

SENATE URBAN AFFAIRS & HOUSING COMMITTEE

Public Hearing

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Senate Bill 1291

Neighborhood Blight Reclamation and Revitalization Act

Testimony of Jeffrey A. Feeser

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Good morning! My name is Jeffrey Feeser. I am the Director of Housing and Community Development for Schuylkill Community Action (SCA). SCA is a private, non-profit Community Action Agency (CAAP) serving the needs of the lower-income residents of Schuylkill County since 1965. SCA is a PA DCED-certified Community Housing Development Organization (CHDO). SCA is also a US HUD-certified Housing Counseling agency since 1994. The agency funding is derived from public and private resources such as US HUD, PA DCED (CSBG, *HOME*, and H&RA), USDA, PHFA, local lending institutions, and others. SCA's expenditures average between \$3 - \$3.5 million annually and contract administration exceeds \$6 million on an annual basis.

Schuylkill Community Action has taken a proactive stance on affordable housing and community revitalization concerns for over twenty-five years. SCA's affordable housing programming includes, but is not limited to: demolition; new construction; housing rehabilitation and repair; accessibility modifications; rental development; and community revitalization. Over the past twelve years, SCA has completed over fifty homeownership projects consisting of either whole-house renovation or demolition and new construction. I have attached pictures of two community revitalization initiatives that were recently completed by SCA in the Boroughs of Mahanoy City and Shenandoah. These projects involved the elimination of neighborhood blight through the acquisition, demolition, and new construction of single-family residential homes. Strong municipal partnerships and funding from the Pennsylvania Department of

Community and Economic Development enabled SCA and the respective Boroughs to eliminate blight and provide homeownership opportunities for lower-income families.

Deteriorated, blighted, and abandoned properties have a serious and adverse affect on adjoining properties, as well as, the neighborhood and municipality as a whole. Vacant, blighted properties devalue the neighborhood and municipality; degrade quality of life; create a loss of tax base for local governments and school districts; are a public and attractive nuisance; serve as an incubator for rodents and pests; create health and safety hazards; and provide for the potential for catastrophe. Senate Bill 1291 will establish processes to effectively deal with blighted, vacant, and abandoned properties. This bill will provide a legislative mechanism for our court system, municipalities, redevelopment authorities, non-profits, and citizens to combat blight and potentially return these blighted properties into productive reuse. Demolition, new construction, housing rehabilitation, or the development of green space will help fuel revitalization efforts which are necessary for the stabilization and well-being of our local municipalities. Senate Bill 1291 will enable a municipality or “competent entity” to deal with blighted properties on a more expeditious basis.

Recent legislative initiatives have supported community revitalization efforts and the fight against blight. However, we must continue to fight the battle to re-establish our once vibrant communities. Further legislation action such as Senate Bill 1291, as well as continued financial commitment, will certainly help support community revitalization efforts to eliminate blight. I would like to offer my comments on the following provisions of Senate Bill 1291.

Out-of-State Owners of Real Estate

An ever increasing problem in Schuylkill County, as well as in the Commonwealth, is the abandoned, blighted property owned by an out-of-state proprietor or landlord. Adding to the problem are eBay vendors acquiring properties at Tax Sales, sight unseen, in an effort to flip the property for profit. When the out-of-state purchaser fails to resell the property in a reasonable period of time, the normally blighted property to begin with,

continues to decline. Without an effective and expeditious means to induce this owner to correct serious code violations the property continues to decline oftentimes to the point of no repair. A legal process to hold this owner accountable through extradition and the pursuit of criminal prosecution may persuade the owner to bring the property into code compliance.

Responsibilities of Mortgage Lenders

Unoccupied buildings deteriorate at an alarming rate. Failure and deterioration of roofs, windows, doors, lead-based paint, and foundations are cause for major concern. Foreclosed properties, if not blighted at the time of repossession, can fall into a hurried state of disrepair. A provision to encourage mortgage lenders to remediate serious code violations before irreparable damage occurs may salvage the building. This becomes even more apparent when foreclosed properties remain unsold for long periods of time.

Duty of Corporate Owners

The passage of legislation to allow “in personam” action against the legal owner for serious building or code violations should enable municipalities to better enforce their building code(s). The right to place a lien against the assets of the owner upon receipt of judgment should additionally enhance the code enforcement officer’s legal remedies.

Conservatorship

A conservatorship would enable a “party in interest” to intervene when a property is vacant and blighted and the owner is not accepting responsibility for its condition. Perhaps a process of last resort, a conservatorship may help save buildings before ultimate decline sets in and the structure becomes a demolition project in-waiting. The more streamlined and expeditious the conservatorship process, the more likely the structure could be saved and returned to productive reuse.

State Blight Data Collection System

The establishment of a Property Maintenance Code Violations Registry would enable municipalities to report maintenance code violations that have gone unabated. The establishment and maintenance of such a registry could help municipalities in their permitting process and the Commonwealth in their licensing and certification processes. The Registry would give more clout to the code enforcement officer and better enable him/ her to enforce the municipal building codes.

Sale of Blighted and Abandoned Properties

As Trustee for unpaid taxes, the Schuylkill County Tax Claim Bureau currently has an inventory of approximately thirteen hundred (1300) properties which have been exposed to Tax Upset Sale. Furthermore, an additional 250-300 properties are exposed to Upset Sale each year due to unpaid taxes. It is fair to assume that a majority of the properties offered for tax sale are blighted. A serious problem exists when the blighted property is sold to a buyer who has no plan or no intention of improving the property and no recourse exists for the taxing authority. An executed redevelopment plan and agreement with the municipality, along with a remedy for noncompliance, will strongly encourage the purchaser to bring the property up to code standards in a reasonable period of time. A required performance bond will certainly help ensure compliance that the blighted, vacant property is brought up to code.

Senate Bill 1291 is a proactive effort to effectively deal with blighted and abandoned properties. Providing a legislative mechanism to transform these blighted properties into productive reuse will help support revitalization efforts and better serve the residents in the affected neighborhoods, municipalities, and the Commonwealth as a whole.

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