

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 300 Session of
2003

INTRODUCED BY DIVEN AND WHEATLEY, FEBRUARY 18, 2003

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF
REPRESENTATIVES, AS AMENDED, JULY 1, 2003

AN ACT

1 Providing for the remediation of blighted properties in cities
2 of the first and second class.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Blight
7 Remediation ~~Board~~ Act. <—

8 Section 2. Legislative intent.

9 The purpose of this act is to establish a blight remediation
10 program that would provide affordable housing, improve the
11 quality of life in urban neighborhoods and increase annual
12 ~~reoccurring~~ RECURRING revenue for school districts and cities of <—
13 the first and second class without the commitment of future
14 State tax dollars.

15 Section 3. Definitions.

16 The following words and phrases when used in this act shall
17 have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Blighted property." Includes any of the following:

3 (1) Any premises which, because of physical condition or
4 use, is regarded as a public nuisance at common law or has
5 been declared a public nuisance in accordance with the local
6 housing, building, plumbing, fire and related codes.

7 (2) Any dwelling which, because it is dilapidated,
8 unsanitary, unsafe, vermin-infested or lacking in the
9 facilities and equipment required by the housing code of the
10 municipality, has been designated by the local agency
11 responsible for enforcement of the code as unfit for human
12 habitation.

13 (3) Any structure which is a fire hazard or is otherwise
14 dangerous to the safety of persons or property.

15 (4) Any structure from which the utilities, plumbing,
16 heating, sewerage or other facilities have been disconnected,
17 destroyed, removed or rendered ineffective so that the
18 property is unfit for its intended use.

19 (5) Any vacant or unimproved lot or parcel of ground in
20 a predominantly built-up neighborhood which by reason of
21 neglect or lack of maintenance has become a place for
22 accumulation of trash and debris or a haven for rodents or
23 other vermin.

24 (6) Any property which has been tax delinquent for a
25 period of two years.

26 (7) Any vacant property or unimproved lot or parcel of
27 ground in a redevelopment area certified pursuant to the act
28 of May 24, 1945 (P.L.991, No.385), known as the Urban
29 Redevelopment Law.

30 "Boards." The PHILADELPHIA Blight Remediation Board ~~for~~

<—

1 ~~Cities of the First Class~~ and the PITTSBURGH Blight Remediation <—
2 Board ~~for Cities of the Second Class~~ as established by this act. <—
3 "CONTINUATION FUND." THE BLIGHT REMEDIATION CONTINUATION <—
4 FUND ESTABLISHED BY THIS ACT.
5 "Department." The Department of Community and Economic
6 Development of the Commonwealth.
7 "Fund." The Blight Remediation Fund established by this act.
8 "Nonprofit developers." Community development corporations
9 registered under section 501(c)(3) of the Internal Revenue Code
10 of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)).
11 "Program." The Blight Remediation Program established by
12 this act.
13 Section 4. Program.
14 (a) Establishment.--The Blight Remediation Program is hereby
15 established within the department.
16 (b) Transfer of capital budget moneys.--~~Immediately~~ <—
17 ~~following the~~ FOLLOWING deposit of capital budget moneys into <—
18 the fund pursuant to section 8, AN AGGREGATE AMOUNT OF NOT MORE <—
19 THAN \$75,000,000 of the moneys shall be transferred to the city
20 of the first class and AN AGGREGATE AMOUNT OF NOT MORE THAN <—
21 \$35,000,000 of the moneys shall be transferred to the city of
22 the second class for expenditure pursuant to the purposes set
23 forth in subsection (c).
24 (c) Use of transferred moneys.--~~The city of the first class~~ <—
25 ~~and the city of the second class shall utilize the transferred~~
26 ~~moneys~~ PHILADELPHIA BLIGHT REMEDIATION BOARD AND THE PITTSBURGH <—
27 BLIGHT REMEDIATION BOARD SHALL UTILIZE THE MONEYS TRANSFERRED TO
28 THE FUND to purchase blighted property within their respective
29 jurisdictions. Purchase may be effected by outright purchase,
30 eminent domain, purchase at tax sale or by any other means

1 available. Moneys may be utilized to defray all costs and
2 expenses associated with obtaining good marketable title to the
3 blighted properties, including, but not limited to, the
4 satisfaction of liens and other claims, attorney fees and all
5 other costs incurred to acquire such properties.

6 ~~(d) Conveyance of purchased property to department.~~ <—

7 ~~(1) Within nine months of purchase made pursuant to this~~

8 (D) DETERMINATION OF ELIGIBILITY FOR SITE PREPARATION <—

9 GRANTS.--WITHIN NINE MONTHS OF PURCHASE MADE PURSUANT TO THIS
10 act, the city of the first class and the city of the second
11 class shall each submit a list of properties acquired pursuant
12 to subsection (c) to the board. Such list shall also include
13 information specifying the amount expended to purchase and clear
14 title to each property, the exact location of each property and
15 such other information deemed warranted by the board. Following
16 board review of these lists and the accompanying information
17 ~~pursuant to section 6, all properties on the list that have been~~ <—
18 ~~approved by the board for program inclusion shall be conveyed,~~
19 ~~except as otherwise provided in paragraph (2), by each city in~~
20 ~~fee simple to the Commonwealth.~~

21 ~~(2) If, to purchase property, a city also uses funds~~
22 ~~from other sources in an amount equal or greater to the~~
23 ~~funding provided pursuant to this act to purchase such~~
24 ~~property, the city need not convey such property to the~~
25 ~~Commonwealth.~~, THE BOARD SHALL DETERMINE WHICH PROPERTIES ARE <—
26 ELIGIBLE FOR SITE PREPARATION GRANTS PURSUANT TO SUBSECTION
27 (E).

28 (e) Development of conveyed property.--~~Capital budget moneys~~ <—
29 ~~in the amount of~~ FOLLOWING DEPOSIT OF CAPITAL BUDGET MONEYS INTO <—
30 THE FUND PURSUANT TO SECTION 8, AN AGGREGATE AMOUNT OF NOT MORE

1 THAN \$25,000,000 with respect to the city of the first class and
2 AN AGGREGATE AMOUNT OF NOT MORE THAN \$15,000,000 with respect to <—
3 the city of the second class shall be utilized by the board in
4 site preparation ~~of the conveyed properties, or shall be~~ <—
5 ~~provided, in whole or in part, as a grant by the department to~~
6 ~~such a city for such purpose in connection with property~~
7 ~~purchased pursuant to this act, provided the city also uses~~
8 ~~funds from other sources in an amount equal or greater to the~~
9 ~~grant amount for such purpose.~~ OF THE ELIGIBLE PROPERTIES. These <—
10 moneys may be used to cover costs in razing and clearing
11 dilapidated buildings and in the installation of necessary
12 infrastructure, including sewer, water and other utilities.

13 Section 5. Board.

14 (a) Establishment.--The boards are hereby established with
15 the department and shall administer the program.

16 ~~(b) Composition. The boards shall be composed of three~~ <—
17 ~~members each appointed by the Governor who must be residents of~~
18 ~~the cities covered by the respective boards; one shall have~~
19 ~~expertise in the area of real estate appraisal and finance, one~~
20 ~~shall have expertise in the area of urban redevelopment and~~
21 ~~economic development, and one shall have expertise in general~~
22 ~~business practices and marketing.~~

23 (B) COMPOSITION.--EACH BOARD SHALL BE COMPOSED OF FIVE <—
24 MEMBERS, ONE APPOINTED BY EACH OF THE FOLLOWING:

- 25 (1) THE GOVERNOR.
26 (2) THE PRESIDENT PRO TEMPORE OF THE SENATE.
27 (3) THE MINORITY LEADER OF THE SENATE.
28 (4) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.
29 (5) THE MINORITY LEADER OF THE HOUSE OF
30 REPRESENTATIVES.

1 (C) ELECTION OF CHAIR OF THE BOARD.--THE MEMBERS OF EACH
2 BOARD SHALL ELECT A CHAIR OF THAT BOARD.

3 ~~(e)~~ (D) Term; vacancies.--The term of a board member shall <—
4 begin on the date of appointment. A member's term shall be
5 coterminous with that of the appointing authority, provided that
6 the member's term shall continue until a replacement is
7 appointed. Board members shall serve at the pleasure of the
8 appointing authority. Whenever a vacancy occurs on the board,
9 whether prior to or on the expiration of a term, the appointing
10 authority shall appoint a successor member within 30 days of the
11 vacancy. A member appointed to fill a vacancy occurring prior to
12 the expiration of a term shall serve the unexpired term.

13 ~~(d)~~ (E) Meetings.--The boards shall meet as frequently as <—
14 they deem appropriate but at least once during each quarter of
15 the fiscal year. In addition, a meeting of a board shall be
16 called by the chairperson if a request for a meeting is
17 submitted to the chairperson by at least two members of a board.
18 A majority of the board shall constitute a quorum for the
19 purpose of conducting the business of the board and for all
20 other purposes. All actions of the board shall be taken by a
21 majority of the board. The provisions of 65 Pa.C.S. Ch. 7
22 (relating to open meetings) shall apply to the board.

23 ~~(e)~~ (F) Expenses.--A member shall not receive compensation <—
24 or remuneration, but shall be entitled to reimbursement for all
25 reasonable and necessary actual expenses BY THE DEPARTMENT. <—

26 ~~(f)~~ (G) Public officials and party officers.--Members of the <—
27 board shall not seek or hold a position as any other public
28 official within this Commonwealth or as a party officer while in
29 service. Members of the board shall not seek election as public
30 officials or party officers for one year after their service on

1 the board. Members of the board may serve as appointive public
2 officials any time after their periods of service on the board.
3 Section 6. Powers and duties of board.

4 ~~(a) Review of property lists. Upon receipt of the lists of~~ <—
5 ~~blighted properties purchased by the first and second class~~
6 ~~cities pursuant to section 4(d), the board shall review the~~
7 ~~lists to ascertain that each property is in a position to be~~
8 ~~conveyed to the Commonwealth with a good marketable title and~~
9 ~~free of all liens and claims. No property shall be approved for~~
10 ~~conveyance and program inclusion if it is determined that there~~
11 ~~exists a title problem of any sort or any environmental or other~~
12 ~~type of site problem that carries the potential for owner~~
13 ~~liability. The Commonwealth shall be held harmless for any title~~
14 ~~problem or environmental problem. These are the sole~~
15 ~~responsibility of the city.~~

16 ~~(b) Acceptance of conveyed property. Once the board has~~
17 ~~conducted the review prescribed in subsection (a), it shall~~
18 ~~notify each city of the properties the board will accept for~~
19 ~~program inclusion. The conveyance from the cities shall then~~
20 ~~occur except as otherwise provided in section 4(d).~~

21 ~~(c) Agreement. At the time of conveyance, each city and~~

22 (A) AGREEMENT.--AT THE TIME OF SELECTION OF PROPERTIES FOR <—
23 BLIGHT REMEDIATION AND SUBSEQUENT SITE DEVELOPMENT, EACH CITY
24 AND its respective board shall execute a separate agreement that
25 sets forth the responsibilities and duties of each party under
26 the program. In such agreements, the board shall obligate itself
27 to undertake site demolition and clearing work and the
28 installation of necessary infrastructure and to ultimately
29 convey the property to other entities, including private
30 developers, for development, but nonprofit developers shall have

1 the first opportunity. ~~Except in connection with the purchase of~~ <—
2 ~~property where a city contributes at least 50% of the money~~
3 ~~needed to purchase the property using sources other than money~~
4 ~~received from the fund, and except to the extent a city receives~~
5 ~~funds as a grant for site preparation purposes in connection~~
6 ~~with property purchased pursuant to this act, each city, county~~
7 ~~and school district shall agree to repay the capital budget~~
8 ~~moneys forwarded pursuant to this program by dedicating to the~~
9 ~~repayment effort 50% of the amount of city, county and school~~
10 ~~district wage tax for cities of the first class and earned~~
11 ~~income tax for cities of the second class on the occupant at the~~
12 ~~new properties.~~

13 ~~(d) Site development on conveyed property. The boards,~~
14 ~~utilizing \$25,000,000 in capital budget moneys in the case of~~
15 ~~the cities of the first class and \$15,000,000 in the case of the~~
16 ~~cities of the second class, shall perform the work as stated in~~
17 ~~subsection (c), except when such funds are provided as a grant~~
18 ~~from the department to a city pursuant to section 4(e). THE~~ <—

19 GRANT AGREEMENT BETWEEN THE CITY AND ITS RESPECTIVE BOARD FOR
20 EACH BLIGHTED PROPERTY SHALL INCLUDE A DIRECTIVE THAT UPON
21 COMPLETION OF THE BLIGHT REMEDIATION PROJECT, EACH CITY, COUNTY
22 AND SCHOOL DISTRICT SHALL AGREE TO CONTRIBUTE AN AMOUNT EQUAL TO
23 50% OF THE AMOUNT OF CITY, COUNTY AND SCHOOL DISTRICT TAXES
24 LEVIED ON THE PROPERTY OR THE OCCUPANTS OF THE PROPERTY.
25 CONTRIBUTED FUNDS SHALL BE DEPOSITED IN THE BLIGHT REMEDIATION
26 CONTINUATION FUND, HEREBY ESTABLISHED IN THE STATE TREASURY, FOR
27 THE PURPOSE OF PROVIDING ONGOING FUNDS FOR BLIGHT REMEDIATION IN
28 A CITY OF THE FIRST CLASS AND A CITY OF THE SECOND CLASS. THE
29 TAX CONTRIBUTION SPECIFIED IN THE GRANT AGREEMENT SHALL NOT
30 EXCEED A PERIOD OF 28 YEARS.

1 ~~(e)~~ (B) Request for proposals.--Simultaneously with <—
2 undertaking of preliminary site ~~development~~ PREPARATION called <—
3 for in ~~subsection (d)~~ SECTION 4(E), the boards shall advertise <—
4 for development proposals from public and private development
5 entities, including, but not limited to, redevelopment
6 authorities, housing authorities, private developers and
7 nonprofit developers. Proof of financial credibility, for all
8 bidding organizations, shall be included with development
9 proposals. The boards shall promulgate regulations regarding the
10 criteria to be used in reviewing the proposals received. The
11 promulgation of these regulations shall not be subject to the
12 provisions of the act of June 25, 1982 (P.L.633, No.181), known
13 as the Regulatory Review Act.
14 ~~(f)~~ (C) Selection of developers.--Upon review of the <—
15 proposals received pursuant to subsection ~~(e)~~ (B), the boards <—
16 may convey a property or groups of properties to a given
17 developer for development. ~~when the Commonwealth holds title to~~ <—
18 ~~the property.~~ The conveyances shall occur for the consideration
19 of \$1 per property. Simultaneously with the conveyance, a
20 separate agreement shall be executed in which the developer
21 agrees to develop the property within a given period of time and
22 pursuant to the specific development standards, all of which
23 shall be detailed in regulations promulgated by the department.
24 Promulgation of the regulations shall not be subject to the
25 provisions of the Regulatory Review Act. Among other things, the
26 regulations shall provide for reversion of title to the
27 ~~Commonwealth~~ BOARD in the event the contract terms are breached <—
28 by the developer. Proposals which preserve or expand green space
29 shall be given priority in the review process.
30 SECTION 7. REPAYMENT NOT REQUIRED. <—

1 NOTWITHSTANDING THE PROVISIONS OF THE ACT OF MAY 20, 1949
2 (P.L.1633, NO.493), KNOWN AS THE HOUSING AND REDEVELOPMENT
3 ASSISTANCE LAW, AND REORGANIZATION PLAN NO. 2 OF 1966, GRANT
4 AGREEMENTS EXECUTED BETWEEN THE CITY AND ITS RESPECTIVE BOARD
5 SHALL NOT REQUIRE REPAYMENT OF GRANT FUNDS WHEN THE GRANT IS
6 DIRECTED TO A BLIGHT REMEDIATION PROJECT FOR A CITY OF THE FIRST
7 CLASS OR A CITY OF THE SECOND CLASS AS AUTHORIZED BY A CAPITAL
8 BUDGET ACT.

9 Section 7 8. Fund. <—

10 (a) Establishment.--The Blight Remediation Fund is hereby
11 established in the State Treasury. All money in the fund is
12 hereby appropriated to the department on a continuing basis to
13 carry out the provisions of this act.

14 (b) Administration.--The assets of the fund shall be
15 preserved, invested and expended solely pursuant to and for the
16 purposes set forth in this act.

17 Section 8 9. Funding. <—

18 Up to \$150,000,000 of the net proceeds of the sale of
19 obligations authorized in a capital budget act FOR THE PURPOSES <—
20 OF REDEVELOPMENT ASSISTANCE is hereby appropriated to the
21 Department of Community and Economic Development for deposit
22 into the fund established and to be used to implement the
23 provisions of this act. To the extent moneys from this <—
24 appropriation are expended pursuant to this act, the moneys
25 shall be repaid, without interest, to the Commonwealth as soon
26 as practicable pursuant to section 9 except:

27 (1) in connection with money provided for the purchase
28 of property where a city contributes at least 50% of the
29 money needed to purchase the property using sources other
30 than money received from the fund; and

~~(2) to the extent a city receives funds as a grant for site preparation purposes in connection with property purchased pursuant to this act.~~

~~Section 9. Repayment of funds.~~

~~(a) Repayment. Each city, county and school district shall be responsible for the repayment of all Commonwealth funding it received directly pursuant to section 4(b), except in connection with money provided for the purchase of property where a city contributes at least 50% of the money needed to purchase the property using sources other than money received from the fund, as well as the funds expended on its behalf by the board pursuant to section 6(d), within 20 years of the calendar year in which the expenditures were made. The boards shall advise each city of the year by which all repayments are to be made.~~

~~(b) Sources of repayment. Repayment shall be made from any sources available to the respective cities, including positive city and school district real estate tax increments generated on the properties rehabilitated pursuant to the program. Each city shall determine the aggregate value of the property approved for and included in the program as of the calendar year in which funds are made available to the cities under section 4(c), which aggregate valuation shall constitute the tax increment base. With respect to each city, in any year in which its debt remains unpaid, an amount equal to at least 50% of any positive tax increment generated in that year shall be utilized to make payment toward the outstanding debt.~~

~~Section 10. Effective date.~~

~~This act shall take effect immediately.~~