacancies, age of homes and homeowners, income, home values and compounds the problem of blight and abandonment in the region.

## **Housing Alliance of Pennsylvania New Tools For Old Problems**

### **Introduction**

Revitalization of blighted and vacant property is a local concern, but state law provides the tools – or impediments – for that process. This outline provides an overview of the recent advances in the state’s regulatory framework for addressing abandonment, as well as proposals to further streamline and modernize the system.

### **I. Code Enforcement**

#### **A. Conservatorship**

68 P.S. §§ 1101 et seq., Act 135 of 2008

Act 135 allows a municipality, nonprofit organization, including a redevelopment authority, a neighbor, or a local business owner to file a court petition to appoint a third party (a conservator) to rehabilitate a building when the owner refuses to act or has disappeared. After due process notice to the owner and all lienholders, and an opportunity for the owner to step forward and make the repairs, a conservator may be given possession of the property to carry out necessary work or, where the building is beyond rehab, to demolish it. The owner may regain possession after reimbursing all costs, or the property may be sold under court supervision.

#### **B. Municipal Code and Ordinance Compliance Act**

68 P.S. §1081 et seq.; Act 99 of 2000

Act 99 requires any purchaser of a building with known code violations to correct the violations or demolish the building within 18 months (or longer by agreement with the municipality). Any purchaser of a lot with known violations of municipal nuisance ordinances has 12 months to rectify the violations. The act is enforceable by the local municipality with fines from \$1,000 to \$10,000.

#### **C. Fines and Imprisonment**

##### **1. Municipal Housing Code Avoidance (Crimes Code)**

18 P.S. §7510; Act 70 of 1998

Act 70 creates the crime of “housing code avoidance” for four-time offenders of the same code violation on the same property. Generally, code convictions are summary offenses punishable by fines, and incarceration only upon the willful failure to pay fines. A ‘housing code avoidance’ conviction is a misdemeanor (punishable by incarceration) and its degree (and associated jail time that may be imposed upon conviction) dependant on the number of code violations. Four violations is a misdemeanor of the second degree, five or more is a misdemeanor of the first degree.

##### **2. Third Class Cities Code**

53 P.S. §39131.1; Act 135 of 1998

Act 135 allows owners to be cited for code violations which pose a threat to the public’s health, safety, or property once every five days, and fined or imprisoned for up to 90 days. Fines are between \$500 and \$1,000 for the first two offenses and \$1,000 to \$10,000 for the third and subsequent violation.

#### **D. Smart Rehabilitation Code**

35 P.S. §7210.101 et seq.; 34 Pa. Code §403  
Since 2003, the International Existing Building Code has been part of Pennsylvania's Uniform Construction Code (UCC). The IEBC recognizes the difference between new construction and work on existing buildings, and is designed to facilitate rehabs in a safe and economical manner.

## II. Acquisition of Blighted Properties

### A. Eminent Domain

Pa. Const. Art. 1 §10;

#### 1. Eminent Domain Code

26 P.S. §101 et seq.

##### Act 34 of 2006

Act 34 reorders and renumbers the Eminent Domain Code. It also increases the amount paid by the condemning agency for appraisals, attorneys fees, engineering fees, compensation for business losses, and replacement housing. The replacement housing costs are now higher than the federal Uniform Relocation Act.

##### Act 35 of 2006

Act 35 creates chapter 2 in the reorganized Eminent Domain Code. The amendment prohibits the transfer of condemned property to a private enterprise, with major exceptions:

1. where the condemnee has consented
2. public utilities, common carriers, and railroads
3. incidental private use
4. removal of a nuisance
5. abandoned property
6. blight remediation
7. areas in Philadelphia, Pittsburgh, and Allegheny, Montgomery, Bucks, and Delaware Counties and municipalities therein declared blighted prior to the enactment of the new law, excepted until December 31, 2012
8. properties taken per §12.1 of the Urban Redevelopment Law (53 P.S. §1712.1)
9. low income or mixed income housing developments funded in part with funds from enumerated state and federal programs

Public charities are *not* private enterprises, and so can receive property taken through eminent domain.

The definition of blight essentially mimics §1712.1 of the URL, and includes properties with unmarketable title and environmental problems.

In order to declare an area blighted, 51% of the properties must meet the definition of blight and must constitute at least 51% of the geographic area. In such blighted areas, the condemnor may take multiple properties, implicitly including non-blighted properties.

#### 2. Urban Redevelopment Law

35 P.S. 1712.1; Act 113 of 2002

Act 113 adds the category of abandoned properties to those that can be certified as blighted. An abandoned property is one which has been declared abandoned by its owner or is vacant and (1) a lien for demolition costs remains unpaid after six months, or (2) the

municipal liens and claims exceed 150% of the fair market value as established by the board of revision of taxes. “Vacant” property is also defined by the Act. Additionally, the project value for a bond requirement for construction contractors is increased from \$500 to \$10,000.

**B. Tax Sale** (See note on Page 9 regarding PA’s three tax sale laws)

1. Administrative reforms

**Joint petitions for tax sale**

53 P.S. §7283a; Act 163 of 2004

72 P.S. §5860.612-2; Act 161 of 2004

Where a municipality has multiple properties to take to tax sale, it may file one petition for the court which includes all of the properties.

**Elimination of redemption period**

53 P. S. §7293; Act 83 of 2004

72 P. S. §5860.501(c); Act 5 of 1998

Under the Municipal Claims and Tax Lien Law, there is no right of redemption for vacant properties. The right of redemption period is now nine months for occupied properties.

Under the Real Estate Tax Sale Law there is no right of redemption.

**Expedited process for Allegheny County**

53 P.S. §§7106, 7143, 7147, 7193.2, 7283; Act 20 of 2003

2. Acquisition by the municipality or redevelopment authority

**Right of first refusal**

72 P.S. §5860.501; Act 82 of 2000

A county may grant to a municipality or redevelopment authority the right of first refusal to discharge tax claims. BUT, as written, this power is granted prior to the tax sale, when the purchaser is undetermined and the owner still has the right to pay the taxes and stop the sale. Some lawyers have determined that the provision is not useful as it is written. To be workable, the right of first refusal should be granted in the first 15 to 30 days after the sale.

3. Acquisition by private parties

**Prohibited purchasers**

72 P.S. §5860.601; Act 5 of 1998

Act 5 prohibits a landlord whose rental license has been revoked by a municipality within the county where the sale is being held from purchasing a property at tax sale.

72 P.S. §5860.619a; Act 133 of 1998

Act 133 prohibits a person who is tax delinquent with a taxing authority where the subject property is located, or who is more than one year delinquent with a municipal utility bill, from purchasing a property at tax sale.

72 P.S. §5860.619; Act 5 of 1998

Act 5 allow a municipality petition the court to prohibit the transfer of property to a purchaser who has housing code violations on other properties owned within 15 days of a tax sale. The section does not specify whether the other property owed must be in the same municipality. The definition of “housing code violation” refers to “the local code” rather than the “municipality’s code.” Does it mean the code of the municipality that is petitioning or of the municipality where the property in violation is located?

53 P.S. §7283(b); Act 6 of 1998

Act 6 allows the City of Philadelphia may petition the court, within 30 days of a tax sale, to prohibit the transfer of property to a purchaser who has housing code violations on other properties owned, presumably within Philadelphia. The definition of “housing code violation” refers to “the” codes, implying the codes of Philadelphia, but not explicitly stating such.

## **B. Donation**

72 P.S. §§5860.303, 5860.309; Act 12 of 2006

53 P.S. §§7108.1, 7143; Act 18 of 2006

While municipalities have the power to accept donated property under the general power clauses of the various municipal codes, Acts 12 and 18 of 2006 establish a procedure for coordination among taxing authorities to waive tax claims in exchange for the donation of a tax delinquent property. Acceptance of the property by a municipality or other taxing body is optional. The new laws also require tax claim bureaus to maintain lists of delinquent property owners including their last know addresses, so that credit reporting bureaus can access the information and report property tax delinquencies on credit reports.

## New Innovation Sought

### **Special Tax Sale**

Pennsylvania’s tax sale laws are designed to produce revenue for the taxing authorities, and so properties must be sold to the highest bidder. But selling to the highest bidder is not always in the best interest of the municipality, not if the purchaser neglects the property so it continues to be a blight on the community.

It is recommended that the purchaser of an abandoned property enter into a contract with the city or redevelopment authority to rehabilitate or demolish the property and to post a bond ensuring its completion.

## **III. Disposition of Blighted Properties**

### **A. Municipal Owned Properties**

#### **Waiver of Bidding Requirements**

53 P.S. §§36919, 37561 (Third Class City Code); Act 44 of 1998

53 P.S. §46201 (Borough Code); Act 54 of 1998

53 P.S. §56501 (First Class Township Code); Act 64 of 1997

53 P.S. §66503 (Second Class Township Code); Act 12 of 2002:

City owned land can be sold to a non-profit community development corporation involved in affordable housing or commercial or industrial redevelopment without requiring advertising or bidding.

16 P.S. §2306(b) (County Code); Act 73 of 2000

Fair market requirements are waived when selling county-owned property to non-profit organizations engaged in the construction of affordable housing, or for community, industrial or commercial development.

B. Estate Owned Properties

**Letters of Administration to RDAs**

20 Pa.C.S.A. §§3155, 3311; Act 171 of 2006

Redevelopment Authorities have been added to the list of person who may be granted letters of administration. This will enable an RDA to step in where a property is left vacant due to the death of the owner and no one has stepped forward to administer the estate.

**Land Banks**

Land Banks are a place where tax sold properties that are not sold are banked without property taxes accumulating. Land banks allows for these individual parcels that are not sold to be assembled, planned and marketed. In Pennsylvania, while municipalities can hold properties, most are reluctant to do so, and it may be more advantageous to assemble and plan for reuses of these properties on a multi-municipal or regional scale. Legislation specifically authorizing the creation of local land banks as separate non-profit or quasi-governmental agencies may encourage municipalities to take this important step.

There are currently efforts to create a new entity: a Land Banking Authority. This authority could potentially use judicial foreclosure in order to sidestep the relatively steep costs involved in acquiring vacant properties. The City of Pittsburgh currently falls victim to a reactive system in regards to the blight and abandoned properties issues. The city and the region need to put in place a preventative model to ensure the numbers of such properties do not escalate further.

**IV. Incentives for Investment**

**Tax Abatements - Improvement of Deteriorating Real Property or Areas Tax Exemption Act**

72 P.S. §§4711-203, 4711-303; Acts 83 of 2000 and 235 of 2002

Under this Act, a local taxing authority may by ordinance or resolution exempt from real property taxes the assessed valuation of improvements to deteriorated properties in a designated “deteriorated neighborhood.” The amendments allow a graduated ten year abatement, permit a taxing body to devise its own schedule for abatements, and set a ten-year limit on the length of the abatements.

**Neighborhood Improvement Districts**

73 P.S. §831; Act 130 of 2000

Neighborhood Improvement Districts (NIDs) may be established by local municipalities, residents, or municipal businesses to enable property owners to provide services to their neighborhoods that supplement municipal services provided. The legislation provides for the assessment of property owners within the NID to pay for those additional services. Once a NID is established, the municipality should designate a NID management association to administer programs, improvements, and services.

**Downtown Location Law**

73 P.S. §821; Act 32 of 2000

This law requires the Department of General Services to establish guidelines to encourage state agencies to consider locating or rehabilitating facilities in downtown areas whenever agencies consider building or leasing new office space.

**Note: Pennsylvania has three (3) different laws that guide tax foreclosure:**

- A. The Real Estate Tax Sale Law (County Tax Claim Bureaus) 72 P.S. §5860.101 et seq.; Act 542 of 1947, which covers all jurisdictions EXCEPT the City of Philadelphia, Allegheny County, the City of Scranton and the Scranton School District. It authorizes the tax claim bureau in 65 counties.
- B. The Municipal Claim and Tax Lien Act, 53 P.S. §7101 et seq.; Act 153 of 1923, which covers the City of Philadelphia, Allegheny County and Scranton. But it notes that counties covered “may adopt and use the procedures set forth in this act IN ADDITION to those set forth in the 1947 Act [the Real Estate Tax Sale Law]” (Emphasis added.).
- C. Second Class Cities Treasurer’s Sale and Collection Act (1984), 53 P.S. §27101 et seq.; Act 171 of 1984, covers the City of Pittsburgh.



## **Regional Blighted and Abandoned Property Constituencies**

- State officials
- Neighborhood organizations, Community Development Corporations
- Historic Preservation organizations, professional, advocates
- Affordable housing developers
- LISC
- Tax claim bureau directors
- Treasurers
- Property assessors
- Register of Wills
- Solicitors
- Municipal Code Enforcement Agents
- County government
- Economic development organizations
- Chambers of Commerce
- Planning Commissions
- Court of Common Pleas Judges
- County Bar Associations
- Title Company/Agents/Searchers
- Real Estate Professionals
- School Districts
- Political Representatives
- Workforce Development Entities
- Water Authorities
- Academic Institutions
- Conservation Districts
- Penn State Cooperative Extensions

## SWPA Liability to Viability Guide to Capacity Building

Addressing blight and abandonment at scale on a regional basis requires capacity building to achieve a broad constituency that has at least a working knowledge of the slow, tedious process of transforming blight and abandonment into opportunity or ‘liability to viability’. Below is the **SWPA Liability to Viability Guide to Capacity Building** which lays out necessary steps of moving from liability to viability by way of abandoned property acquisition, remediation and transfer of clear title to new ownership.

The Guide lays out the phases of Education, Prevention, Planning, Due Diligence, Acquisition Strategy, Solution Implementation, and Post-Transfer Services. Components of each phase are identified as Educational or Service. For educational components, deployment methods are suggested; for service components, the types of services offered by public, private and non profit providers are noted. Finally, the scale, or level of system (neighborhood, municipal, county or regional) to deploy those components are noted.

Components:

**E=**Educational

**S=**Service

Suggested Deployment

Methods of **E**ducation deployment suggested.

Types of Public, Private & Non-Profit **S**ervice Providers noted.

Level of Scale:

**N=** Neighborhood

**M=** Municipal

**C=** County

**R=** Regional

Liability to Viability Phases	Components	Level of Scale	Suggested Deployment
<b>EDUCATION</b>			
The Traditional Framework	E	R	Webinars.....
.....Property Tax Foreclosure	E	M, C	Workshop.....
.....Eminent Domain Powers	E	M, C, R	Workshops....
.....Due Process	E	R	Webinars.....
.....Clear Title	E	R	Webinars.....
New Tools like Conservatorship and Land Banks	E	R	Webinar...
State and Local Legislative and Policy Reform	E	R	Website, Informational Email Alerts, Events
From ‘Highest, Best Use’ to Sustainable Reuse	E	R	Webinars, Events

PREVENTION			
Local Government's Asset Management System	S	M,C	Assessments, TA Teams
<i>Code Enforcement</i>			
PA's Property Maintenance Code	E, S	N, M	Workshops, TA
Rental Property Registries	E, S	N, M	Workshops, TA
Vacant Property Registries	E	N, M	Workshops, TA
MERS	E	N, M	Workshops, TA
<i>Home Owner Support</i>			
Housing Counseling	S	N	HUD approved agencies
Delinquency Prevention and Mitigation	S	N	HUD approved agencies
Home Maintenance	S	N, M, C	Various programs/providers
Tangled Title	S	N	Legal
Estate Planning	S	N	Legal
Conservatorship (Act 2008-135)	E,S	N, M	Webinars, Workshops, Training Materials, TA; Legal
PLANNING			
Planning and Neighborhood Strategies	E, S	N, M	Workshops, Training Materials, TA; Planners
Determining Property Ownership	E, S	N, M	Workshops, Training Materials, TA; Planners
Informal Property Investigations	E	N, M	Workshops, Training Materials, TA
Reuse Options/Preliminary Market Assessments/Costs	E	N, M	Workshops, Training Materials, TA, GIS services
Managing Property Data: Google docs to GIS	E	N, M, C	Workshops, Training Materials, TA, GIS services

DUE DILIGENCE			
Property Searches	S	N, M, C, R	Title Searchers
Owner, Lien and Judgment Investigations	S	N, M, C, R	Title Examiners
Market Assessments for Possible Reuses	S	N, M, C, R	Professional, Planner; Real Estate, Developer
Acquisition Options and Costs	S	N	Realtor, Legal
Remediation Cost Estimates	S	N	Site dependent
Future Maintenance Cost Projections	S	N	Site dependent
ACQUISITION STRATEGIES			
Direct Purchase	S	N	Realtors, PAHRA
Property Donation	S	N, M	Professional
Housing Authority Scattered Site Programs	S	N, M, C, R	PAHRA, CDCs
HUD, PHFA Housing Programs	S	N, M, C, R	
REO acquisition programs	S	N, M, C, R	
<i>Tax Foreclosure related options:</i>			
Direct Purchase from taxing body	S	N, M, C, R	Legal
Pittsburgh Treasurer Sale & Land Reserve	S	M	Pittsburgh Treasurer, CDCs
Side Yard & Interested Purchaser Program	S	M, C	Treasurer, Tax Claim Bureau
Lien Assignments	S	M, C	Treasurer, Tax Claim Bureau,

			Legal
Tax Claim Bureau Option Agreement	S	C	Tax Claim Bureau, Legal
PA Redevelopment Law related options:	S	M, C	
Eminent Domain	S	N, M, C	PAHRA
Blighted Property Review Process	S	N, M	PAHRA
Redevelopment Authority Letters of Administration	S	N, M, C (certain)	PAHRA
Conservatorship Title Transfers	S	N	Legal, Process Services
<b>SOLUTION IMPLEMENTATION</b>			
Project Consulting	S	N	Professional
Project Management	S	N	Contractors, Professional
<b>POST-TRANSFER SERVICES</b>			
Quiet Title Actions	S	N, M, C, R	Legal, Process Services
Property Assessment Appeals	S	N, M, C, R	Legal
Compromise of Tax Petitions	S	N, M, C, R	Legal

## **Recommended Education Program: Draft Plan, Objectives & Rough Budget**

Premise: There are informational, resources, law and policy voids regarding blight and abandonment property challenges and solutions. There is great need for land use education, state law and policy reform, mindset shifts, and capacity building at local and regional levels. Collective thinking about blight and abandonment needs to shift from loss and liability to opportunity and 3E (economy, social equity, environment) return. Municipalities and the region as a whole will benefit significantly as comprehension grows concerning the direct connection between sustainable community development, mitigation and prevention of blight and abandonment.

Objective: Build capacity to achieve a broad constituency that understands the methods and needs to addressing blight and abandonment at scale on a regional basis. This constituency will understand the slow and tedious ‘liability to viability’ transition, appreciate the need for changes our state leaders need to enact in order to create opportunities and resources for local solutions, and initiate the dialogues that needs to happen locally around sustainable re-use of abandoned property.

Plan: To offer education programs set out in Liability to Viability Guide to Capacity Building using methods consistent with the appropriate level of scale (Neighborhood, Municipal, County, Region) .

Classroom style programs – 4 topics / 8 programs/12 events over 3 years

1. Reclaiming Abandoned Properties (Three 3.5 hour programs –3 iterations depending on property tax foreclosure process (3 different laws: Second Class Treasurer Sale, Municipal Claim and Tax Lien Law, Real Estate Tax Sale Act) /3 events) Topics include:
  - i. Traditional framework of reclamation
    1. Property tax foreclosure
    2. Eminent domain
    3. Demolition
  - ii. Due Process & Clear Title
  - iii. New Tools & Needed Law and Policy Reform
    1. Such as Conservatorship
  - iv. Sustainable Reuse of Abandoned Property

Learning Outcomes/Behavioral Changes:

- To have a working knowledge of the concepts and processes associated with blight and abandonment:
- To be able to apply new legal tools.
- Understanding of legal environment; ability to articulate and express preferred process for law and policy reform.
- To begin to envision sustainable reuse of abandoned properties.

Cost: \$10,500

2. Community Asset Management Systems /Code Enforcement/ “Fight Blight”- (1 Full Day program/3 events in location as determined by Roundtable)
  - i. Property Maintenance Code introduction
  - ii. Rental property registries
  - iii. Vacant property registries

#### iv. Homeowner Support

##### Outcomes/Behavioral Changes:

- Build awareness for the need for coordinated/interlocking policies and processes in order to create a systems approach to preventing blight and abandonment.
- Increase knowledge the various tools that comprise an asset management system.

Cost: \$6,000 for first, 2 additional at \$2,500 each for a total of \$11,000

3. Understanding and Using Conservatorship – 3.5 hour classroom style program (1 program/ 2 events)

##### Outcomes/Behavioral Changes:

- To learn how this one tool is designed to work.
- To understand the preventative applications of the law.
- To understand the uncertainties in the law.
- To be able to identify properties appropriate for conservatorship.

Cost: \$3,000 for event 1; \$2,000 for event 2 for a total of \$5,000. This program will also be recorded for use in asynchronous webinar (see below)

4. Addressing Blight and Abandonment: Information, Skills and Techniques Needed to Avoid and Stem Problems (Day long programs customized to local audience; proposed initial 3 county deployment of Allegheny, Washington and one other TBD).
  - a. Planning & Neighborhood Strategies
  - b. Determining Property Ownership
  - c. Informal property investigations
  - d. Reuse options/preliminary market assessments/costs
  - e. Managing property data: Google docs to GIS

##### Outcomes/Behavioral Changes:

- To learn how to plan for neighborhood improvement.
- To learn how to research property characteristics.
- To create systems for managing property data.
- To plan for reuse of abandoned property.

Cost: \$11,000 for 3 events

##### Measures:

1. Classroom style training programs to be conducted in areas of the region identified by the Regional Roundtable as those where the training is most needed.
2. Classroom style programs to attract audience from government, business and civic/community development sectors, with an emphasis on local governments
3. Program participants will provide program evaluation at end of each event. Additional survey work to measure the extent to which the solutions proposed are implemented will be performed 6 -9 months after conclusion of programs

##### All Classroom training to include:

Mailing/brochure, Electronic promotion: Web page, e-newsletters, Online registration

Securing facilities, coordinating event agenda and speaker handouts (ppt slides)/ preparation of event materials (including contact information of instructors and registrants for distribution to class; with the

exception of textbooks or manuals), participant certificates, onsite registration, light refreshments, speaker/event evaluation by audience.

Total Cost of Classroom Style Training: \$35,500

#### Web-based

A minimum of 2 video programs in order to provide supplemental content to be available concurrent with classroom programs or a rebroadcast of content delivered in classroom format that is consistent for all audience and requires no customization for audience. Most likely topics: due process and clear title (2 hours); new tools like conservatorship & land banks (1 hour)

- i. On-demand archive - \$300 per month per webinar; estimate online host time per program 18 months: \$10,800
- ii. Production/Editing:\$5,000
- iii. Available asynchronously only (no “webinar” event).
- iv. After online hosting expires content to be available via CD.

Alternatively, podcasts from classroom content - development \$5,000 (audio and slides) to be hosted by Local Government Academy permanently.

Blog and Wiki services provided by LGA. All web-based programs to be promoted via existing Local Government Academy direct mail.

Total Cost of Web-based Training: \$15,800

Total cost of Training Program: \$51,300



## Beaver County Blight Reduction Program

### SUSTAINABILITY CASE STUDY

In response to growing concerns about vacant, blighted, and abandoned properties within Beaver County, in the Fall of 2005, the Beaver Initiative for Growth (BIG) kicked off the Beaver County Blight Reduction Program with a \$1.8 million DCED grant. The purpose was to acquire, remediate, clear titles, appeal assessments and transfer for reuse the worst of Beaver Counties' blighted properties. Participating municipalities passed ordinances that outlined their relationship with BIG and created committees of local government officials and residents to identify their wish list of blighted properties in need of remediation. BIG served as a central resource of prioritization and coordination of due diligence, title clearing, remediation, and post-purchase activities.

BIG staff assessed title reports, demolition costs and prospective reuses to establishing property priorities and engaged attorneys, engineers, demo contractors and other necessary vendors. More than 60% of the prioritized blighted properties had previously been subject to tax sales, so BIG and the Beaver County Tax Claim Bureau negotiated an option agreement that conditioned purchase on obtaining good and marketable title. Over a two year period, 66 scattered, blighted, vacant, structures were acquired, razed and transferred with good and marketable title for reuse by new owners thereby creating a blueprint for revitalizing neighborhoods through strategic blight elimination replicable in all tax claim bureau districts.

#### Benefits

- Remediation improves property values for homeowners as unsightly and potentially hazardous properties are removed from an area. Additionally, municipal finances are enhanced as properties are returned to productive use and added to the tax rolls
- Remediation creates opportunity for new investment and development.
- A centralized entity with the discrete skill set and resources to assess ownership, liens and encumbrances, and coordinate purchase, title clearing, remediation and transfer activities relieves that burden on municipalities and is cost effective.

#### Challenges

- Given the debt associated with blighted parcels and the need for professional services like legal and engineering services, blight remediation is expensive.
- Remediating blight for reuse with good and marketable title is a slow and tedious process.
- Blighted property owners are often not local and sometimes large corporate entities, which makes communication challenging. Entities that own property liens are also often unfamiliar with property conditions and local markets, which along with their obligations to investors, make for unreasonable expectations. Court procedures (specifically Actions to Quiet Title) address these issues but require legal representation and significant time and labor to complete. (*Case Courtesy of the Beaver Initiative for Growth*)

## **Commonwealth Funding and Technical Assistance Programs**

### Caveat:

At the time of issuing this strategic report, Pennsylvania only recently passed its FY2010 budget. The Department of Community and Economic Development, which administers most of the programs discussed below, has not yet identified sub-allocations. Therefore, it is uncertain whether any of the programs discussed below will have sufficient funds and staff to operate.

The information below is in two parts. The first discusses the areas of need with respect both to maintaining a community's economic and community vitality and also to renewing vitality when faced with blighted and abandoned properties. The second part identifies state programs that can support these goals.

### A. Areas of Need

#### 1. Comprehensive Plan plus Zoning and Subdivision/Land Development Ordinances

The single strongest tool is for a knowledgeable, professionally staffed local government to establish a land use management program. This includes a comprehensive plan (preferably a multimunicipal comprehensive plan due to the benefits of such a collaborative effort) and consistent zoning, subdivision/land development ordinances and operating and capital budgets that guide public investments. Such plans should adopt and adhere to the Commonwealth's Keystone Principles.

A land use management program should identify land uses for the various areas of the community. Municipal staff and community organizations should be asked to signal when there is weakness in these uses or neighborhoods. Early warning provides the opportunity to use other tools to prevent vacancies.

A comprehensive plan and supporting ordinances can also guide the re-use of blighted and abandoned properties by indicating the type of use and structure permitted. The plan should also provide a guide to the type of physical infrastructure such as transportation and water and sewer service and social infrastructure such as schools, libraries, fire and police services needed to support re-uses and alert the local government and developers when improvements are required.

#### 2. Brownfields and Greyfields

Brownfields are areas that are abandoned or underused industrial uses. Although manufacturing as a percentage of employment and gross regional product has declined, numerous facilities have remained active. However, in some cases the industrial use has ceased. Many of these industrial sites that have shut down and have significant environmental issues. Various state programs are available to encourage re-investment in these facilities. Clearly reinvestment is critical to continuing profitability required to prevent closure and abandonment.

Greyfields, on the other hand, is a retail-centric term that refers to formerly viable and now derelict commercial shopping sites, or "dead malls" that get their name from the vast empty asphalt parking lots surrounding them. that have been vacated from lack of reinvestment and have been outdone by larger, better designed, well-known anchored malls or shopping sites. In contrast to brownfields, greyfields typically do not require remediation, don't have the environmental problems and are ripe for major redevelopment

The state can be of assistance in identifying the degree of remediation required for the proposed re-use and in implementing the remediation. State programs also support reinvestment in these sites by encouraging new owners or expanding businesses.

### 3. Infill

For a number of reasons one or two properties on a block or in a neighborhood are not maintained and/or are abandoned and become a blight on their neighbors. Depending on the type of structure and its condition rehabilitation and re-occupancy may be possible. In other cases the best approach is to demolish the structure and build a new one or re-use the vacant lot for another use such as a side yard, a pocket park or a community garden.

### 4. Infrastructure

The state's infrastructure investment programs can also be used to maintain services expected by residents and other property owners. Satisfaction with such services should discourage disinvestment and abandonment.

One of the attractions of brownfield and greyfield sites is that they are served with water, sewer and transportation infrastructure. However, when these are not suitable for the proposed re-use state programs can be of assistance.

Similarly when upgraded infrastructure is needed to support residential or commercial re-uses state programs are available.

### 5. Parks and Recreation

The state's programs in support of parks and recreation can be used to strengthen existing neighborhoods by providing active and passive opportunities appropriate to the demographics of the community. Small vacant lots can be re-used, for example as tot lots, pocket parks or gardens.

### 6. Stressed Municipalities

Municipalities that are fiscally stressed are not able to focus attention and resources on blight and abandonment. The state has programs both for municipalities, which show negative trends and those that are deeply distressed. At times inter-municipal sharing of service provision is warranted.

### 7. Geographically Focused Programs

Due to reduced populations some communities experience vacancies especially in their main street shopping areas and in adjacent residential areas. The state has programs that focus on these special areas.

### 8. Workforce Preparedness

Companies looking for a site to locate a business and existing business that wish to expand can be assisted by state programs that support workforce training. There is also a program that supports economic and commercial development at heavily patronized transit stations.

## **B. State Programs supporting Commercial and Economic development**

Note that the discussion below is only an outline of state programs. Continuance of many of these programs, due to the recently adopted state budget, is in question. Up-to-date and full details can be found at [www.newPA.com](http://www.newPA.com). Also, many programs sound similar. Therefore, it is important to consult the detailed requirements and also talk with state staff if there are questions.

1. The state's *Land Use Planning and Technical Assistance Program* provides up to 50% of the cost of preparing a comprehensive plan with preference to multimunicipal approaches. In addition state staff people are available to provide technical assistance in the steps required to produce a plan and in the follow-on plan implementation.

## 2. Land and Building Support

- Community Economic Development Loan. Low interest loan to small businesses (100 employees or less) in distressed municipalities or Keystone Opportunity Zone. For land, building, construction, renovation, machinery, equipment, working capital.
- Enterprise Zones. Help for disadvantaged communities to prepare and implement business development strategies and encouragement for businesses to locate in the Zone. For example revolving loan funds.
- Neighborhood Assistance, Enterprise Zone Tax Credit. Tax credits for private companies investing in enterprise zones resulting in job creation or retention.
- First Industries Fund. Promoting agriculture and tourism industries. For land, building, machinery, equipment and working capital. Loan guarantees for large projects of regional impact and job creation.
- Minority Business Development Authority. Low interest loans to promote ethnic minority owned businesses. For land, construction, machinery, equipment and working capital.
- Opportunity Grants. Development or expansion of manufacturing, industrial, research and development, agricultural processing, exports and establishment of a national or regional headquarters creating or preserving a significant number of jobs. For machinery and equipment, working capital, job training, infrastructure, land and building improvements, environmental assessment and remediation, land and building, rights of way, site preparation.
- PennCAP. Loan guarantees to small businesses for land, buildings, machinery, equipment and working capital.
- Pennsylvania Economic Development Financing Authority Taxable and Exempt (PEDFA). Taxable loans to any business. Tax exempt loans for manufacturing, nonprofits, energy related, solid waste disposal, wastewater treatment, transportation facilities and assisted living/housing.
- Pennsylvania Industrial Development Authority (PIDA). Low interest loans for manufacturing, research and development, agricultural processing, or firms establishing a national or regional headquarters, and computer/clerical operation centers.
- Second Stage Loan. Loan guarantee to second stage manufacturers, advanced technology, and life science businesses. For working capital and asset financing.
- Section 108 Loan Guarantee. Loan guarantee to municipalities for a range of activities such as economic development, housing rehabilitation, water and sewer lines, redevelopment projects and assistance to private firms.
- Small Business First (SBF). Low interest loans to small manufacturing, industrial, agricultural, mining, export related, advanced technology and computer services businesses. Also, hotels, motels, restaurants, commercial recyclers and defense related companies. For land, building, machinery, equipment and working capital.
- The Governor's Action Team. A multi-agency group that works to address the needs of businesses that want to locate in Pennsylvania.

- Community and Business Development Program. Grants to promote community stability; economic and community development, new facilities, business retention and creation.
- Community Revitalization Program. Grants for construction or rehabilitation of infrastructure, building rehabilitation, acquisition and demolition, community facilities, machinery and equipment, public safety, recreation and training.
- Urban Development Program. Grants for construction or rehabilitation of infrastructure, building rehabilitation, acquisition and demolition, community facilities, machinery and equipment, public safety, recreation and training.

### 3. Machinery and Equipment

- Community Economic Development Loan. See above.
- Enterprise Zones. See above.
- First Industries Fund. See above.
- Machinery and Equipment Loan Fund(MELF). Funding for machinery and equipment to manufacturing, industrial, agricultural, mining, hospitals, information and biotech companies.
- Minority Business Development Authority. See above.
- Opportunity Grant Program. See above.
- PennCAP. See above.
- Pennsylvania Economic Development. See above.
- Financing Authority Taxable and Exempt (PEDFA). See above.
- Pollution Prevention Assistance Program. Low interest loans to small businesses (100 or fewer employees) to provide energy efficient machinery and equipment.
- Second Stage Loan. See above.
- Small Business First. See above.
- Community Revitalization Program. See above.
- Urban Development Program. See above.

### 4. Working Capital

- Community Development Bank. Debt financing for community development institutions focused on economic development and job creation.
- Community Economic Development Loan. See above.
- Enterprise Zones. See above.
- Export Financing Program. Loans to small businesses (250 employees or fewer) to promote exports of goods and services.
- First Industries Fund. See above.
- Industrial Resources Centers. Technical assistance and financing assistance for implementation of market analysis and development, product development, planning and inventory control, lean manufacturing, supply chain development, training and workforce development.
- Life Sciences Greenhouses. Seed investments to accelerate technology transfer and build collaboration among academic, entrepreneurial, corporate, financial and government partners.
- Minority Business Development Authority. See above.
- New Pennsylvania Venture Capital Investment. Loans for venture capital partnerships in early stage job producing Pennsylvania companies.
- Opportunity Grant Program. See above.
- PennCAP. See above.

- Pennsylvania Economic Development. See above.
- Financing Authority Taxable and Exempt (PEDFA). See above.
- Second Stage Loan. See above.
- Small business First. See above.

#### 5. Workforce Development

- Customized Job Training (CJT). Grants for training in manufacturing, industrial, agricultural, research and development, advanced technology and business service companies.
- Enterprise Zones. See above.
- Guaranteed Free Training Program. Grants for job training in manufacturing, technology and other Pennsylvania businesses other than point of sale retail.
- Industrial Resource Centers. See above.
- Opportunity Grant Program. See above.
- Workforce Leadership Grant Program. Grants to partnerships of secondary and post-secondary educational opportunities with strong business participation for the purpose of creating a pipeline of highly skilled technical workers.
- Community Revitalization Program. See above.
- Urban Development Program. See above.

#### 6. Research and Technology Development

- Ben Franklin Technology Partners. Loans and equity positions to support technology transfer and commercialization of technologies from universities. Technology training and entrepreneurial infrastructure for new technology integration at manufacturing firms.
- Center for eBusiness and Advanced IT. Encourage small and medium sized business to implement IT, help start up and small businesses with new product development.
- Enterprise Zones. See above.
- Keystone Innovation Zones (KIZ). Geographically designated areas in college/university communities to encourage new business start-ups. Can include grants.
- Life Sciences Greenhouses. See above.
- New Pennsylvania Venture Capital Investment Program. See above.
- Pennsylvania Industrial Development Authority (PIDA). See above.
- Research and Development Tax Credit. Tax credits for research and development expenditures.
- Technology Commercialization Initiative. Grants to universities and companies for research and development in the high technology field.
- Technology Development Grant Program. Grants to non-profit organizations or educational institutions to encourage adoption of new technology and to foster innovation.
- University Research Funding. Grants to colleges, universities and nonprofit partners to promote technology transfer related to economic development and workforce development.
- Venture Investment. Investment in venture capital funds investing in Pennsylvania technology companies.

## 7. Tax Credits

- Educational Improvement Tax Credit. An incentive to businesses to contribute to an educational improvement organization, a scholarship organization or a pre-kindergarten scholarship organization.
- Enterprise Zone Tax Credit. To rehabilitate, expand or improve land and buildings in an enterprise zone.
- Film Tax Credit. For film or television production expenses incurred in Pennsylvania.
- Job Creation Tax Credit. A \$1,000 tax credit for each job created by small businesses.
- Keystone Innovation Zone (KIZ). See above.
- Keystone Opportunity Zone (KOZ). See above.
- Neighborhood Assistance Program. For businesses in a nonprofit/business partnership focused on a wide range of community improvements and social services.
- Research and Development Tax Credit. See above.

## 8. Infrastructure Development/Creation and Brownfield Redevelopment Environmental Assessment/Remediation

- Building PA. Mezzanine capital for renovation of commercial, industrial and mixed use buildings or in Pennsylvania communities.
- Business in our Sites. Loans and grants to communities and developers to build ready sites or spec properties for business.
- Enterprise Zones. See above.
- Industrial Site Reuse Program (ISRP). Grants and loans to public, private or nonprofit development groups for environmental assessments and remedial work on former industrial sites.
- Infrastructure and Facilities Improvement Program. Grants to authorities to assist in debt service for construction of infrastructure and buildings.
- Infrastructure Development Program (IDP). Loans and grants for public and private infrastructure improvements to support industrial, manufacturing, research and development and export services companies.
- Opportunity Grant Program. See above.
- Pennsylvania Economic Development Financing Authority Taxable and Exempt (PEDFA). See above.
- Pennsylvania Industrial Development Authority (PIDA). See above.
- Section 108 Loan Guarantee. See above.
- Tax Increment Financing Guarantee Program (TIF). Loan guarantee that provides credit enhancement that improves market access and lowers capital costs for local TIF projects.
- Brownfield Redevelopment (a combined effort of the Land Recycling Program and the Brownfield Redevelopment Program). The Brownfield Action Team expedites the remediation and redevelopment of brownfields and abandoned mine lands.
- Transportation. The Pennsylvania Department of Transportation working through regional organizations – the Southwest Pennsylvania Corporation in the case of Southwestern Pennsylvania – provided leadership, funds and technical assistance for the purpose of building and maintaining transportation infrastructure throughout the state.
- Penn Works. Grants and loans for water and sewer projects including engineering, acquisition of land and buildings and construction costs.

## 9. Start a Business

- Ben Franklin Technology Partners. See above.
- Community Economic Development Loan. See above.
- Enterprise Zones. See above.
- First Industries Fund. See above.
- Life Sciences Greenhouses. See above.
- Minority Business Development Authority. See above.
- PennCAP. See above.
- Pennsylvania Economic Development Financing Authority Taxable and Exempt (PEDFA). See above.

## 10. Export Financing

- Enterprise Zones. See above.
- Export Financing Program. See above.

## 11. Retail and Commercial

- Community Development Bank. See above.
- Community Economic Development Loan. See above.
- Enterprise Zone Program. See above.
- First Industries Fund. See above.
- Minority Business Development Authority. See above.
- Pennsylvania Economic Development Financing Authority Taxable and Exempt (PEDFA). See above.
- Small Business First. See above.

C. State Programs supporting Community Development. Note that the discussion below is only an outline of state programs. Up-to-date and full details can be found at [www.newPA.com](http://www.newPA.com). Also, many programs sound similar. Therefore, it is important to consult the detailed requirements and also talk with state staff if there are questions.

1. Neighborhood Stabilization Program. This program is authorized under the federal CDBG program. There is also a NSP2 program funded under the American Recovery and Reinvestment Act. Grants are made to communities to address the housing foreclosure crisis. Activities must benefit low and moderate and middle income persons. Eligible uses are financing of foreclosed homes, acquisition, rehabilitation and resale of foreclosed homes, land banks of foreclosed homes, demolition of blighted property and redevelopment of vacant properties. Allegheny County except entitlement communities and Pittsburgh have specific fund allocations. Other municipalities apply to the state. Selection criteria include neighborhood stabilization, low income households and green building.
2. Neighborhood Assistance Program. Eligible activities include affordable housing programs, community economic development, community services, crime prevention, education, job training, neighborhood assistance and conservation. There are four components to this program:
  - i. Neighborhood Assistance Tax Credits are available to businesses making a contribution to a neighborhood organization for an approved project.
  - ii. Enterprise Zone Tax Credits are available to companies in distressed areas to rehabilitate, expand or improve land or buildings.
  - iii. Special Program Priorities are designated from time to time by the Department and receive additional tax credits.



- iv. Neighborhood Partnership Program provide tax credits for business contributions over a long term – minimum of five years.
  - 3. Community Revitalization Program. The program provides grants to support local initiatives that promote community stability and quality of life. Some uses are construction or rehabilitation of infrastructure, building rehabilitation, acquisition of land or buildings, community facilities, purchase of machinery and equipment, public safety, crime prevention, recreation and training.
  - 4. Growing Greener II. This project contains six initiatives including environmental remediation, preservation of natural areas, enhancement of local recreation and protection of working farms.
  - 5. Community Action Team. This is a multi-agency group that creates – with the vigorous support of the local community – impact projects within the community. The CAT provides assistance to developing the plan, identifying public and private resources and implementing the plan.
  - 6. Main Street Program. Grants support local merchants to enhance the business district of a community. Actions can involve streetscape upgrades and other rehabilitation projects.
  - 7. Elm Street Program. Grants are used to bolster the older historic neighborhoods located within walking distance from the revitalized main streets.
  - 8. Housing. The state has programs to assist in the purchase and/or rehabilitation of a home, modifications to assist those with disabilities, prevent foreclosure and locate an affordable rental apartment. These include:
    - a. The Weatherization program which helps make homes more energy efficient and less costly to heat and cool.
    - b. Family Savings Accounts. Grants to establish programs that provide matching funds to a low-income person's own savings to purchase or repair a home and other uses.
    - c. Homeownership Choice Program. A Pennsylvania Housing Finance Agency (PHFA) program to finance new, single family home construction in blighted areas of the state. The program includes three components:
      - i. Homeownership Construction Initiative. This component promotes the construction of new single family homes (detached, duplex and townhouses) in disinvested urban neighborhoods and requires that the development is of a scale to create an impact and encourage additional investment. This requires a partnership of a municipal entity, a for-profit builder and a non-profit builder. Funding requires a one-to-one match.
      - ii. Neighborhood Revitalization Initiative. This component promotes the renovation of existing structures and construction of new in-fill single family homes for purchase. The requirements are similar to the HCI (above).
      - iii. Mixed Use Facility Financing Initiative. This component focuses on the revitalization of commercial corridors to revitalize structure that commonly have street level storefronts with residential space in the upper floors. The housing may be either for purchase or rental.
- Federal Low Income Housing Tax Credit. This program supports the development of affordable rental housing. Allocations are made to the states which, in turn, award tax credits to applicants. Developers market the tax credits to investors whose contributions are used as equity in the financing plan. Competition for the credits is stiff.
- d. Keystone Home Loan Programs.
    - i. Home Loan Program provides loans to homebuyers who meet income limits and for structures that meet price limits. The loans may be conventional, FHA insured or VA and RHS guaranteed.
    - ii. Keystone Government Loan Program. This provides first mortgage financing on loans insured by the FHA or guaranteed by the VA or Rural Development.
    - iii. Keystone Government Assistance Loans are available to Government Loan borrowers to cover the downpayment and closing costs.

- e. Core Communities Housing Program/Housing and Redevelopment Assistance (HRA). Administered by DCED, provides flexible funding to cities and smaller urban areas to redevelop and reuse blighted and/or vacant property, to expand housing opportunities and to promote stability of neighborhoods.
  - f. HOME. This is a federally funded program that provides municipalities with grants, loans and technical assistance to expand the supply of housing for low and very low income Pennsylvanians.
  - g. Pennsylvania Accessible Housing Program. To support access by physically handicapped persons.
  - h. Homelessness Prevention and Rapid Re-housing Program. Financial Assistance, relocation and stabilization services.
  - i. Section 108 Loan Guarantee Program. This program provides loan guarantees to municipalities for a range of activities such as economic development, housing rehabilitation, water and sewer lines, redevelopment projects and assistance to private firms.
  - j. Housing and Redevelopment Assistance. The HRA program, administered by DCED, provides flexible funding to cities and smaller urban areas to redevelop and reuse blighted and/or vacant property, to expand housing opportunities and to promote stability of neighborhoods.
  - k. Shared Municipal Services Program. Grants to promote cooperation among municipalities such as shared police records administration, personnel activities, joint ownership of equipment and cooperative building code programs.
  - l. Early Intervention Program. Matching grant funds to prepare a multi year financial management program for municipalities experiencing fiscal difficulties.
9. Transportation. The Pennsylvania Department of Transportation (Penn DOT) working with Metropolitan Planning Organizations around the state (Southwest Pennsylvania Corporation in the southwest part of the state) provides federal and state funds for traditional purposes such as roads and bridges. Increasingly more attention is being paid to transit, trails, bikeways and other enhancements to the total transportation system. PennDot is also trying to integrate local transportation improvements in support of land use decisions.

10. General

The State Interagency Land Use Team includes representatives of all state agencies that can affect land use. The Team is co-chaired by officials from the Governor's Policy Office and a Deputy Director from the Department of Community and Economic Development. The general purpose is to achieve consistency among agencies relative to the Municipality Code's call for state agencies to give more attention to local plans. The Team has created a letter of understanding on this point. The Team also drafted the Keystone Principles.

## National Vacant Property Inventory Data

### National

Until recently, the primary source of blighted and abandoned property inventory information was the U.S. Census Bureau. Although the Census Bureau resources described in items a. through d. below make it possible to analyze vacancy within a broader context, facilitating comparisons between census findings in a particular city or metropolitan area with findings from comparable areas or from the nation as a whole, much of the data available through the Census Bureau is compiled too infrequently or covers too broad a geography to make it useful for in-depth analysis.

Data being compiled by the U.S. Postal Service (USPS) and made available to the U.S. Department of Housing and Urban Development (HUD), as described in item e. below, may prove to be more useful than Census Bureau products; however, the accuracy and utility of USPS data is still being assessed. The private-sector Mortgage Electronic Registration Service (MERS), described in item f., can supply data that could be particularly useful in managing vacancy inventory systems.

- a. The *Decennial Census* conducted by the U.S. Census includes a Housing Vacancy table (H8, Vacancy Status), but this table consists primarily of information about vacant houses listed for sale or rent, housing that is occupied on a seasonal basis, and housing for migrant workers. Vacant housing that is “open to the elements,” meaning housing for which the interior is not protected by the roof, walls, windows, and/or doors, is not included, nor are properties that appear to be scheduled for condemnation or demolition.
- b. The *American Community Survey (ACS)* is the Census Bureau’s population estimates program. The ACS is a compilation of data on population and housing characteristics, obtained through sample surveys conducted annually. As indicated in the Introduction, the ACS distinguishes between vacant units that are “for rent, for sale only, and rented or sold, not occupied” and “all other vacant units.”
- c. The *American Housing Survey (AHS)*, also conducted by the Census Bureau, consists of information obtained through two approaches: a national survey of about 55,000 households, conducted every two years; and a metropolitan-area survey conducted every six years. Reporting on metropolitan-area data distinguishes between that obtained from the “central city” from data obtained from the remainder of the area. Vacancy information includes data such as “duration of vacancy as well as reporting on “external conditions” such as “boarded up windows.” More detailed information is available at: <http://www.census.gov/hhes/www/housing/ahs/ahs.html>.
- d. The *Housing Vacancy Survey (HVS)* is conducted on a quarterly basis by the Census Bureau, through telephone and in-person interviews. Data is aggregated on a national, statewide, regional, and metropolitan-area basis. However, the definition of “Vacant Housing Units” excludes vacant properties that are “exposed to the elements” or that appear to be scheduled for condemnation or demolition (see U.S. Census Bureau, *Housing Vacancies and Homeownership (CPS/HVS), First Quarter 2009, Definitions and Explanations*, at: <http://www.census.gov/hhes/www/housing/hvs/qtr109/q109def.html>). As a result, abandoned and neglected properties are not taken into account.

e. U.S. Postal Service

The U.S. Postal Service (USPS) is making available to the U.S. Department of Housing and Urban Development (HUD) lists of property addresses, organized by census tract, that mail carriers have identified as “Vacant” or “No-Stat.” In the context of the USPS inventory, a vacant property is defined as one at which mail has not been collected for ninety days or longer. A “No-Stat” property is one that is under construction and not yet occupied or one that, for some other reason, is not expected to be occupied for an indeterminate period (based on this categorization, a foreclosed property may be designated as a “No-Stat” property). More information about the USPS inventory, which is updated on a quarterly basis, may be obtained at: <http://www.huduser.org/DATASETS/usps.html>.

The utility of the USPS data inventory as a resource to support a regional blighted and abandoned property strategy is limited by the fact that the data is collected by mail carriers who make individual judgments about whether and how to categorize the conditions they observe in the field, as well as by the ambiguity of the “No-Stat” category. However, the fact that the USPS inventory is organized on a national level and is updated on a quarterly basis make it a valuable tool for monitoring and analyzing broad trends within the region or in comparing Southwestern Pennsylvania to other regions. Because the data is available in address-specific form and is organized on a census-tract basis, it can be field-checked for accuracy.

Researchers at the national headquarters of the Local Initiatives Support Corporation (LISC) have been exploring ways in which USPS data might be used to track patterns of disinvestment and reinvestment. This research and other analysis of USPS data may yield insights into the best uses of this data to support a regional vacant property strategy.

f. Mortgage Electronic Registration Service (MERS)

A private-sector utility that could contribute to the organization of a regional vacant property inventory is an application available through the Mortgage Electronic Registration Service (MERS). MERS was created in order to provide better access to information about the ownership and sale of mortgages and servicing rights. As of early 2009, MERS reported that more than sixty million loans were in the system with more than 2,500 lenders using the service.

Through MERS it is possible to identify and obtain contact information (i.e., phone number and email address) for the borrower and loan servicer associated with any property in the system. The MERS system does not appear to identify vacant properties as distinct from others, and the system only includes properties that have been registered in the system. Despite these limitations, the information provided through MERS could be particularly useful in tracking blighted and abandoned property transactions and identifying parties responsible for property maintenance.

## **Additional Partnerships to Complement the Regional Roundtable**

### **National**

#### National Vacant Properties Campaign

In pursuing regional strategy, the Regional Roundtable should establish a relationship with the National Vacant Properties Campaign (NVPC). NVPC had its kick-off national conference in Pittsburgh in 2007. Its website and affiliated experts are a tremendous resources for communities addressing blight and abandonment.

#### Genessee Institute

The Ford Foundation has funded the Genessee Institute to assist interested parties in three states—Pennsylvania, Ohio, and New York—in pursuing land banking opportunities or pursuing activities that could lead to land banking (e.g., improvement of tax foreclosure sale process). The Genessee Institute project began with a training/orientation session at the Kennedy School July 29 thru August 1, 2009 in which Pennsylvania participated, including representatives from Pittsburgh.

The Roundtable might offer to expand on this initiative by assisting the Genessee Institute in convening groups to convey information about land banking opportunities to regional stakeholders and to assist in coordinating dialogue about the Genessee Institute approach and its utility in Pennsylvania and in particular, Southwestern Pennsylvania.

#### HUD/DOT

One early initiative of HUD Secretary Donovan is the creation of a collaborative relationship between HUD and the Department of Transportation and an agreement that both departments will work together on smart growth/sustainability issues. The proposed Regional Roundtable could be presented as an example of the linkage of regional smart growth, transportation, and urban development issues at the regional level. HUD headquarters could be asked to identify a staff person who would participate in further development of this regional effort.

### **State**

#### Administration Transition

The upcoming Pennsylvania gubernatorial election provides strategic opportunity to become organized for a productive working relationship with the next administration. Regardless of how close the gubernatorial election may be, some discussion of plans for the next administration may begin as early as June 2010. The proposed Regional Roundtable could have a strong hand in placing blight and abandonment issues on the campaign platforms and in turn influence future restructuring for coordinated state funding and assistance programs as recommended above in Strategy 3: State Role.

#### Pennsylvania Horticultural Society

The Pennsylvania Horticultural Society (PHS) recently hosted a group from Pittsburgh in Philadelphia to participate in a series of site visits and detailed briefing sessions on greening strategies that have most relevance to Pittsburgh. PHS is interested in exporting its services (i.e., technical assistance in designing and implementing greening strategies) to other cities and regions. A critical element of the PHS approach is the formation of public-private partnerships, through which greening-strategy advocates and government agencies reach an understanding about how they will work together to advance a mutually-supported agenda (the primary focus of which is blighted and abandoned properties). In a collaborative relationship with PHS, the proposed Regional Roundtable could facilitate a dialogue designed to lead to

the creation of such a partnership or partnerships. Collaboration between PHS and the Regional Roundtable to pursue public/private partnership formations within the region and on a region-wide basis may be part of a way to advance the Liability to Viability Model introduced in the previous sections.

**Local**

Sustainable Pittsburgh's Sustainable Community Development Network has started the work of nurturing important local partnerships. For example, the Advisory Committee convened for this report is comprised of many of the key leaders in existing blight and abandonment property reclamation efforts.

The region has an innumerable range of existing locally focused structures and organizations representing ready venues for addressing blight and abandonment. Just some of these include: Community Action Agencies, Councils of Government, Community Development Corporations, Enterprise Zones, Industrial Development Corporations, County government, Economic Development organizations, etc.

## YWCA of York Simplified Survey

Number	Street	Condition					5 S/R	Comments about any particularly noteworthy (good or bad) features of the block or of any properties on it.
		1	2	3	4			

### Explanation of project

Question, “Why are you looking at the houses on my block and taking notes?”

Recommended answer: “I’m helping the YWCA make a list of vacant houses and other properties that need to be fixed up.”

Then ask: “Are there any vacant houses or properties that need fixing on this block?”

### General rules

- Take your time! Speed is not essential.
- The survey is based on conditions that can be seen from the street (front and side, where visible).
- Don’t survey yards, sidewalks, garages or sheds—they’ll be looked at separately.
- For properties on which address numbers are not displayed, check nearby properties to try to determine the correct address number. Make a star (\*) next to any property for which you think the address should be verified by checking city records.
- When scoring property conditions, take a pessimistic approach: if you’re not sure whether a property is occupied or vacant, mark it vacant. If you’re not sure whether a property needs substantial repair or only cosmetic repair, mark it in need of substantial repair.
- For a mixed-use property, with a ground-floor store or office and residential uses above, score the ground-floor section of the property only. So if the ground floor is occupied and the upstairs is vacant, mark the property as occupied.
- Don’t survey vacant lots, parking lots, or industrial buildings.

### Definitions of “Condition” Scores

For every property, mark an “X” in one of the four “Condition” columns, based on what you see.

- 1 = *Occupied and in good condition.* If you were considering recommending the property to a friend who might consider buying or renting it, there’s nothing that you’d mention as a problem.
- 2 = *In reasonably good condition, but needs cosmetic repairs.* “Cosmetic” repairs are improvements that could be completed by an average person, such as painting, removing graffiti, replacing a cracked pane of glass, replacing a porch light fixture, or replacing a rotted wooden step.. An “average person” is a person who can hammer a nail or use a paint brush but who doesn’t like power tools and is afraid of heights higher than a stepladder can reach.
- 3 = *Needs substantial repair.* Property appears to be occupied, but is in need of repair or replacement of windows, doors, cornices, gutters, downspouts, porches, or roofs, repointing of brick and stonework, and/or rebuilding due to fire damage, cracked walls or bulging walls.
- 4 = *Uninhabitable.* Property is vacant and appears to be in need of major rehabilitation in order to be made “livable” (give a property that is vacant but livable a 1, 2, or 3 score, based on condition).
- 5 = *Posted “For Sale” or “For Rent.”* If a property is posted “For Sale” or “For Rent,” mark either “S” (sale) or “R” (rent) in column 5. For each property of this kind, also mark an “X” in one of the four “Condition” columns.

## Notes

---

- <sup>i</sup> Statewide Blight Task Force, Findings Report 2008  
<http://www.senatorpippy.com/urban/2008/blight/task-force-findings.pdf>
- <sup>ii</sup> American Community Survey 2008, US Census Bureau
- <sup>iii</sup> 2003 Brookings Institute Report, *Back to Prosperity: a Competitive Agenda for Renewing Pennsylvania*, page 34.
- <sup>iv</sup> Daniel Immergluck and Geoff Smith, "The Impact of Single Family Mortgage Foreclosures on Neighborhood Crime," The Federal Reserve Bank of Chicago Proceedings, April 2005.
- <sup>v</sup> *Blight Free Philadelphia: a Public-Private Strategy to Create and Enhance Neighborhood Value*, Research for Democracy (2001)
- <sup>vi</sup> Statewide Blight Task Force, Findings Report 2008  
<http://www.senatorpippy.com/urban/2008/blight/task-force-findings.pdf>
- <sup>vii</sup> Alan Mallach, *Abandoned Property: Effective Strategies to Reclaim Community Assets*, Housing Facts and Finds, Vol 6. No. 2 (2004)
- <sup>viii</sup> Community Research Partners and ReBuild Ohio, "\$60 Million and Counting: The Cost of Vacant and Abandoned Properties in Eight Ohio Cities" Research Report, February 2008.
- <sup>ix</sup> *Blight Free Philadelphia: a Public-Private Strategy to Create and Enhance Neighborhood Value*, Research for Democracy (2001)
- <sup>x</sup> *Blight Free Philadelphia: a Public-Private Strategy to Create and Enhance Neighborhood Value*, Research for Democracy (2001)
- <sup>xi</sup> *Blight Free Philadelphia: a Public-Private Strategy to Create and Enhance Neighborhood Value*, Research for Democracy (2001)
- <sup>xii</sup> John Accordino & Gary T. Johnson 2000. Addressing the Vacant and Abandoned Property Problem. *Journal of Urban Affairs*, 22, 3, 302-3.
- <sup>xiii</sup> Community Research Partners and ReBuild Ohio, "\$60 Million and Counting: The Cost of Vacant and Abandoned Properties in Eight Ohio Cities" Research Report, February 2008.
- <sup>xiv</sup> American Community Survey 2008, US Census Bureau
- <sup>xv</sup> [http://itclass.heinz.cmu.edu/greenlots/Archives/PolicyRec\\_website.pdf](http://itclass.heinz.cmu.edu/greenlots/Archives/PolicyRec_website.pdf)
- <sup>xvi</sup> <http://www.pennsylvaniahorticulturalsociety.org/phlgreen/stormwater.pdf>
- <sup>xvii</sup> Wharton School Study, *Strategy for a Green City, Summer 2005*  
<http://www.pennsylvaniahorticulturalsociety.org/phlgreen/stormwater.pdf>
- <sup>xviii</sup> Schilling and Logan, *Greening the Rust Belt: A Green Infrastructure Model for Right Sizing America's Shrinking Cities*. JAPA (2008)
- <sup>xix</sup> U.S. Conference on Mayors 2003 Survey, *Recycling America's Land, A National Report on Brownfield's Redevelopment*. Vol. IV, U.S. Conference of Mayors (2003)  
[http://www.mayors.org/71stAnnualMeeting/brownfields\\_060903.asp](http://www.mayors.org/71stAnnualMeeting/brownfields_060903.asp)
- <sup>xx</sup> Housing Alliance of Pennsylvania, *Reclaiming Abandoned Pennsylvania II: From Liability to Viability, A Technical Guide for Action*, Table pg 12 from U.S. Conference of Mayors (2003)
- <sup>xxi</sup> Housing Alliance of Pennsylvania, *Reclaiming Abandoned Pennsylvania II: From Liability to Viability, A Technical Guide for Action*, 60 pgs
- <sup>xxii</sup> HUD, *Community Development Block Grant Performance Profile, PA, Program Year From 1/1/2008 To 12/31/2008*, 04/01/09.
- <sup>xxiii</sup> [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_program=ACS&\\_submenuId=&\\_lang=en&\\_ts=](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=ACS&_submenuId=&_lang=en&_ts=)
- <sup>xxiv</sup> <http://www.census.gov/population/cencounts/pa190090.txt>,
- <sup>xxv</sup> James R. Cohen, *Abandoned Housing: Exploring Lessons from Baltimore*, *Housing Policy Debate*, Vol 2, Issue 3, Fannie Mae Foundation (2001).
- <sup>xxvi</sup> American Community Study Survey 2007, US Census Bureau



- 
- <sup>xxvii</sup> [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_program=ACS&\\_submenuId=&\\_lang=en&\\_ts=](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=ACS&_submenuId=&_lang=en&_ts=)
- <sup>xxviii</sup> [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_program=DEC&\\_submenuId=datasets\\_2&\\_lang=en&\\_ts=](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=DEC&_submenuId=datasets_2&_lang=en&_ts=)
- <sup>xxix</sup> Housing Alliance of Pennsylvania, *Reclaiming Abandoned Pennsylvania II: From Liability to Viability, A Technical Guide for Action*, 60 pgs
- <sup>xxx</sup> [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_program=ACS&\\_submenuId=datasets\\_1&\\_lang=en&\\_ts=](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=ACS&_submenuId=datasets_1&_lang=en&_ts=)
- <sup>xxxi</sup> [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_program=DEC&\\_submenuId=datasets\\_2&\\_lang=en&\\_ts=](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=DEC&_submenuId=datasets_2&_lang=en&_ts=)
- <sup>xxxii</sup> Housing Alliance of Pennsylvania, *Reclaiming Abandoned Pennsylvania II: From Liability to Viability, A Technical Guide for Action*, 60 pgs
- <sup>xxxiii</sup> [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_program=ACS&\\_submenuId=datasets\\_1&\\_lang=en&\\_ts=](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=ACS&_submenuId=datasets_1&_lang=en&_ts=)
- <sup>xxxiv</sup> [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_program=DEC&\\_submenuId=datasets\\_2&\\_lang=en&\\_ts=](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=DEC&_submenuId=datasets_2&_lang=en&_ts=)
- <sup>xxxv</sup> [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_program=ACS&\\_submenuId=&\\_lang=en&\\_ts=](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=ACS&_submenuId=&_lang=en&_ts=)
- <sup>xxxvi</sup> [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_program=DEC&\\_submenuId=datasets\\_2&\\_lang=en&\\_ts=](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=DEC&_submenuId=datasets_2&_lang=en&_ts=)
- <sup>xxxvii</sup> Housing Alliance of Pennsylvania, *Reclaiming Abandoned Pennsylvania II: From Liability to Viability, A Technical Guide for Action*, 60 pgs
- <sup>xxxviii</sup> Lisa Nelson, *Foreclosure Patterns in Allegheny County, Pa*, Community Development Publications, Federal Reserve Bank of Cleveland.
- <sup>xxxix</sup> RealtyTrac, Total foreclosure Data, 2008