

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 900 Session of 2009

INTRODUCED BY ARGALL, YAW, PIPPY, ERICKSON, RAFFERTY, KASUNIC, WONDERLING, COSTA, O'PAKE, BROWNE, BAKER, FERLO, WASHINGTON, ALLOWAY, BOSCOLA, STACK, EARLL, EICHELBERGER, WILLIAMS, WARD, TOMLINSON, LOGAN AND FOLMER, JUNE 17, 2009

SENATOR YAW, URBAN AFFAIRS AND HOUSING, AS AMENDED, JULY 1, 2009

AN ACT

1 Amending Title 53 (Municipalities Generally) of the Pennsylvania
2 Consolidated Statutes, providing for neighborhood blight
3 reclamation and revitalization.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Title 53 of the Pennsylvania Consolidated
7 Statutes is amended by adding a chapter to read:

8 CHAPTER 61

9 NEIGHBORHOOD BLIGHT

10 RECLAMATION AND REVITALIZATION

11 Subchapter

12 A. Preliminary Provisions

13 B. Actions Against Owner of Blighted Property

14 C. Responsibilities of Mortgage Lenders

15 D. Permit Denials by Municipalities

16 E. Miscellaneous Provisions

17 SUBCHAPTER A

1 PRELIMINARY PROVISIONS

2 Sec.

3 6101. Short title of chapter.

4 6102. Legislative findings and declaration of policy.

5 6103. Definitions.

6 § 6101. Short title of chapter.

7 This chapter shall be known and may be cited as the
8 Neighborhood Blight Reclamation and Revitalization Act.

9 § 6102. Legislative findings and declaration of policy.

10 The General Assembly finds and declares as follows:

11 (1) It is the intent of the General Assembly to
12 eliminate neighborhood blight caused by property owners who
13 fail to maintain their property or to comply with municipal
14 property maintenance codes. The General Assembly declares
15 that it is in the best interest of the Commonwealth, its
16 citizens and its municipalities to establish a process as set
17 forth under this chapter to effectively deal with blighted
18 and abandoned properties in order to bring the properties up
19 to code standards, acquire and demolish them or, where cost-
20 effective and structurally sound, rehabilitate them and
21 return them to productive use. This includes constructing new
22 housing on sites that formerly contained blighted properties
23 and rehabilitating blighted buildings which have been
24 determined to be structurally sound and capable of being
25 rehabilitated.

26 (2) Pennsylvania's communities are important to this
27 Commonwealth's economic health and provide a focal point for
28 businesses and services. They also contribute to this
29 Commonwealth's quality of life with their rich histories,
30 culture, heritage and diversity, along with their parks,

1 recreational attributes and historic buildings and
2 architecture. Many of these communities, however, are
3 presently being negatively affected by blighted properties
4 that either are in use in spite of their deteriorated state
5 or have been abandoned.

6 (3) Citizens of this Commonwealth living in its
7 communities are adversely affected by abandoned and blighted
8 residential, commercial and industrial properties, especially
9 individuals living or owning property in close proximity to
10 unsafe, substandard and deteriorated buildings.

11 (4) Substandard, deteriorating and abandoned
12 residential, commercial and industrial structures are not
13 only a public safety threat and nuisance, their blighted
14 condition diminishes property values in the communities in
15 which these properties are located. Nearby property owners
16 lose equity in their properties, and municipalities lose
17 desperately needed property tax revenues for municipal
18 services as a result of lower assessed property values which
19 result from the presence of blighted and abandoned buildings.

20 (5) Blighted properties presently sold at tax sales most
21 times remain blighted. When these blighted properties are not
22 rehabilitated or demolished immediately, they further
23 deteriorate, resulting in increased costs to the Commonwealth
24 and its municipalities to secure and demolish them.

25 (6) Providing a legislative mechanism to transform
26 abandoned and blighted properties into productive reuse
27 provides an opportunity for communities in Pennsylvania to be
28 revitalized while improving the quality of life for
29 individuals who live there. This revitalization includes
30 clearing sites of blighted properties and replacing them with

1 new housing, as well as rehabilitating structurally sound
2 blighted properties.

3 § 6103. Definitions.

4 The following words and phrases when used in this chapter
5 shall have the meanings given to them in this section unless the
6 context clearly indicates otherwise:

7 "Abandoned property." A property on which there is a
8 building that has not been legally occupied for at least the
9 previous 12 months and is a blighted property.

10 "Blighted property." Any of the following:

11 (1) Premises which, because of physical condition or
12 use, have been declared by a court of competent jurisdiction
13 as a public nuisance at common law or have been declared a
14 public nuisance in accordance with the local housing,
15 building, plumbing, fire and related codes and ordinances,
16 including nuisance and dangerous building ordinances.

17 (2) Premises which, because of physical condition, use
18 or occupancy, are considered an attractive nuisance to
19 children, including, but not limited to, abandoned wells,
20 shafts, basements, excavations and unsafe fences or
21 structures.

22 (3) A dwelling which, because it is dilapidated,
23 unsanitary, unsafe, vermin-infested or lacking in the
24 facilities and equipment required under the housing code of
25 the municipality, has been designated by the municipal
26 department responsible for enforcement of the code as unfit
27 for human habitation.

28 (4) A structure which is a fire hazard or is otherwise
29 dangerous to the safety of persons or property.

30 (5) A structure from which the utilities, plumbing,

1 heating, water, sewage or other facilities have been
2 disconnected, destroyed, removed or rendered ineffective so
3 that the property is unfit for its intended use.

4 (6) A vacant or unimproved lot or parcel of ground in a
5 predominantly built-up neighborhood which, by reason of
6 neglect or lack of maintenance, has become a place for
7 accumulation of trash and debris or a haven for rodents or
8 other vermin.

9 (7) An unoccupied property which has been tax delinquent
10 for a period of two years.

11 (8) A property which is vacant but not tax delinquent
12 and which has not been rehabilitated within one year of the
13 receipt of notice to rehabilitate from the appropriate code
14 enforcement agency.

15 "Building." A residential, commercial or industrial building
16 or structure and the land appurtenant to it.

17 "Code." A building, housing, property maintenance, fire,
18 health or other public safety ordinance enacted by a
19 municipality.

20 "Commonwealth agency." The Governor, departments, boards,
21 agencies, commissions, authorities and other officers of the
22 Commonwealth, including those subject to the policy supervision
23 and control of the Governor. The term does not include any court
24 or other officer or agency of the unified judicial system or the
25 General Assembly or any of its officers and agencies.

26 "Competent entity." A person or entity, including a
27 governmental unit, with experience in the rehabilitation of
28 residential, commercial or industrial buildings and the ability
29 to provide or obtain the necessary financing for such
30 rehabilitation.

1 "Consumer." A person who is a named insured, insured or
2 beneficiary of a policy of insurance or any other person who may
3 be affected by the Insurance Department's exercise of or the
4 failure to exercise its authority.

5 "Cost of rehabilitation." Costs and expenses for
6 construction, stabilization, rehabilitation, demolition and
7 reasonable nonconstruction costs associated with any of these
8 projects, including, but not limited to, environmental
9 remediation, architectural, engineering and legal fees, permits,
10 financing fees and a developer's fee consistent with the
11 standards for developer's fees established by the Pennsylvania
12 Housing Finance Agency.

13 "Court." The appropriate court of common pleas.

14 "Department." The Department of Community and Economic
15 Development of the Commonwealth.

16 "Electronically." Utilizing procedures promulgated by the
17 Department of Community and Economic Development to file forms
18 and obtain information electronically, provided the information
19 is available to the requester under the act of February 14, 2008
20 (P.L.6, No.3), known as the Right-to-Know Law.

21 "Insurer," "company," "association" or "exchange." As these
22 terms are defined in section 101 of the act of May 17, 1921
23 (P.L.682, No.284), known as The Insurance Company Law of 1921,
24 or any entity subject to Article XXIV of The Insurance Company
25 Law of 1921, the act of December 29, 1972 (P.L.1701, No.364),
26 known as the Health Maintenance Organization Act, or 40 Pa.C.S.
27 Ch. 61 (relating to hospital plan corporations) or 63 (relating
28 to professional health services plan corporations).

29 "License." A permit granted by the Commonwealth or one of
30 its agencies which gives permission to the applicant, excluding

1 individuals and businesses regulated by the Bureau of
2 Professional and Occupational Affairs, to participate in a
3 certain activity or exercise a certain privilege.

4 "Licensing" or "certification." The issuance of a license or
5 the formal assertion in writing of some fact or qualification
6 from the Commonwealth or one of its agencies, excluding the
7 Bureau of Professional and Occupational Affairs.

8 "Municipality." A city, borough, incorporated town, township
9 or home rule, optional plan or optional charter municipality or
10 municipal authority in this Commonwealth. The term also includes
11 any other governmental entity charged with enforcement of
12 municipal housing, building, plumbing, fire and related codes
13 and specifically includes a neighborhood improvement district
14 and nonprofit corporation created under the act of December 20,
15 2000 (P.L.949, No.130), known as the Neighborhood Improvement
16 District Act.

17 "Municipal permits." Privileges relating to real property
18 granted by a municipality, including, but not limited to,
19 building permits, exceptions to zoning ordinances and occupancy
20 permits.

21 "Nonprofit corporation." A nonprofit corporation that has,
22 as one of its purposes, community development activities,
23 including economic development or the promotion or enhancement
24 of affordable housing opportunities.

25 "Owner." The holder or holders of the title to or of a legal
26 or equitable interest in residential, commercial or industrial
27 real estate. The term includes, but is not limited to, heirs,
28 assigns, trustees, beneficiaries and lessees, provided this
29 ownership interest is a matter of public record.

30 "Property maintenance code." A municipal ordinance which

1 regulates the maintenance or development of real property. The
2 term includes, but is not limited to, building codes, housing
3 codes and public safety codes.

4 "Property maintenance code violation." A violation of a
5 municipal property maintenance code.

6 "Public nuisance." Property which, because of its physical
7 condition or use, is regarded as a public nuisance at common law
8 or has been declared by the appropriate official a public
9 nuisance in accordance with the local housing, building, health,
10 fire or related code.

11 "Registry." The Property Maintenance Code Violations
12 Registry established under this chapter.

13 "Residential building." Real property that consists of not
14 less than one nor more than four residential dwelling units.

15 "Serious violation." A violation of a housing, building,
16 property maintenance or fire safety code that poses an immediate
17 threat to the health and safety of a dwelling occupant,
18 occupants in surrounding structures or passersby.

19 "Substantial step." An affirmative action as determined by a
20 municipality on the part of a property owner or managing agent,
21 as determined by the municipality, to remedy a violation of a
22 housing, building, property maintenance or fire safety code,
23 including, but not limited to, physical improvements or
24 repairs to the property.

25 "Tax delinquent property." Tax delinquent real property as
26 defined under the act of July 7, 1947 (P.L.1368, No.542), known
27 as the Real Estate Tax Sale Law, located in any municipality in
28 this Commonwealth.

29 SUBCHAPTER B

30 ACTIONS AGAINST OWNER OF BLIGHTED PROPERTY

1 Sec.

2 6111. Actions.

3 6112. Asset attachment.

4 6113. Duty of out-of-State owners of real estate in this

5 Commonwealth.

6 6114. Duty of corporate owners.

7 § 6111. Actions.

8 In addition to other remedies, a municipality may institute
9 the following actions against the legal owner or owner of record
10 of any building, housing or land in serious violation of an
11 ordinance regarding a building or housing code:

12 (1) An in personam action may be initiated for a
13 continuing violation for which the legal owner OR OWNER of ←
14 record takes no substantial step to correct within 60 days
15 following notification of any violation.

16 (2) An action against ~~an~~ THE LEGAL OWNER OR owner of ←
17 record shall be for an amount equal to any penalties imposed
18 against the ~~owner~~ LEGAL OWNER OR OWNER OF RECORD and for the ←
19 amount expended by the municipality to abate the violation.

20 (3) A proceeding in equity.

21 § 6112. Asset attachment.

22 A lien may be placed against the assets of an owner of
23 unremediated blighted real property after a judgment, decree or
24 order is entered by a court of competent jurisdiction against
25 the legal owner or owner of record of the property.

26 § 6113. Duty of out-of-State owners of real estate in this

27 Commonwealth.

28 A person who lives or has a principal place of residence
29 outside this Commonwealth, who owns real estate in this
30 Commonwealth against which municipal housing code violations

1 have been cited under 18 Pa.C.S. § 7510 (relating to municipal
2 housing code avoidance), and who has been properly notified of
3 the violations may be extradited to this Commonwealth to face
4 criminal prosecution.

5 § 6114. Duty of corporate owners.

6 Mailing a notice or citation for any property maintenance
7 code violation for any property owned by a corporation to the
8 mailing address used for real estate tax collection purposes
9 shall constitute good service by the municipality.

10 SUBCHAPTER C

11 RESPONSIBILITIES OF MORTGAGE LENDERS

12 Sec.

13 6121. Residential, business or commercial mortgages.

14 6122. Code compliance.

15 6123. Residential mortgages.

16 § 6121. Residential, business or commercial mortgages.

17 This subchapter shall apply to mortgage loans made for
18 residential, business or commercial purposes.

19 § 6122. Code compliance.

20 (a) Liability assumed.--Sixty days following the entry of a
21 foreclosure order or upon surrender of the right to possession
22 by a delinquent borrower of a building due to the owner of
23 record's default on a mortgage loan, the mortgage lender or
24 Federal insurer in possession of the building shall assume legal
25 responsibility and liability as the owner of record for all
26 exterior municipal housing, building and property maintenance
27 code requirements representing the following:

28 (1) Serious violations.

29 (2) Violations which contribute to blight in a
30 neighborhood due to their negative effect on the aesthetic

1 appearance of the structure or the neighborhood.

2 (b) Time period.--The time period provided for under
3 subsection (a) shall be extended to 120 days following the
4 foreclosure of a property due to the owner of record's default
5 on a mortgage loan in cases where the mortgage lender or Federal
6 insurer has executed a contract to sell the property in question
7 or until final action regarding a petition for appointment of a
8 conservator filed under the act of November 26, 2008 (P.L.1672,
9 No.135), known as the Abandoned and Blighted Property
10 Conservatorship Act.

11 (c) Exception.--

12 (1) A mortgage lender or Federal insurer in possession
13 of a building shall not be subject to subsection (a) if the
14 mortgage lender or Federal insurer files a notice with the
15 county recorder of deeds assigning the right to possession of
16 the property, provided that there is:

17 (i) an acceptance of the assignment by the assignee;

18 (ii) a foreclosure sale or other disposition of
19 property by the mortgage lender or Federal insurer to the
20 city, borough, township or incorporated town within which
21 the property is located to a municipal housing or
22 redevelopment authority organized by the municipality or
23 to a nonprofit community organization designated by the
24 municipality or a municipal housing or redevelopment
25 authority organized by the municipality; and

26 (iii) a lien upon the property which takes priority
27 over the mortgage lender's or Federal insurer's interest
28 in the property to reimburse the municipality, authority
29 or nonprofit community organization for the costs of
30 bringing the property into compliance with exterior

1 housing, building and property maintenance code
2 requirements necessary to comply with subsection (a)
3 together with any other reasonable and necessary costs
4 incurred by the municipality, authority or community
5 development organization to protect or preserve the
6 property pending its sale or disposition.

7 (2) The notice of assignment shall provide the
8 municipality, authority or community development organization
9 possession of the property for the purpose of bringing it
10 into compliance with property maintenance code requirements
11 necessary to comply with subsection (a) and to protect and
12 preserve the property pending its final sale or disposition.

13 (3) The notice need not be accompanied by a signature,
14 acknowledgment or other indication of acceptance of the
15 assignment and lien by the municipality, authority or
16 community development organization.

17 § 6123. Residential mortgages.

18 Entities that may grant or insure residential mortgages or
19 participate in related activities for purposes of this
20 subchapter shall include, but not be limited to, the following:

21 (1) A State-chartered bank, bank and trust company,
22 savings bank, private bank or national bank, a federally
23 chartered or State-chartered savings and loan association, a
24 federally chartered savings bank or a federally chartered or
25 State-chartered credit union.

26 (2) An attorney authorized to practice law in this
27 Commonwealth who acts as a mortgage broker in negotiating or
28 placing a mortgage loan in the normal course of legal
29 practice.

30 (3) A person licensed under the act of February 19, 1980

1 (P.L.15, No.9), known as the Real Estate Licensing and
2 Registration Act, who is principally engaged in a third-party
3 real estate brokerage business, but only to the extent that
4 the person provides information, verbal or written, to, or
5 negotiates or places a mortgage loan for, a buyer of real
6 estate and is not compensated by the buyer or any other
7 person for providing such information or negotiating or
8 placing such mortgage loan. If the person is compensated for
9 providing the information or negotiating or placing a
10 mortgage loan, the person shall be subject to sections 308,
11 310, 311 and 314(b) of the act of December 22, 1989 (P.L.687,
12 No.90), known as the Mortgage Bankers and Brokers and
13 Consumer Equity Protection Act.

14 (4) A seller of a dwelling if the person has resided in
15 the dwelling at least one year and as part of the purchase
16 price receives a first mortgage executed by the purchaser.

17 (5) A person who either originates or negotiates fewer
18 than 12 mortgage loans in a calendar year in this
19 Commonwealth.

20 (6) Builders, when obtaining mortgages for their own
21 construction or for the sale of their own construction.

22 (7) An agency or instrumentality of the Federal
23 Government or a corporation otherwise created by an act of
24 Congress, including, but not limited to, the Federal National
25 Mortgage Association, the Department of Veterans Affairs, the
26 Federal Home Loan Mortgage Corporation and the Federal
27 Housing Administration.

28 (8) The Pennsylvania Housing Finance Agency.

29 (9) A licensee under the act of April 8, 1937 (P.L.262,
30 No.66), known as the Consumer Discount Company Act, except

1 that a licensee who makes a mortgage loan other than under
2 the provisions of the Consumer Discount Company Act shall be
3 subject to the provisions of sections 304(b)(2) and (3), 308,
4 310 and 314(b) of the Mortgage Bankers and Brokers and
5 Consumer Equity Protection Act, excluding section 308(a)(1).

6 (10) Except for a licensee described under paragraph
7 (9), a subsidiary or affiliate of the following institutions:

8 (i) State-chartered banks, bank and trust companies,
9 savings banks, private banks, savings and loan
10 associations and credit unions.

11 (ii) National banks.

12 (iii) Federally chartered savings and loan
13 associations.

14 (iv) Federally chartered savings banks.

15 (v) Federally chartered credit unions.

16 A subsidiary or affiliate set forth under this paragraph
17 shall be subject to the provisions of sections 308, 309(a)
18 (3), 310 and 314(b) of the Mortgage Bankers and Brokers and
19 Consumer Equity Protection Act, excluding section 308(a)(1),
20 and shall deliver annually to the Department of Banking
21 copies of financial reports made to all supervisory agencies.

22 (11) An employee of a licensee or a person designated to
23 act on behalf of his employer.

24 (12) An insurance company, association or exchange
25 authorized to transact business in this Commonwealth under
26 the act of May 17, 1921 (P.L.682, No.284), known as The
27 Insurance Company Law of 1921, and any subsidiaries and
28 affiliates thereof. A subsidiary or affiliate shall:

29 (i) be subject to the provisions of sections 308,
30 309(a)(3), 310 and 314(b) of the Mortgage Bankers and

1 Brokers and Consumer Equity Protection Act, excluding
2 section 308(a)(1); and
3 (ii) deliver annually to the Insurance Department
4 copies of financial reports made to all supervisory
5 agencies.

6 SUBCHAPTER D

7 PERMIT DENIALS BY MUNICIPALITIES

8 Sec.

9 6131. Municipal permit denial.

10 § 6131. Municipal permit denial.

11 (a) Denial.--

12 (1) A municipality may deny issuing to an applicant a
13 building permit, zoning permit, zoning variance, municipal
14 license, municipal permit or municipal approval for
15 contemplated action that requires the approval of the
16 municipality, if any of the following final and unappealable
17 tax, water, sewer or refuse collection delinquencies or code
18 violations apply:

19 (i) The applicant owns real property in any
20 municipality for which taxes, water, sewer or refuse
21 collection charges are delinquent.

22 (ii) The applicant owns real property in any
23 municipality that has been determined to be in serious
24 violation of applicable State or municipal housing,
25 building, property maintenance or fire safety code
26 requirements and has not taken substantial steps to bring
27 the property into code compliance.

28 (iii) The applicant owns any property in any
29 municipality which is in violation of an applicable State
30 or municipal housing, building, property maintenance or

1 fire safety code requirement and has taken no substantial
2 steps to correct within six months following notification
3 of the violation.

4 (2) Letters required under this subsection shall be
5 verified by the appropriate municipal officials before
6 issuing to the applicant a municipal variance, approval,
7 permit or license.

8 (3) The municipal permit denial shall not apply to an
9 applicant's action to correct a violation of an applicable
10 State or municipal housing, building, property maintenance or
11 fire safety code for which the building permit, zoning
12 permit, zoning variance, municipal license, municipal permit
13 or municipal approval for contemplated action requiring such
14 approval is required.

15 (4) The municipal permit denial shall not apply to an
16 applicant's delinquency on taxes, water, sewer or refuse
17 collection charges that are under appeal or otherwise
18 contested through a court or administrative process.

19 (b) Proof of compliance.--

20 (1) All municipal variances, approvals, permits or
21 licenses may be withheld until an applicant obtains a letter
22 from the appropriate State agency, municipality or school
23 district indicating the following:

24 (i) The property in question is not presently tax
25 delinquent.

26 (ii) The property in question is now in code
27 compliance.

28 (iii) The owner of the property in question has
29 taken substantial steps to bring the property into code
30 compliance.

1 this Commonwealth relating to blighted and abandoned property
2 and the economic impact that blighted and abandoned properties
3 have upon municipalities. The education and training programs
4 shall include, but not be limited to:

5 (1) The importance and connection of municipal housing
6 code violations and crime.

7 (2) Time-in-fact violations as they relate to property
8 maintenance code violations.

9 (3) Conduct of witnesses in prosecuting property
10 maintenance code violations.

11 (4) Limiting continuances in property maintenance code
12 violations.

13 (5) Use of indigency hearings in the prosecution of
14 property maintenance code violations.

15 § ~~6143~~ 6142. County housing courts. ←

16 Upon a request or approval of a resolution by the county
17 commissioners, the president judge of a county may establish a
18 housing court to hear and decide matters arising under this
19 chapter and other laws relating to real property matters.

20 § 6143. CONFLICT WITH OTHER LAW. ←

21 IN THE EVENT OF A CONFLICT BETWEEN THE REQUIREMENTS OF THIS
22 CHAPTER AND FEDERAL REQUIREMENTS APPLICABLE TO DEMOLITION,
23 DISPOSITION OR REDEVELOPMENT OF BUILDINGS, STRUCTURES OR LAND
24 OWNED BY OR HELD IN TRUST FOR THE GOVERNMENT OF THE UNITED
25 STATES AND REGULATED PURSUANT TO THE UNITED STATES HOUSING ACT
26 OF 1937 (50 STAT. 888, 42 U.S.C. § 1437 ET SEQ.) AND THE
27 REGULATIONS PROMULGATED THEREUNDER, THE FEDERAL REQUIREMENTS
28 SHALL PREVAIL.

29 Section 2. This act shall take effect in 90 days.