



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1363

PRINTERS NO. 4241

PRIME SPONSOR: Taylor

COST / (SAVINGS)

FUND	FY 2014/15	FY 2015/16
Municipal Funds	\$0	\$0

SUMMARY: Amends the Abandoned and Blighted Property Conservatorship Act (Act 135 of 2008) to encourage investment in efforts to remediate blight and to clarify conservatorship provisions in the existing act. This legislation would take effect in 60 days.

ANALYSIS: The legislation does the following:

- Defines “abandoned property” as that which meets criteria in Section 5(d) of the act, which provides that the building has not been legally occupied for the previous 12 months.
- Adds vacant lots on which buildings have been demolished to the definition of “building.”
- Adds legal “costs” to the definition of “costs of rehabilitation.”
- Defines the term “conservator’s or developer’s fee” as a fee equal to the greatest of:
 - \$2,500, adjusted upward by 2% annually;
 - 20% markup of costs and expenses for carrying out the conservator’s plan as approved by the court.
 - 20% of the sale price of the property.
- Adds “remediation of blight” to the definition of the purposes of a “nonprofit corporation.”
- Changes the definition of “party in interest” from a resident or business owner within 500 feet of the blighted building to within 2,000 feet of the building and the requirement that a non-profit corporation undertaking a conservatorship action in Philadelphia has participated in a project within a one mile radius of the building to a five-mile radius.
- Allows the petitioner to include one or more adjacent properties in a single action when the properties are owned by the same owner and the properties were used for a single purpose or interrelated functions.
- Decreases the time for court action on a petition from within 120 days of receipt of the petition to 60 days.

- Adds to the conditions for conservatorship that the court may appoint a conservator:
 - if the owner fails to present compelling evidence that he has made a good faith effort during the preceding 60 days to sell the property at a price reflecting market conditions; or
 - if the property is not subject to a pending foreclosure action by an individual or nongovernmental entity.
- Provides the court with the option of allowing the owner to proceed with abatement of negligible “conditions” in a reasonable period.
- Changes the “may” provisions to a requirement that the owner must post a bond for the amount of the repair costs estimated in the petition as a condition for retaining possession of the building.
- Provides that following the filing of the petition, a contract for sale shall be subject to court approval and the petitioner may recoup costs incurred in preparing and filing the petition.
- Adds costs of rehabilitation, attorney fees and court costs to the allowable costs that the conservator may file as a lien against the property.
- Provides an exception to the requirement on bids wherein the contractor or developer provides financing for the conservatorship.
- Clarifies that proceeds of sale, after court costs, shall be applied to Commonwealth liens, liens for unpaid property taxes, and properly recorded municipal liens.
- Adds the costs incurred by the petitioner in preparing/filing the petition to the priority ranking for distribution of sales proceeds.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth or municipal funds.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: October 8, 2014

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.