

Senator Rhoades



STATEWIDE BLIGHT TASK FORCE

FINDINGS

Blight IS NOT just an urban problem! It affects all municipalities in Pennsylvania to some degree or another i.e. cities, boroughs, & townships in urban **and rural** parts of the state.

While most landlords are good business people, some landlords and property owners, referred to as “slumlords,” milk all the equity out of their properties. They take rental income, and rather than using a portion of it to maintain their property, they pocket it. This leads to the eventual deterioration of their property referred to as blight. When their property loses its economic value, the owners simply abandon it; leaving unpaid municipal taxes, and sewer and water liens. The aforementioned actions by slumlords in Pennsylvania also result in the following:

- Their blighted property drives down values for all property owners in the neighborhood, resulting in lost equity to other property owners.
- Their blighted property reduces the assessed value of all property in the neighborhood and community on which property taxes are levied. Thus tax paying residents, many of whom also lost equity in their property, must make up the lost tax revenue through higher taxes.
- Abandoning their blighted properties without paying the real estate taxes which are due also leaves municipal budgets with a shortfall which other taxpayers must make up.
- Municipalities are forced to use taxpayer funds to secure their abandoned properties in order to prevent unsuspecting children from entering and being injured or killed.
- Their abandoned blighted buildings are a favorite target for arsonists, and the frequent fires in their properties jeopardize the lives of neighborhood residents and municipal public safety personnel, while increasing insurance premiums for other property owners in the neighborhood.
- Their abandoned blighted buildings are a source of criminal activity, including being used as crack houses. Frequent police calls to these abandoned properties increase municipal public safety expenditures for taxpayers.
- The presence of abandoned blighted buildings in a community is also depressing for residents and discourages potential investors and individuals thinking of buying property there.

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. It must begin to be viewed as such by the judicial system in Pennsylvania.

Municipalities currently lack adequate deterrents to discourage slumlords from letting their properties become blighted and then abandoning them

Municipalities need increased state financial assistance to acquire blighted property to demolish, or where structurally sound, to rehabilitate.

With state encouragement and initial financial assistance, more municipalities need to enact and enforce municipal Property Maintenance Codes.

With state financial assistance, currently blighted property can be a source for new, for sale and rental housing opportunities, capable of assisting in the community’s economic transformation.

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RECOMMENDATIONS

Neighborhood Blight Reclamation & Revitalization Act OF 2008

- Property owners would have to bring any property they own that has serious code violations which threaten the public's health and safety into code compliance before they could obtain any municipal or state permits or approvals for any other property they own in the Commonwealth.
- A state data base would be established to administer the program.
- Property owners that created the blighted conditions, and not taxpayers, would now be responsible for paying the municipal costs of demolition, or to secure a blighted property. This would be done by giving the municipality the legal authority to go after financial assets, in addition to being able to place a lien on their valuable properties, as well as the property where code violations exist.
- The lengthy and costly process of prosecuting slumlords in the judicial system is expedited, by helping to clarify who owns the property if in corporate ownership, and provisions are also made to return out of state slumlords to Pennsylvania to face criminal prosecution.
- Before a property becomes blighted, a conservator could be appointed by the court to manage it, and use income from the property to maintain it, where failure to do so would result in the property becoming blighted.
- Blighted abandoned property with development potential could be sold differently from other tax delinquent property. This expedited process would be quicker and result in new development in a mandated time frame, via a development agreement with the purchaser.
- Mortgage lenders would be responsible to maintain properties, the purchase of which they financed, where a default occurs, until there was a new owner so the property doesn't become blighted.
- Educational programs would be developed for Pennsylvania's judiciary; teaching the significance of the economic crime that blight represents.
- Expand the ability of redevelopment authorities to assist municipalities with blight remediation, and allow enforcement of municipal property maintenance codes by private right of action on the part of individuals and non-profits, where municipal code enforcement personnel is limited.

Mortgage Guaranty Corporation Act of 2008

- This would allow the Pennsylvania Housing Finance Agency to insure private sector loans in blighted areas of communities in Pennsylvania where a strategic blight removal strategy is in place, and where such insurance will leverage significant private sector investment capable of revitalizing the previously blighted neighborhood and community.