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COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
HOUSE LABOR RELATIONS COMMITTEE
AND
HOUSE URBAN AFFAIRS COMMITTEE

STATE CAPITOL
ROOM 60 EAST WING
HARRISBURG, PENNSYLVANIA

MONDAY, JUNE 23, 2008
11:00 A.M.

JOINT PUBLIC HEARING ON
HOUSE BILL 2445 (EACHUS)

BEFORE:

- HONORABLE GENE DiGIROLAMO, CHAIRMAN (LABOR)
- HONORABLE PAUL COSTA (SUBCOMMITTEE CHAIR - URBAN)
- HONORABLE SCOTT W. BOYD
- HONORABLE RON BUXTON
- HONORABLE THOMAS R. CALTAGIRONE (URBAN)
- HONORABLE JIM COX (LABOR & URBAN)
- HONORABLE EUGENE DePASQUALE (LABOR & URBAN)
- HONORABLE GARTH D. EVERETT (URBAN)
- HONORABLE MARC J. GERGELY (LABOR)
- HONORABLE JARET GIBBONS (LABOR)
- HONORABLE SUSAN C. HELM (URBAN)

1 (CONT'D)

2 HONORABLE CARL W. MANTZ (LABOR)
HONORABLE JAY R. MOYER (URBAN)
3 HONORABLE T. MARK MUSTIO (LABOR)
HONORABLE MICHAEL H. O'BRIEN (URBAN)
4 HONORABLE TONY J. PAYTON, JR. (URBAN)
HONORABLE SCOTT W. PETRI (LABOR & URBAN)
5 HONORABLE SEAN M. RAMALEY (LABOR)
HONORABLE TIM SEIP (LABOR)

6

7 ALSO PRESENT:

8 LABOR RELATIONS COMMITTEE
VICKI DiLEO, EXECUTIVE DIRECTOR (D)
9 JON R. CASTELLI, EXECUTIVE DIRECTOR (D)
MARYANN ECKHART, LEGAL ASSISTANT

10

11 URBAN AFFAIRS COMMITTEE
BRUCE HANSON, EXECUTIVE DIRECTOR (R)
12 CHRISTINE GOLDBECK, EXECUTIVE DIRECTOR (R)
HEATHER SAXELBY, RESEARCH ANALYST

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15 BRENDA S. HAMILTON, RPR
16 REPORTER - NOTARY PUBLIC

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P R O C E E D I N G S

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4 CHAIRMAN DIGIROLAMO: Good morning,
5 everyone. Can I have everyone's attention? I'd
6 like to call this meeting of the House Labor
7 Relations Committee and the House Urban Affairs
8 Committee to order.

9 And before we start, I'd ask everybody
10 to rise and say the pledge of allegiance to our
11 flag.

12 (Pledge of allegiance.)

13 CHAIRMAN DIGIROLAMO: Okay. The board
14 is -- my name is Gene DiGirolamo. I am the
15 Republican Chairman of the House Labor Relations
16 Committee from Bucks County. And at this time I
17 want to give the members an opportunity to
18 identify themselves and who they represent.

19 You want to start out, Carl?

20 REPRESENTATIVE MANTZ: Carl Mantz, 187th
21 Legislative District, representing Berks and
22 Lehigh Counties.

23 REPRESENTATIVE HELM: Sue Helm, 104th
24 District, Dauphin County.

25 REPRESENTATIVE EVERETT: Garth Everett,

1 84th District, Lycoming County.

2 REPRESENTATIVE BUXTON: Ron Buxton,
3 103rd District, Dauphin County.

4 REPRESENTATIVE SEIP: Tim Seip,
5 representing Cabela and the Yuengling district,
6 125th, parts of Berks and parts of Schuylkill.

7 REPRESENTATIVE O'BRIEN: Michael
8 O'Brien, 175th Legislative District,
9 Philadelphia.

10 REPRESENTATIVE CALTAGIRONE: Tom
11 Caltagirone, 127th, Reading, Berks County.

12 CHAIRMAN DIGIROLAMO: Okay. We're here
13 for House Bill 2445, which is Representative Todd
14 Eachus's bill. At this time I'd like to give
15 Representative Eachus an opportunity to come up
16 and present his remarks.

17 REPRESENTATIVE EACHUS: Good morning,
18 Mr. Chairman, and good morning to both
19 committees. I'm honored to be here.

20 I want to thank you for the opportunity
21 to address this important legislation this
22 morning.

23 When we talk about jobs, or we talk
24 about education, or we talk about economic
25 development, all three are linked to the quality

1 of life in our communities.

2 One of the top priorities that we must
3 deal with is blighted abandoned properties
4 throughout Pennsylvania. Blighted properties
5 drive down property values for hardworking people
6 who have pride in their communities. Blighted
7 properties are bleeding -- breeding grounds for
8 crime. Blighted properties lead to blighted
9 properties which lead to blighted properties and
10 then drain the -- drain the very lifeblood of
11 neighborhoods.

12 One abandoned property -- property left
13 to rot by an absentee owner can be a domino that
14 takes down, first, pride in the community, and
15 then the vitality of neighborhoods.

16 Blighted properties need to be
17 revitalized and -- and also we need to -- really
18 this isn't a -- this is a bipartisan issue. It
19 doesn't matter where you live across
20 Pennsylvania.

21 Both Senator Rhoades, who is from
22 Schuylkill County, senior senator from --
23 Republican from Schuylkill County and I have
24 these bill packages that we think are
25 responsible.

1 It's not a Democrat or a Republican
2 issue. It's not an urban or rural issue. It
3 isn't even about making sure that people who have
4 invested in homes and communities in -- have
5 peace of mind within their communities. It's
6 about pride and value.

7 If you -- if you own a blighted property
8 that's a threat to health and safety, you need to
9 fix that property before you build anything else
10 or buy anything else.

11 You -- you shouldn't be able to just
12 walk away and leave the problem on solid
13 taxpayers and communities and cities throughout
14 Pennsylvania.

15 This measure will give us tools we need
16 to go after absentee owners, not just by seizing
17 a worthless, blighted property but by going after
18 the homes that those owners live in.

19 This measure will help get blighted
20 properties into the hands of people who are
21 willing and able to revitalize the property, be
22 it fixing it up, tearing it down, or working with
23 the community to add value to that community.

24 With subprime mortgages and the mess
25 that we have currently, homeowners across

1 Pennsylvania are struggling to handle their own
2 mortgages.

3 Why should we allow absentee landlords
4 to further degrade the value of properties while
5 hardworking Pennsylvanians struggle to hold their
6 own homes? Imagine a day -- imagine a day as
7 cold as the one when an empty house next door
8 isn't maintained. This becomes a blight on all
9 of us.

10 We need to stand up for seniors who have
11 worked to maintain neighborhoods for years and
12 for those hardworking families in Pennsylvania
13 who suffer from these blighted land --
14 landowners.

15 We have to stand up for young working
16 families who are working to purchase their first
17 homes in neighborhoods and make those
18 neighborhoods safe.

19 The legislation before you gives
20 community leaders tools and guarantees the
21 ability for all of us to have certainty as
22 relates to blight.

23 As I said before, blight is -- isn't an
24 urban/rural issue. It affects all of us.

25 Thank you, Mr. Chairman.

1 CHAIRMAN DIGIROLAMO: Thank you,
2 Representative Eachus.

3 At this point I'd like to recognize some
4 of the members in the room, Representative Payne,
5 Representative Mustio, Representative Gergely,
6 and also Representative Scott Boyd.

7 And at this time I'd like to know if any
8 of the members have any questions for
9 Representative Eachus on the bill.

10 Seeing no questions, thank you --

11 REPRESENTATIVE EACHUS: Thank you.

12 CHAIRMAN DIGIROLAMO: -- Todd, for being
13 here this morning.

14 And I'd like to call up our next person
15 to testify, Brian Hudson, who is the Executive
16 Director and CEO for Pennsylvania Housing Finance
17 Agency.

18 And I welcome Brian. You may begin at
19 any time.

20 MR. HUDSON: Thank you. Thank you,
21 Representative DiGirolamo. I appreciate the
22 opportunity to testify here before you and
23 members of the committee. I would also like to
24 thank Representative Eachus on his -- on his
25 legislation for 2445. Pennsylvania Housing has

1 served on the task force for the blight committee
2 for Senator Rhoades also.

3 I'd like to talk to you this morning
4 about our programs and how we have developed
5 programs to deal with the blighted issue across
6 Pennsylvania.

7 The agency was created in 1972 by the
8 state legislature. Our primary mission is to
9 provide affordable housing, quality housing, for
10 Pennsylvania residents.

11 We have created three core programs, the
12 first being homeownership, and then multi-family
13 rental properties, and foreclosure prevention.

14 In our homeownership program, we provide
15 mortgages to first-time home buyers, those
16 individuals who are buying their first home, as
17 Representative Eachus just mentioned in his
18 testimony.

19 We provide closing costs assistance to
20 those homeowners to get into those homes, and we
21 service those homes here in Pennsylvania.

22 We raise our funds through the sale of
23 taxable and tax exempt securities throughout the
24 capital markets. Traditionally, we do about
25 6,000 to 7,000 loans per year. We currently

1 service in-house here in Harrisburg about 46,000
2 loans for Pennsylvania residents.

3 We realize that one of the stumbling
4 blocks for homeowners to get into their home is
5 the downpayment assistance and we do offer that,
6 currently up to \$2,000 that can be provided for
7 downpayment assistance.

8 We also have federal funding which would
9 provide up to 15 to \$20,000 for homeowners, if
10 qualified.

11 One of the things that I did want to
12 mention is that, you know, as a result of the
13 subprime crisis, what we have been doing in
14 Pennsylvania for over 12 years now is modifying
15 these homeowners who get into trouble or -- for
16 debt reasons and we offer a free statewide
17 counseling network for credit and debt counseling
18 to all homeowners, whether or not they have the
19 PHFA mortgage, but for our mortgage holders,
20 we'll look at their status and see if we need to
21 modify their mortgage to keep them in their
22 home.

23 As an example, our foreclosure rate is
24 less than one-half percent, which is very good
25 when we compare that to national statistics.

1 On the rental side, we are the
2 administrator of the low income housing tax
3 credit program on behalf of the Commonwealth.
4 The Commonwealth receives a \$24 million
5 allocation for the low income housing tax
6 credits.

7 That 24 million brings about 200 million
8 of equity to the table to provide affordable
9 housing throughout Pennsylvania's counties. We
10 traditionally break the region down into -- the
11 state down into six regions, and it's very, very
12 competitive. We see our demand for those credits
13 at three to one. The 24 million that we would
14 have available, we see demand up to 70 million,
15 75 million, for those particular tax credits.

16 The foreclosure prevention program that
17 I mentioned earlier is known as the Homeowners
18 Emergency Mortgage Assistance Program, or HEMAP.
19 HEMAP was started as a result of the downturn and
20 foreclosure in the steel industry in 1983 and is
21 entirely funded by the state legislature.

22 To date HEMAP has received over \$200
23 million in appropriations, and we've lent over
24 \$400 million to keep homeowners in their home.
25 We actually saved 40,000 homes from foreclosure.

1 When you talk about blight, we realize
2 that it destroys neighbors. Foreclosure destroys
3 neighborhoods. So we created some programs to
4 deal with blight and the foreclosure issue.

5 In 2000, we developed a program known as
6 the Homeownership Choice Program. When we put
7 our capital on the table, it required a
8 dollar-for-dollar match from the municipality,
9 and it was designed to bring urban or suburban
10 developers into urban areas to rebuild blighted
11 areas where there were vacant lots, shells that
12 needed rehab, areas that are -- of distress, for
13 instance.

14 I'm pleased to say that to date we've
15 allocated \$74 million of our resources and we
16 leveraged another 464 million in over 62
17 communities providing 2,000 homes. And we've
18 totally changed some of these homes around, some
19 of these neighborhoods around to deal with this
20 blighted issue, and I'll talk a little bit about
21 that later.

22 We also developed a program to deal with
23 single dwellings where there's an absentee
24 landlord. We'll lend \$25,000 where that property
25 may have been a rental property. The absentee

1 landlord is no longer available. A developer or
2 community resident or community development
3 organization gets control of that property. We
4 will lend them 25,000 at zero percent to rehab
5 that property and then sell it for
6 homeownership. And we'll even try to get a
7 homeowner qualified on the back end to pay
8 ourselves back, and we'll continue to do that.
9 But that was designed to deal with those spot
10 properties or shells that are in need of
11 substantial rehabilitation.

12 So blight destroys communities. We
13 developed our programs to do just that. And I
14 want to give you a couple of examples of what
15 we've done around the state, in particular in the
16 area known as the Badlands in Philadelphia. And
17 it was East North Philadelphia, known as the
18 Badlands, a nonprofit group had a vision to
19 revitalize -- revitalize that particular
20 neighborhood. Blight of every proportion
21 categorized the areas.

22 The group known as APM sought the help
23 of PHFA to the tune of \$1.7 million.
24 Homeownership program leveraged an additional 6.5
25 of private capital.

1 With additional funding from other
2 sources, 50 new homes were built in this area and
3 were sold prior to completion and one year later
4 appraised for 60 percent more than their original
5 purchase price.

6 With additional approval of funds from
7 the Homeownership of Choice Programs, an
8 additional 55 new homes have been built. They,
9 too, are also sold prior to completion.

10 The second HCP, or Homeownership Choice
11 Program, we provided \$2.7 million and it
12 generated more than \$9 million of additional
13 investments.

14 A third phase involving 1.6 million of
15 Homeownership Choice Programs leveraged an
16 additional funding for the neighborhood. A
17 shopping mall is being planned for the area.
18 Thirty-five new homes were built in that and
19 entirely turned around an area known as the
20 Badlands in Philadelphia.

21 We believe that community and economic
22 development and housing, it all goes together,
23 and we are trying to fulfill that mission.

24 I know that House Bill 2445 has some
25 issues with some of the constituents and others

1 who may not agree with it, but I think it's a
2 great start to deal with blight. We've been
3 doing it at PHFA for some time now.

4 We've also developed a refinance product
5 for those individuals who are in trouble as a
6 result of the subprime crisis. Those two
7 products are known as REAL, Refinance to an
8 Affordable Loan, and HERO, Homeowner Equity
9 Recovery Opportunity.

10 We've so far committed \$16 million to
11 refinance homeowners out of those high rate
12 mortgages, and we were talking about rates as
13 high as 18 percent in some instances. So we're
14 just beginning to launch our intensive marketing
15 to help those homeowners, but when we talk about
16 turning those neighborhoods around and blight
17 issues, again PHFA has been at the forefront, and
18 I suspect -- and I expect that we will continue
19 to be a leader to turn around our communities and
20 preserve our Pennsylvania communities.

21 Thank you for the opportunity to testify
22 before you this morning, and I'll be happy to
23 answer any questions you may have.

24 CHAIRMAN DIGIROLAMO: Okay. Thank you,
25 Brian.

1 Before I open it up for questions, I
2 would like to recognize Representative Costa who
3 has just stepped into the room, and also just
4 remind and alert the members and those who are
5 testifying that we are being taped. The TV
6 cameras are on.

7 So with that, anybody have any
8 questions? Representative Buxton.

9 REPRESENTATIVE BUXTON: Mr. Chairman, I
10 don't have a question but I'd like to compliment
11 Mr. Hudson and his organization for what they've
12 been able to do with certain individuals who have
13 fallen prey to the subprime mortgage market.

14 I know I've had several people call my
15 office who have had difficulty with a lending
16 institution, and I've referred them to PF -- PHFA
17 and they've been able to, in some cases, go in
18 and assist those constituents.

19 So I just wanted to take this
20 opportunity to thank Brian and his organization
21 for the fine work that they're doing.

22 MR. HUDSON: Thank you. You're quite
23 welcome.

24 CHAIRMAN DIGIROLAMO: Any other
25 questions from any of the members?

1 Brian, maybe just real quick, you
2 mentioned the HEMAP program, and I know, you
3 know, in my district I've used that a number of
4 times.

5 You want to just give us a little update
6 on how it's working and, you know, maybe just --
7 a little bit maybe for some of the newer members
8 how that programs actually works.

9 MR. HUDSON: Absolutely. It was created
10 as a result of the downturn of the local jobs in
11 the steel industry. It became -- twice -- two
12 years in a row recognized by Harvard University
13 as one of the top innovations in American
14 government. We're in the current budget for 11
15 million. I've asked for 13. So any
16 consideration you can give here will be helpful.

17 We see about 10,000 applications in
18 HEMAP per year. The criteria is that you have to
19 have gotten behind in your mortgage through no
20 fault of your own and show an ability to get back
21 on your feet and resume your mortgage payments
22 within a 24-month period it's a maximum loan
23 amount of 60,000. The average HEMAP loan is
24 around 10,000. And as I mentioned earlier, we --
25 we'll work with homeowners and try to get them

1 back in their home.

2 And now we're using HEMAP to actually
3 serve somewhat as a bridge to our subprime refi
4 products. For instance, the homeowners may be in
5 foreclosure and receive an Act 91 notice, which
6 is required by the lender to send to the
7 homeowner. We actually send that homeowner to
8 the counseling agency who takes an application,
9 and it may not -- if they have a high rate
10 mortgage, we have a coordination between HEMAP
11 and our refi program.

12 So if their mortgage is higher than,
13 let's say, nine percent, we'll provide the HEMAP
14 assistance and at the same time get them
15 refinanced, out of that original mortgage and
16 into a more stable financial arrangement that may
17 help the homeowner remain in their home.

18 But at HEMAP, we approve about 2200,
19 2300 loans per year. In comparison, the average
20 carrying costs on an FHA loan is 35,000. And
21 that's one of the reason it was recognized by
22 Harvard University as one of the top innovations
23 in American government.

24 Three of my counterparts in other states
25 are starting a HEMAP. Delaware has one of them

1 known as DEMAP. North Carolina is starting a
2 small program, and I think Tennessee is also
3 considering a program.

4 But when you talk about foreclosure
5 hurting neighborhoods, it -- HEMAP has been at
6 the -- at the forefront of stabilizing those
7 neighborhoods -- which got started as a result of
8 the downturn in the steel industry, but now we
9 see it across the nation.

10 And HEMAP has been somewhat of a
11 barometer to the PHFA to serve to identify hot
12 pockets of activity, foreclosure activity. And
13 it's one of the reason why we started our
14 counseling network in 2003. So that we do not
15 have a huge subprime crisis like some of our
16 counterparts in other states, because we started
17 our counseling needs a lot earlier.

18 So it's -- it's a great program.

19 CHAIRMAN DIGIROLAMO: Brian, you
20 mentioned about 2200 loans a year --

21 MR. HUDSON: Yes.

22 CHAIRMAN DIGIROLAMO: -- in the HEMAP
23 program. I guess you run out of money at some
24 point in time during the year?

25 MR. HUDSON: That's right. At one point

1 HEMAP was funded to the tune of \$25 million
2 annually. So we do run out of money. Some
3 repayment is coming in. But as credit tightens,
4 the homeowners have less of an ability to
5 refinance or to decrease the repayments coming
6 into the HEMAP pool.

7 CHAIRMAN DIGIROLAMO: Out of those 2200,
8 do you have any idea how many actually work with,
9 are supposed to work, how many of those 2200 do
10 you actually collect the loan back or how many --
11 how many of those go into default that you're not
12 actually able to collect that money back?

13 MR. HUDSON: Your write-off -- the end
14 write-off is probably about 25 percent, and out
15 of 2200, I'm talking the entire program as a
16 whole, but we received for -- over 200 million in
17 repayments for the HEMAP program.

18 Again, a very -- a very good repayment
19 when we talk about saving the neighborhoods.

20 CHAIRMAN DIGIROLAMO: Thank you.

21 Anybody else?

22 Okay, Brian. Thank you very much --

23 MR. HUDSON: Thank you.

24 CHAIRMAN DIGIROLAMO: -- for being here
25 today.

1 MR. HUDSON: Thank you.

2 CHAIRMAN DIGIROLAMO: Okay. Next we
3 have Christopher Houston, who is the Director of
4 Real Estate Development for the Redevelopment
5 Authority of the County of Cumberland and
6 Christopher is representing the Pennsylvania
7 Association of Housing and Redevelopment
8 Agencies.

9 Okay. Welcome. And you can begin at
10 any time.

11 MR. HOUSTON: My name is Chris Houston.
12 I'm the Director of Real Estate Development and
13 General Counsel to the Cumberland County
14 Redevelopment and Housing Authorities.

15 I appear here today on behalf of those
16 authorities, but also on behalf of the
17 Pennsylvania Association of Housing and
18 Redevelopment Agencies in support of House Bill
19 2445.

20 PAHRA represents 136 housing and
21 redevelopment agencies throughout the
22 Commonwealth. On behalf of PAHRA I do sincerely
23 appreciate the opportunity to testify before you
24 here today.

25 The members OF PAHRA are on the front

1 lines in dealing with blight in our communities.
2 We see firsthand the negative impact that blight
3 has and are involved, one way or another,
4 unfortunately, in cleaning up blighted properties
5 and blighted communities.

6 I don't think that anyone here today
7 would dispute the fact that blight diminishes
8 property values, has a negative impact on the
9 municipality's tax base, and adversely impacts on
10 the quality of life of those who are forced to
11 live in neighborhoods where blight exists.

12 This legislation before you today would
13 give important tools to not only municipalities,
14 but also to the citizens that reside in those
15 communities to take back their neighborhoods from
16 those who allow their properties to become
17 blighted. Let us give these additional powers to
18 Pennsylvania communities to fight blight.

19 The tools made available to us in this
20 legislation will enable communities to
21 effectively deal with blight before it gets out
22 of hand and even more public funds are needed to
23 revitalize those communities.

24 In other words, we just heard Brian talk
25 about the various funding that's available, but

1 wouldn't it be nice if we didn't have to tap into
2 that funding?

3 House Bill 2445 and its companion piece
4 of legislation, Senate Bill 1291, which was
5 introduced by Senator Jim Rhoades, is a
6 culmination of the efforts of the Blight Task
7 Force convened by Senator Rhoades, which I was
8 proud to serve on, and continue to serve on. The
9 Blight Task Force has spent, frankly, a
10 considerable amount of time in reviewing
11 methodologies to address, in a comprehensive
12 fashion, the issues that many Pennsylvania
13 communities, both small and large, face in
14 dealing with blighted properties.

15 It is not my intent today to discuss,
16 section by section, this legislation, but to
17 express the importance, in general terms, of the
18 passage of this act, and to give a specific
19 example of where the conservatorship provision in
20 the legislation would have helped our agency in
21 dealing with blight in Cumberland County.

22 With regard to the conservatorship
23 provision of House Bill 2445, I'd first like to
24 note that this provision forms the basis for
25 House Bill 2188, known as the Abandoned and

1 Blighted Property Conservatorship Act, which has
2 been reported from the Urban Affairs Committee.

3 PAHRA is in support of amending House
4 Bill 2445 to include the amends to date in House
5 Bill 2188 so that the legislation -- so that
6 language of both pieces of legislation is
7 consistent.

8 Secondly, I wish to address how, if
9 House Bill 2445 had been law, the conservatorship
10 provision would have helped the Cumberland County
11 Redevelopment Authority in dealing with a number
12 of blighted properties.

13 In 2000, our agency was appointed as an
14 agent of the court pursuant to a petition filed
15 by the Borough of Carlisle to manage eight
16 properties located in the borough that were owned
17 by a single individual. All of the properties
18 were blighted and had numerous code violations.

19 Our court-ordered powers included the
20 ability to undertake the repairs necessary to
21 bring the properties into code compliance and
22 seek repayment from the owner for the cost of the
23 repairs.

24 If unsuccessful in being reimbursed, the
25 court order further gave authorization to our

1 agency to sell those properties. The situation
2 was a very complex one ultimately involving
3 criminal charges being brought against the owner
4 for arson after he burned down three of the
5 properties after our appointment.

6 Ultimately, after the owner was
7 convicted, sentenced, and incarcerated on the
8 arson charge, the authority made arrangements
9 with the owner's attorney-in-fact to purchase
10 several of the remain -- several of the remaining
11 properties in their existing condition, which we
12 then later sold to various nonprofit
13 organizations that developed and rehabilitated
14 those properties into for sale and rental
15 affordable housing.

16 And here's the point. The authority did
17 not get involved in rehabilitating the properties
18 as an agent of the court. The reason for this
19 was the fact that they were already heavily
20 encumbered with mortgages.

21 When you add on the costs of the
22 rehabilitation that was owed on top -- on top of
23 what was owed on the current mortgage --
24 mortgages, the total of those costs and the loan
25 amounts would have exceeded the value of those

1 properties.

2 In other words, there was no guarantee
3 that the authority would have been fully
4 compensated for the costs of the rehabilitation.

5 The conservatorship provision of House
6 Bill 12445, and the conservatorship bill itself,
7 the standalone bill, House Bill 2188, would have
8 greatly simplified our agency's involvement in
9 dealing with these blighted properties.

10 The court in our case could not have
11 ordered that we be given lien priority over the
12 existing encumbrances. This legislation provides
13 for a lien or security interest for the cost of
14 rehabilitation undertaken by the conservator.
15 This would be a lien with priority over all other
16 liens.

17 There's an important provision in
18 conservatorship language that provides for a sale
19 free and clear of liens, which we believe is
20 absolutely necessary in order to facilitate the
21 conservatorship process.

22 In our situation, there were existing
23 mortgages upon the properties, as I said, and if
24 the sale free and clear provisions of this
25 legislation had applied to our situation, we

1 would have been assured that any purchaser would
2 have obtained clear title and the costs of
3 rehabilitation would have been reimbursed.

4 It is important to note, however, that
5 there is an important mechanism in the act which
6 gives an existing lienholder an opportunity not
7 to lose its priority lien status.

8 Specifically, the legislation provides
9 that the priority lien to be given for the cost
10 of renovations incurred by the conservator can
11 only occur if the conservator first sought to
12 obtain necessary financing from that lienholder
13 and that lienholder then declined to provide that
14 financing on reasonable terms.

15 In a situation that our agency faced, we
16 ended up fortunately negotiating, as I said, with
17 the owner's representative in a successful
18 purchase of a number of these properties. If we
19 had not been successful in negotiating, frankly
20 we might still be under this court order and
21 dealing with these blighted properties.

22 Is the act in its current form perfect?
23 The simple answer is no. We recognize that
24 amendments will be needed.

25 As an example, with regard to the

1 provision that pertains to state and local
2 government permit denials, we believe that it
3 would be prudent to amend the language so as to
4 provide that the provisions regarding permit
5 denial would not apply to those instances where
6 the permit at issue is for the repair or
7 renovations to be performed on the blighted
8 property for which those code violations exist.

9 In other words, it's not the intent of
10 the act to place unintentional -- unintentionally
11 restrictions upon an effort to remove conditions
12 of blight.

13 We are confident, however, that with the
14 cooperation of the various constituencies, many
15 of which are in this room today, and with the
16 ongoing support of the efforts of the Blight Task
17 Force, that agreed-upon amendments can and will
18 be made that will result in legislation that will
19 be acceptable to all and that will in the end
20 allow communities to effectively deal with
21 blighted properties.

22 Let us do the right thing here. Let us
23 give communities the tools necessary to fight
24 blight. Let us protect the rights of impacted
25 property owners in our communities.

1 I was involved in the drafting of
2 Pennsylvania's new Eminent Domain Code. In the
3 drafting of that legislation, we spent a lot of
4 time and effort in making sure that private
5 property interests were protected.

6 We must apply that same logic to this
7 legislation. We must concern ourselves with
8 protecting the rights of those who are forced to
9 live in neighborhoods where blight exists. These
10 citizens include property owners who have land
11 values that are negatively impacted by blight and
12 whose quality of life is frankly greatly
13 diminished.

14 Section 1 of the Pennsylvania
15 Constitution provides that, and I quote, all men
16 are born equally free and independent, and have
17 certain inherent and indefeasible rights, among
18 which are those of enjoying and defending life
19 and liberty, and (sic) of acquiring, possessing,
20 and protecting property and reputation and of
21 pursuing their own happiness, close quote.

22 This legislation before you will serve
23 to preserve and protect the affected land owners'
24 constitutional property rights and their
25 constitutional rights to pursue their happiness

1 and living free from the detrimental effects of
2 blight.

3 I thank you, and I'd be willing to
4 answer any questions, if you would have any.

5 CHAIRMAN DIGIROLAMO: Okay. Thank you,
6 Chris.

7 And I'd like to recognize the presence
8 of Representative Cox, Representative DePasquale,
9 and Representative Moyer.

10 At this time I'd open it up for
11 questions from members. Does anybody have any
12 questions for Chris?

13 Representative Seip.

14 REPRESENTATIVE SEIP: Very briefly,
15 Mr. Chairman.

16 The situations where properties are
17 encumbered with mortgages that you spoke of,
18 those, I'm sure, are a lot more complex than
19 blighted absentee situations where there aren't
20 big mortgages.

21 Can you tell me about, in your
22 estimation, how -- how much of each category
23 we're typically dealing with? Are there more
24 situations where mortgages are heavy and that's
25 probably the result of blight or are there

1 people who --

2 MR. HOUSTON: I would suspect --

3 REPRESENTATIVE SEIP: -- just walked
4 away?

5 MR. HOUSTON: Yeah. I would suspect
6 not. I would suspect that you wouldn't have any
7 situations such as what we faced in Cumberland
8 County.

9 The particular situation that we had,
10 there was one gentleman who owned multiple
11 properties and he was buying the property, using
12 the equity of that to then buy another property.

13 And -- and I'm not sure that that's
14 really a common situation. So I would suspect
15 that you would not find that there would be a
16 significant amount of encumbrances.

17 But having said that, I think the
18 provisions in the act make sense in allowing that
19 lienholder to be involved in the process, to
20 basically still retain his priority lien for the
21 cost of rehabilitation and still basically secure
22 his -- his priority position.

23 REPRESENTATIVE SEIP: Thank you.

24 Thank you, Mr. Chairman.

25 CHAIRMAN DIGIROLAMO: Okay. Anyone have

1 any other questions?

2 Chris has just brought to my attention
3 that House Bill 2188 will actually come before
4 the Senate for consideration.

5 MR. HOUSTON: That's good. Glad to hear
6 that. Thank you.

7 CHAIRMAN DIGIROLAMO: Other questions?

8 Thank you.

9 Okay. Next I want to call Kim
10 Skumanick, who is vice chair of the Legislative
11 Committee of the Pennsylvania Association of
12 Realtors.

13 Welcome, Kim.

14 MS. SKUMANICK: Good morning,
15 Mr. Chairman and members of the House Labor
16 Relations and House Urban Affairs Committees.

17 My name is Kimberly Skumanick and I've
18 been a real estate licensee since 1994. I
19 currently serve as vice chair of the Pennsylvania
20 Association of Realtors Legislative Committee.

21 On behalf of the 34,500 members of PAR,
22 thank you for giving us this opportunity to
23 present our views on the issue of urban renewal
24 and how to make our communities a vital place to
25 live and work.

1 In January 2008 PAR President Bob Hay
2 established a Urban Renewal Task Force to examine
3 legislation aimed at helping municipalities
4 prevent blight and to remediate abandoned
5 properties. The task force was comprised not
6 only of REALTORS across the Commonwealth, but
7 also of representatives of the Pennsylvania
8 Builders Association, the Pennsylvania Apartment
9 Association, and the Pennsylvania Residential
10 Owners Association. We invited those groups,
11 some of which are here today and others who have
12 submitted written comments, to join us in
13 reviewing House Bill 2445, the Neighborhood
14 Blight Reclamation and Revitalization Act.

15 Let me be clear however. The comments
16 submitted today are not on behalf of that task
17 force but represent the views of our organization
18 only.

19 In determining our position on House
20 Bill 2445, PAR considered all facets of the
21 legislation, including the practical nature of
22 implementation, current laws and municipal codes
23 on the subject, and how effective the bill will
24 be to eliminate blight and rehabilitate abandoned
25 properties.

1 We are generally supportive of the
2 intent of House Bill 2445, but also believe that
3 neighborhood revitalization can begin through
4 enforcement of municipal code programs and state
5 laws already on the books.

6 Strong enforcement of current codes
7 would help to curtail the deterioration of
8 properties before problems worsen and would make
9 many components of House Bill 2445 redundant and
10 unnecessary.

11 Our written testimony describes all of
12 our concerns as well as recommendations for
13 action. Due to time constraints today, I will
14 summarize a few key points.

15 House Bill 2445 includes a definition of
16 residential building as a building or structure
17 containing one or more dwelling units and the
18 land appurtenant to it.

19 We believe this definition is overbroad,
20 suggest the legislation be revised to mirror the
21 Pennsylvania Residential Real Estate Transfers
22 Law.

23 House Bill 2445 allows for the
24 appointment of a conservator if the property has
25 not been actively marketed for the last 60 days

1 but provides no definition of that term.

2 We would recommend that actively
3 marketed be defined as an owner has placed a for
4 sale sign on the property and has done one of the
5 following three things:

6 Either engaged the services of a real
7 estate professional to place the property in the
8 multiple listing service.

9 Two: They've placed weekly
10 advertisements in print or electronic media.

11 And three: Distributed printed
12 advertisements.

13 This definition would encompass both
14 owners who engage the services of a real estate
15 licensee as well as those who decide to sell the
16 property themselves.

17 Some of the property conditions that
18 trigger conservatorship in House Bill 2445 are
19 not clearly linked to an imminent threat to
20 public health, safety, or welfare.

21 Other states have laws that only permit
22 the appointment of a conservator if the property
23 is abandoned and poses an imminent danger to the
24 health and safety of the occupants.

25 We believe a definition that includes

1 those terms would help to protect property owners
2 from frivolous petitions and allow for specific
3 targeting of abandoned and vacant properties that
4 pose real risk to public health and welfare.

5 House Bill 2445 would also allow for the
6 state or municipality to deny an applicant a
7 permit, certification, license or approval for
8 contemplated action if the applicant owns any
9 property which is tax delinquent or in violation
10 of codes.

11 We oppose the use of tax delinquency as
12 a basis for denial of permits or licenses and
13 encourage the complete removal of Subchapter E
14 from the legislation.

15 Real estate salespersons must be
16 attached to a broker at all times, would be
17 unable to renew their licenses and continue to
18 work if their broker did not receive tax
19 clearance.

20 Furthermore, in a recent Commonwealth
21 Court case decided in December of last year,
22 Commonwealth versus Hoffman, they determined that
23 local taxing authorities lack the express,
24 implied and necessary power to enact the
25 provisions of an ordinance to withhold licenses

1 and permits as a means of collecting real estate
2 taxes and municipal debt.

3 The PAR recognizes that absentee owners
4 and landlords who allow their properties to fall
5 into disrepair contribute to the deterioration of
6 our communities and we will continue to support
7 legislation designed to make our communities safe
8 and vital.

9 On behalf of PAR, thank you for inviting
10 me today to speak about this issue, share our
11 concerns, and I would certainly be happy to
12 entertain any questions that you may have at this
13 time.

14 CHAIRMAN DIGIROLAMO: Thank you. Thank
15 you for being here. Does anyone have any
16 questions for Kim?

17 Representative Moyer. I'm sorry. I
18 thought you had a question.

19 REPRESENTATIVE MOYER: I will.

20 Yeah. I have a question. Have you seen
21 House Bill 2188?

22 MS. SKUMANICK: Yes. We have. We
23 reviewed that as well.

24 REPRESENTATIVE MOYER: And then there's
25 a significant amendment. Would you -- would you

1 feel more comfortable with that amended?

2 MS. SKUMANICK: We've reviewed that.
3 There are a number of amendments, I believe, to
4 that specific bill. There were several items
5 that were included in that. We have reviewed
6 those as well.

7 CHAIRMAN DIGIROLAMO: Okay. Any more
8 questions?

9 Okay. Kim, thank you. I will turn it
10 over to Representative Costa.

11 SUBCOMMITTEE CHAIRMAN COSTA: Thank you,
12 Mr. Chairman. I am Representative Paul Costa
13 from the 34th Legislative District which is the
14 eastern/southern Allegheny County.

15 I have the pleasure now of taking the
16 chair. Thanks for the testimony.

17 Our next group of presenters are from --
18 representing the Pennsylvania Association of
19 Community Bankers, Chuck Leyh who is president
20 and CEO of Enterprise Bank. Is Chuck here?

21 And also Reg Evans from Shumaker
22 Williams. I did pronounce your name correctly?

23 MR. LEYH: It's Leyh. It's close.

24 SUBCOMMITTEE CHAIRMAN COSTA: Sorry
25 about that.

1 MR. LEYH: Mr. Chairman, members of the
2 committee, thank you for the opportunity to
3 participate in this hearing today on House Bill
4 2445.

5 REPRESENTATIVE MUSTIO: Can you pull
6 that mike closer to you?

7 MR. LEYH: I'm sorry. We thank you for
8 the --

9 REPRESENTATIVE MUSTIO: Can you turn it
10 on?

11 SUBCOMMITTEE CHAIRMAN COSTA: You want
12 to speak for him this morning?

13 MR. LEYH: There you go. As you can
14 probably see, I'm not a public speaker and not
15 experienced at this, so you'll have to be patient
16 with me.

17 SUBCOMMITTEE CHAIRMAN COSTA: That's all
18 right. I'm not a chairman either so you'll have
19 to be patient.

20 MR. LEYH: Rather than go through the
21 written testimony, I thought for the sake of time
22 I would speak for a second from a theory
23 perspective of where the community bankers are
24 coming from.

25 The problem of blighted property is --

1 is significant and the Association of Community
2 Bankers is -- is -- is behind any positive means
3 to create a fix for this problem.

4 The one issue that the banks want to be
5 careful of is we don't create legislation that
6 creates additional problems. A bank, when it
7 makes a loan, goes through a process of risk
8 assessment and part of that risk assessment is
9 evaluating the collateral, which in many cases is
10 real estate.

11 In this context it's the banks -- in
12 their best interests to protect that collateral,
13 just as this legislation wants to improve and --
14 and protect the real estate.

15 Our concern is that if we can lose our
16 first position, while in the process of
17 attempting to take care of property, it creates a
18 much greater risk assessment on what it's like to
19 lend in that particular area.

20 If there is a situation where the bank
21 is not capable of actively protecting its
22 interests, the risk will be assessed high and the
23 likelihood of lending in that area will be
24 diminished and if it is lent in the area, the
25 interest rates would be much higher.

1 At the same time, we recognize that not
2 all institutions timely protect their collateral
3 and, as a result, sometimes blight occurs.

4 So we want to make sure from a theory
5 perspective in this law that the bank is allowed
6 to protect its interests.

7 So if it timely goes through the
8 processes to foreclose, to protect the property,
9 to protect its interests, it does not want to be
10 in a situation where it can potentially lose its
11 first position.

12 With that being said, I'll turn this
13 over to Reg and he can speak in more of the
14 specifics as to what our concerns were with
15 regard to the law.

16 MR. EVANS: Thank you. Good morning.
17 Thank you for this opportunity to speak on behalf
18 of PACB and to provide comments on this very
19 important bill.

20 I'm going to divide the comments into
21 two areas. YOU have the written comments
22 already. I'm basically going to summarize in the
23 interest of time.

24 The first area being the conservatorship
25 provisions, and the second being the other

1 provisions in this bill.

2 The conservatorship provisions are
3 substantially similar to House Bill 2188, which
4 was mentioned a few moments ago. Particularly to
5 the old version, Printer Number 3126.

6 The amendments that have been made
7 reflected in Printer Number 3698 contain changes
8 that were requested by the PACB and that the PACB
9 largely finds to be acceptable.

10 For example, there's a recommendation
11 that a building proposed for conservatorship is
12 not subject to an existing foreclosure action.

13 There's a recommendation from PACB that
14 the court should be required to give first
15 consideration for appointment as conservator to
16 the senior lienholder on the property.

17 There's a provision based on a PACB
18 recommendation that a conservator shall not be
19 held liable for any environmental damage to the
20 building.

21 And another recommendation accepted was
22 that when a senior lienholder provides financing
23 for the rehabilitation of the building, such
24 funds shall be deemed to be added to the senior
25 lienholder's pre-existing first lien position.

1 All of these types of changes were
2 deemed to be fair and reasonable in trying to
3 accomplish the purpose of the bill to reduce and
4 eliminate blight in communities.

5 One item that PACB would request and
6 recommend pertains to the definition of building,
7 which really wasn't changed in the last
8 amendment, in the amendments to 2188, and that we
9 would suggest be changed here as well as the
10 recommendations that were just listed, and that
11 is that there be a clarification for the
12 definition of building to cover a residential
13 building and lot upon which it is located or
14 commercial or industrial buildings within 500
15 feet of a residential building, and that is to
16 say that not all commercial or industrial
17 buildings necessarily have an effect on blight
18 because they're not located close enough to a
19 community, to a residential area, to make a
20 difference.

21 And so it would be recommended that
22 there would be a change and that would allow for
23 the interest rates and costs on those particular
24 types of commercial and industrial loans not to
25 have to be elevated based on any potential future

1 conservatorship-type situation.

2 Regarding the other provisions of the
3 bill, going through some of the subchapters,
4 Subchapter B, which is titled Actions Against
5 Owner of Blighted Property, authorizes or would
6 authorize a municipality, or an aggrieved owner,
7 or tenant of real property, to commence legal
8 action before a district justice to prevent an
9 owner in advance from engaging in an act that
10 would violate a housing code.

11 The concern here is that this would be
12 unenforceable because it would require the
13 enforcer to determine in advance whether there
14 was going to be a violation.

15 Another thought in this regard is that
16 there are already housing code standards that are
17 on the books and that those should be enforced
18 and there are permit application requirements
19 that are already applicable and that, therefore,
20 this would be very difficult, if not impossible,
21 to enforce and would be duplicative of existing
22 law that already covers this area.

23 Regarding Subchapter B as well, there's
24 a provision to require a corporate owner to
25 include as an attachment to a deed the names and

1 addresses of each officer of the corporation and
2 a photo identification as part of deed lien title
3 transfer situations.

4 The concern here is that this would
5 tremendously slow down the process of
6 transferring properties. Also that there would
7 be inaccuracies when people go to look at the --
8 the records years later and find that numerous
9 corporate offices have changed hands at that
10 particular point.

11 As an alternative to requiring this type
12 of attachment and information for each deed,
13 hundreds of thousands of deeds during the course
14 of a year, PACB would like to let you know that
15 it could be potentially possible, and you may
16 want to consider, annual tax returns having -- or
17 being required to have an attachment to them that
18 might name the specific officers, just once a
19 year, one central location where it could all be
20 found, and in that way this type of process would
21 not have to occur with every single deed
22 transfer.

23 On Subchapter C, it indicates that 30
24 days following the foreclosure of a building due
25 to the owner of record's default on a mortgage

1 loan, the mortgage lender in possession of the
2 building shall assume legal responsibility and
3 liability as the owner of record for all exterior
4 municipal housing code requirements that are
5 serious violations or contribute to blight.

6 The concern of PACB here is the
7 subjective standard of what is a serious
8 violation versus a non-serious violation, as well
9 as the fact that this could be a deterrent to
10 mortgage lenders taking a property into
11 possession and then repairing it themselves and
12 turning it over for subsequent sale, which
13 oftentimes is the case, as Mr. Leyh can indicate
14 from his own personal experience.

15 An alternative here is to allow the
16 lender during the mortgage -- during the
17 foreclosure process, for example, to be the
18 receiver to keep the owner from further blighting
19 or tearing up the property.

20 Thus, we urge that Section 6122 of the
21 bill be removed.

22 Next, we have Section 6123 of Subchapter
23 C. It's recommended that this be removed from
24 the bill because entities that are subject to
25 licensure and exempt from licensure are already

1 listed in the Mortgage Bankers and Brokers Act.

2 So there's concern that there will be
3 two locations where the list of who is allowed to
4 engage in mortgage lending would exist in
5 Pennsylvania law and that this could result in,
6 when there are changes to one bill, the other
7 bill not matching, as well as causing confusion
8 in that particular area.

9 So it's recommended to allow the
10 Mortgage Bankers and Brokers Act to stand -- it's
11 already sub -- licensure. There are already
12 rules pertaining to what institutions are allowed
13 to engage in -- in lending from banking
14 depository institutions to nondepository
15 institutions.

16 A few more quick comments, please.
17 Subchapter E, titled State and Local Government
18 Permit Denials, would require basically a linking
19 when there is a building permit application of
20 the subject property to other properties of the
21 owner that might have deficiencies to them from
22 the building, fire code, safety code.

23 And the concern of the banks is that
24 this could backfire on the ability of an owner or
25 conservator or lender to rehabilitate the

1 building in a timely fashion. Because if you
2 have a delinquent owner that owns tens or
3 hundreds of properties and they're delinquent on
4 a particular, single one, that could cause delay
5 in helping the community regarding that
6 particular subject property.

7 On Subchapter F, State Blight Data
8 Collection System, which would establish a
9 property maintenance code violations registry to
10 be administered by the Department of Community
11 and Economic Development, this would appear to
12 cause property owners in a violation of a
13 municipal property maintenance code to be subject
14 to a surcharge of \$100 per violation.

15 The banks are concerned that in
16 foreclosing on abandoned and blighted properties
17 that these types of \$100-per-violation fines
18 could be imposed on lenders who are not
19 responsible in any way for those housing code
20 violations.

21 And, therefore, it is recommended that
22 Section 6157 of the bill be removed.

23 Final comments would be regarding
24 Subchapter H, the Sale of Blighted and Abandoned
25 Properties section, which appears intended to

1 provide in a tax sale situation a purchaser of an
2 abandoned property might be required to enter
3 into a redevelopment agreement with a
4 municipality and post a bond.

5 The concern here, again, is delay as
6 well as -- a delay in the actual commencement of
7 the rehabilitation of the property as well as
8 concern that the cost would be increased by such
9 a delay and that the entity or person acquiring
10 the property or taking it over would need an
11 additional opportunity to review the property and
12 determine exactly what redevelopment needs to
13 occur.

14 That completes my summary.

15 Chuck, is there anything else -- else
16 you wanted to say?

17 MR. LEYH: Thank you. If you have any
18 questions.

19 SUBCOMMITTEE CHAIRMAN COSTA: Thank
20 you. Are there any questions from any members?

21 Representative Seip.

22 REPRESENTATIVE SEIP: Thank you,
23 Mr. Chairman. Just very briefly.

24 I don't know if you have the answer, but
25 maybe if you could take a shot at it. I'm just

1 interested in -- if you could give me an estimate
2 on demolition costs, when the property gets so
3 far gone. Do you have an average or a --

4 MR. LEYH: I think that depends upon the
5 size of the property, the complexity of the
6 structure, whether there are environmental
7 hazards in -- in the building. All those things
8 affect the cost to raze the building.

9 A home probably is \$20,000 if there's
10 nothing special with it whatsoever, something in
11 that ball park.

12 REPRESENTATIVE SEIP: Okay. Thank you.
13 Thank you, Mr. Chairman.

14 SUBCOMMITTEE CHAIRMAN COSTA: Anybody
15 else?

16 Gentlemen, we thank you for comments and
17 recommendations.

18 Oh, I'm sorry. Don't go anywhere.
19 Representative Helm.

20 REPRESENTATIVE HELM: I have a
21 question. Since I have a background in real
22 estate and I know sometimes we have lost the deed
23 and we can't find the deed of the blighted
24 properties and in Subsection B where we require
25 the corporate owner to include an attachment to a

1 deed, like have their name and address, I can see
2 where you might not want to put their photograph,
3 but tell me again how you're proposing what you
4 want to happen there.

5 MR. LEYH: The issue there -- and my
6 background is I'm also a CPA with a masters in
7 tax. So I still practice in -- in public
8 accounting.

9 The issue we come across, we can see
10 that it's very hard sometimes to find who is
11 the -- who are the officers of the corporation.

12 The issue we have is, if you do that
13 recording in at the time of the real estate
14 transaction, that would be great if the officers
15 didn't change. But they routinely change.

16 And so what we're looking at is it might
17 be better that, when all corporations are going
18 to be filing tax returns in the state of
19 Pennsylvania, it might be better to have that
20 registration done on an annual basis of the
21 filing of the tax return, which there's already
22 supplemental information in that environment
23 where you could do that without creating any
24 significant burden, and also assure yourself that
25 the information that you need is -- is timely and

1 accurate.

2 So five years down the road, corporate
3 officers could change. If you had an annual
4 requirement on the tax return, you could look up
5 the information with the Department of Revenue.
6 If you did it on the deed, an officer changes
7 place, you won't know who the current officers
8 are.

9 So it was more of a -- we understand the
10 issue. We just don't think approaching it this
11 way is going to give you timely and accurate
12 information on a long-term basis.

13 REPRESENTATIVE HELM: I agree. It's
14 absolutely important to have the accurate
15 information because so often people just walk
16 away from the property and they don't want to be
17 found.

18 SUBCOMMITTEE CHAIRMAN COSTA: Again,
19 thank you gentlemen for your comments and
20 presentations.

21 I thought you were done. I'm sorry.

22 MR. EVANS: Thank you.

23 SUBCOMMITTEE CHAIRMAN COSTA: While you
24 were testifying, we were joined by Representative
25 Petri.

1 Thank you.

2 Our next presenter is Cynthia Daley,
3 Policy Director of the Housing Alliance of
4 Pennsylvania.

5 You may begin whenever you're ready.

6 MS. DALEY: Thank you. Good morning.
7 Is this on? Okay. I think that's -- now. Thank
8 you.

9 My name is Cindy Daley. I'm the Policy
10 Director of the Housing Alliance of
11 Pennsylvania.

12 You do have our written testimony in
13 front of you, and you've also heard from several
14 presenters this morning. I don't want to be
15 repetitive.

16 So I'd like to summarize and perhaps
17 make a few points or address a few points that
18 were raised earlier. Let me start by saying the
19 Housing Alliance is a statewide organization with
20 over 500 members, community development
21 corporations, private developers, long-time
22 residents, municipal officials, bankers, lawyers,
23 a variety of people involved in providing and
24 maintaining affordable homes in the state and
25 addressing this issue of blight.

1 We got involved in -- we've been working
2 on blight, blight-related issues for many years
3 and in 2000 a few charitable trusts asked us to
4 do some research into the issue. We've done two
5 publications. I brought copies for the members
6 of the committee. Reclaiming Abandoned
7 Pennsylvania, it came out in March of 2003, and
8 then a second one, From Liability to Viability.

9 And I will summarize a few of the
10 findings, but I'd also like to mention there was
11 a discussion earlier about the HEMAP program and
12 the mortgage foreclosure crisis.

13 HEMAP is a wonderful program. I've had
14 some experience working with it. And I'd like to
15 just comment that today's crisis in foreclosures
16 is not unlimited to the topic of blight, where
17 what we're seeing, what I'm reading about, is
18 abandonment in newer communities now, in some of
19 the suburban communities, neighbors who are very
20 fearful of illegal activities moving into their
21 neighborhood in homes that have been vacated
22 because of foreclosure.

23 So we need to not only address the --
24 the blight that exists in older communities, but
25 be proactive about what we see coming down the

1 road.

2 One of the things that we found, and
3 this was touched on earlier, is that blight
4 decreases the value of surrounding properties.
5 And there was a study done by Temple University
6 in 2001 that found that having one abandoned
7 property on a block caused a net decrease of
8 \$6,467 in sale price for the other homes on that
9 block. That was 2001 prices in Philadelphia.

10 If -- the more abandonment the
11 lower the -- the greater the decrease in value.
12 At five abandoned properties on the block, the
13 decrease in value of the surrounding properties
14 was over \$10,000.

15 So that also means that investments in
16 those properties, bank investments, homeowner
17 investments, the -- the lending that takes place
18 also is at risk when property values fall.

19 So what it really comes down to is we're
20 talking about property rights. We're talking
21 about the rights of the people who are living in
22 those communities.

23 And we recognize that the owners of the
24 blighted property also have rights. They also
25 have responsibilities.

1 There's an old saying that my right to
2 extend my arm stops at your nose, and I think
3 that when the actions of one property owner begin
4 to impact and interfere with the rights of other
5 owners, there is a role of government to step in
6 and to mediate and that's what you are attempting
7 to do with this legislation.

8 It's also shown through that study
9 that -- that blight spreads, that when first
10 there's one blighted property on a block, it's
11 not long before there's a second and a year later
12 there's a third.

13 I think that it's very important that we
14 not wait until buildings are falling down but we
15 get in there with these tools that you're
16 attempting to create to allow municipalities, to
17 allow nonprofits, to allow property owners
18 themselves in some cases, to step forward and
19 actually be able to rehab the property before
20 it's too late and it needs to be demolished.

21 The second thing that we found is that
22 blight and abandonment are widespread throughout
23 Pennsylvania. Blight is something that's the
24 common denominator in Pennsylvania.

25 While certainly there are many blighted

1 properties in Philadelphia and Pittsburgh --
2 obviously they have larger populations -- we also
3 found that, for example, in Altoona -- I believe
4 this was the 2000 census. I'm not sure. In
5 Altoona, 1,591 abandoned or vacant properties,
6 932 in Lebanon, 2,278 in Wilkes-Barre, basically
7 everywhere you look, as well as obviously in
8 smaller towns, is what prompted Senator Rhoades
9 to undertake a task force that he put together.

10 And Representative Seip, you had asked
11 about mortgages earlier and how many properties
12 have mortgages, how many don't, I don't have an
13 answer. Partly because we don't even know how
14 many blighted properties there are.

15 One of the provisions of the bill would
16 be to create a statewide database. It would
17 provide us with some of that information. It
18 would also allow municipalities to know who's got
19 blighted property in the next county before they
20 deal with somebody.

21 But I would say that I think there are
22 really two categories of properties. There are
23 those that are currently being traded in -- on a
24 speculative basis and they're probably being
25 bought and sold for cash at -- at fairly low

1 prices.

2 There are also those that are vacated
3 simply because so many of our towns are emptying
4 out, and those might be properties that have
5 mortgages on them, a purchase mortgage, a home
6 improvement mortgage, but as time has gone on and
7 the family has moved away, the young people have
8 moved away, the house is sitting.

9 And so I don't have a count, but I think
10 there are some of each.

11 We know that the causes of blight and
12 abandonment vary. Partly loss of pop --
13 population, as I just mentioned. Also the
14 inability of people sometimes to maintain their
15 homes. We have a very old housing stock. Over
16 50 percent of Pennsylvania's homes are more than
17 40 years old.

18 Again, according to the 2000 census, 17
19 percent of homeowners had incomes under \$20,000 a
20 year and 28 percent of homeowners are elderly.
21 So very often there's deferred maintenance. An
22 elderly person dies and no one takes over the
23 house and that's a problem.

24 We've also found -- I guess the third
25 conclusion is that state laws impact the ability

1 of local communities to deal with blight.

2 One example -- and this is a big one --
3 is the tax sale laws. That's probably the most
4 common way that municipalities acquire abandoned
5 property, and yet the tax sale laws which were
6 created, one back in the '20s, one in the '40s,
7 they're clearly revenue generating laws. That's
8 the purpose of collecting taxes.

9 And yet, as I said, it's the main tool
10 for acquiring blighted property, but they weren't
11 designed with that in mind.

12 So sometimes you'll have properties sold
13 at tax sale that remain blighted and even remain
14 tax delinquent, a few years later they're back on
15 the tax rolls.

16 What we're proposing, and has been
17 incorporated into House Bill 2445, would be to
18 amend the tax sale system so that when an
19 abandoned, blighted property goes up for sale,
20 the purchaser commits to rehabilitating it.

21 There is good news. The General
22 Assembly has passed a number of bills over the
23 past decade that have provided some new tools.

24 I noticed before the meeting that I
25 believe there's a list of some of those tools

1 that was provided to the members, blight
2 legislation enacted.

3 I also have for anyone who is interested
4 an outline that I prepared for a workshop, New
5 Tools For Old Problems, so there are some things
6 that have been done. I think one of the -- one
7 of the best examples is criminalizing repeated
8 code violations.

9 A part of the problem is that many of
10 the district justices aren't aware of the
11 problem, and I noted that that's addressed in --
12 in House Bill 2445 in terms of education for
13 judges.

14 And so also I wanted to point out that
15 the state does have some good programs. You
16 heard from Brian Hudson about the good work that
17 PHFA is doing. DCDC is also trying to address
18 this issue.

19 You also heard Mr. Hudson say that, for
20 instance, their low income housing tax credit
21 program is over-subscribed three to one. They
22 turn down twice as many applications as they
23 fund. Not because they -- they're not good
24 applications, but there simply isn't enough money
25 to go around.

1 So I think that the tools that are being
2 proposed in House Bill 2445 are worthwhile here
3 and rather than going through section by
4 section -- and -- and I did hear some of the
5 comments that were made. I was also on the
6 Blight Task Force. I guess I am on the Blight
7 Task Force. I would be very happy to sit down
8 and discuss with the members, with any of the
9 concerned organizations how to rework language.

10 But generally I'd just like to highlight
11 a few of the sections that we think are
12 particularly important.

13 Private asset attachment. I've heard a
14 number of mayors talk about the need for this.
15 That code enforcement is good as far as it goes,
16 but basically what you're doing is liening the
17 property and if the owner doesn't care about the
18 property, then it doesn't have a lot of impact.
19 What the owner cares about is his -- his own home
20 or other assets that he has and they would like
21 the ability to leverage those.

22 I think that whether we require
23 corporate officers to be listed on the deed or
24 some other way, and I realize that putting it on
25 the deed it does become obsolete, I guess, after

1 a period of time, but at least it gives us a
2 foray into the corporate world as to -- to who
3 the owner is. It's very important to be able to
4 get behind that corporate name that's on the deed
5 and also a separate provision to be able to reach
6 out-of-state owners.

7 I've heard from not only the codes
8 administrator in Harrisburg, but also I've heard
9 stories from Pottsville that properties are being
10 traded on eBay and we're not talking about the
11 expensive properties. We're talking about low
12 cost properties that are just being traded very
13 quickly. People who haven't seen the properties
14 and people who are out of state. So there needs
15 to be a way of reaching these folks.

16 Conservatorship, I've been very involved
17 with -- with this concept. You've heard a lot of
18 talk about House Bill 2188, which has been
19 amended a number of times. As the chairman
20 mentioned, it's ready for floor action this week,
21 so I would request that you not only consider
22 amending the language to reflect the changes that
23 have gone into 2188, but also supporting that
24 bill independently.

25 The database I mentioned. One of the

1 good things that the legislature did do in the
2 '90s, or early this decade, was put restrictions
3 on, for instance, who can purchase at tax sale.
4 If you have code violations elsewhere, there are
5 limitations. But it's very hard to know if an
6 owner has properties that are in violation
7 outside of the municipality that you're sitting
8 in. Because there -- there -- other than picking
9 up the phone and calling the 2500-plus
10 municipalities in the state, it's hard to know.
11 Having a database would be very useful.

12 Grants to enhance code enforcement
13 programs. We heard comments about there are
14 codes on the -- on the books. There are laws on
15 the books. That's true. But, as I've traveled
16 around the state, I've found that the biggest
17 concern, the biggest problem, whether it's a
18 small community or a large city, is insufficient
19 resources, not enough code officers to go out and
20 do the enforcement, not enough resources for
21 prosecution.

22 So having some funding going into that
23 would be very helpful as well as -- and I think
24 this is not in the bill itself, but funding for
25 the acquisition, demolition, rehab of these

1 properties.

2 I'd encourage you to look at and support
3 the housing trust fund bills, House Bill 2600
4 that was introduced last week by Representative
5 Daley, and actually the Senate bill came over,
6 Senate Bill 1400, which would establish a fund
7 that could be used for that purpose assuming the
8 properties would ultimately be used for
9 affordable homes.

10 And I also mentioned the tax sale
11 provision to require purchasers to enter into
12 agreement to rehab.

13 So to sum, we are obviously supportive
14 of the legislation. We're happy to sit down with
15 members and work on tweaking the language.

16 But our encouragement, the fact that you
17 are holding this meeting, I believe have already
18 scheduled a meeting to consider the bill, and
19 we're -- we're very appreciative that you're
20 doing that and very supportive of the bill.

21 Thank you.

22 SUBCOMMITTEE CHAIRMAN COSTA: Thank you,
23 Ms. Daley.

24 While you were testifying, we were
25 joined by two more members of our committee,

1 Representative Jaret Gibbons and Representative
2 Sean -- excuse me -- Sean Ramaley.

3 Is there any members who have any
4 questions?

5 Representative Seip.

6 REPRESENTATIVE SEIP: Thank you,
7 Mr. Chairman.

8 Just a brief comment, not so much a
9 question. When you talk about older property
10 owners passing away and then nobody really taking
11 up the home, maybe the relatives live out of
12 state or maybe there just aren't any relatives,
13 that's probably one of the bigger problems I find
14 in my legislative district, the age of the
15 population we have so --

16 MS. DALEY: I think -- I'm sorry.

17 REPRESENTATIVE SEIP: That's all I had
18 to say.

19 MS. DALEY: I -- I think that is a
20 common problem across the state. It may not be
21 the largest source of the problem, but it
22 certainly is a problem. It's something that
23 actually was partially addressed last session
24 when the legislature gave redevelopment
25 authorities the power to administer estates. And

1 has it been introduced? Okay. And a bill that
2 Representative Taylor has that would allow
3 nonprofit corporations that same power to
4 administer in the state.

5 But I think also the conservatorship
6 provision would be very useful there. We've
7 heard testimony at the Urban Affairs Committee
8 hearing in February on House Bill 2188 from Judge
9 Pianka. Actually we had his PowerPoint. He was
10 snowed into Cleveland. But that they use their
11 conservatorship equivalency -- equivalent
12 legislation to clear title often when an owner
13 has passed away, when an owner is not -- can't be
14 found, and it's a very useful tool for being able
15 to take an abandoned property and clean the title
16 and pass it on to somebody else.

17 SUBCOMMITTEE CHAIRMAN COSTA: Thank
18 you.

19 Any other members?

20 Well, I want to thank you very much --

21 MS. DALEY: Thank you.

22 SUBCOMMITTEE CHAIRMAN COSTA: -- for
23 testifying. I do want to thank all the members
24 and all the testifiers.

25 I just -- for your information, there

1 will be a voting meeting on July 1st to bring
2 this bill up, and I would assume that all of the
3 testimony that you have given us today will help
4 towards crafting this bill. And, again, I want
5 to thank you.

6 I also want to thank the members for
7 coming and, more importantly, I'd like to thank
8 all the staff, Christine, Bruce, Jon, Heather, I
9 want to thank all of them. A lot of time
10 unfortunately they don't get recognized, but they
11 do all the work, they gather all this testimony.
12 So I thank all of you.

13 And that's it. With that, this meeting
14 is adjourned.

15 (The following are written remarks
16 submitted:

17 The following is the testimony of
18 Christine M. Young-Gertz, The Pennsylvania
19 Apartment Association:)

20 My name is Christine M. Young-Gertz. I
21 am the Government Affairs Director for the
22 Pennsylvania Apartment Association (PAA) and its
23 affiliate, The Apartment Association of Greater
24 Philadelphia (AAGP).

25 I am sorry I cannot be present today to

1 testify in person. But I appreciate this
2 opportunity to acquaint the Committees with our
3 Association and present our views on House Bill
4 2445, which is intended to "eliminate
5 neighborhood blight caused by property owners who
6 fail to maintain their property or to comply with
7 municipal property maintenance codes".

8 The Pennsylvania Apartment Association
9 is comprised of The Apartment Association of
10 Greater Philadelphia, The Apartment Association
11 of Central Philadelphia, and the Western
12 Pennsylvania Apartment Association. We are
13 affiliated with the National Apartment
14 Association, the leading advocate for quality
15 rental housing in the United States. Association
16 members are professional owners, managers and
17 developers of quality multi-family rental
18 housing. Together, they represent roughly
19 300,000 apartment homes throughout the
20 Commonwealth.

21 The PAA is the foremost authority on the
22 apartment industry in Pennsylvania, and we
23 actively promote responsible property management.
24 Our members regularly avail themselves of our
25 nationally recognized education programs that

1 include topics on property maintenance and
2 safety, code compliance, and fair housing. Our
3 certification courses in apartment management and
4 maintenance are the most highly regarded in the
5 country.

6 Additionally, we take our responsibility
7 to be good citizens seriously. For example, in
8 keeping with our mission to enhance opportunities
9 for quality rental housing, we are making
10 available, free of charge, our recently published
11 PAA Landlord/Tenant Lease and Law Handbook to
12 every Magisterial District Judge in Pennsylvania.
13 It is a guide to our lease as well as pertinent
14 Pennsylvania law. Our views on House Bill 2445
15 are based on our professional expertise, industry
16 knowledge, and community involvement.

17 Let me emphasize, we want to help find
18 real solutions to the problems that irresponsible
19 property owners, including landlords, are causing
20 in communities throughout our Commonwealth.
21 Blight in neighborhoods diminishes our members'
22 property values as well as the quality of life of
23 their residents. Keeping our communities strong
24 is crucial for our apartment industry as well as
25 Pennsylvania's continued economic health.

1 However, while it is imperative we deal
2 with irresponsible landlords, whose neglect of
3 their properties increase blight, we must do so
4 in a way that does not hinder the efforts of
5 conscientious landlords, nor discourage
6 responsible investors from bringing their
7 business enterprise dollars to our Commonwealth.

8 Most importantly, we must not allow our
9 fervor for the job to lead us to adopting
10 measures that are superfluous to solutions we
11 already have at our disposal, or, worse, are
12 inherently unjust. We have to finely tune
13 solutions to fit particular problems without
14 doing more harm than good.

15 1. Subchapter B, Actions against Owner
16 of Blighted Property, allows governing bodies,
17 municipal officers, aggrieved owners or tenants
18 to bring an action against a blighted property
19 owner. A cause of action would be permitted in
20 addition to other remedies. The expansive
21 provision is harmful and wholly unnecessary. It
22 grants carte blanche authority to anyone who
23 imagines any grievance, however inconsequential,
24 for even a non-critical violation of any
25 building, housing or health ordinance. This

1 provision will simply encourage frivolous
2 lawsuits.

3 2. Subchapter D, which establishes
4 conservatorships, is a promising approach that
5 will equitably serve the stated purpose of this
6 bill, which is to effectively deal with blighted
7 and abandoned properties. It would compliment,
8 not replicate, the substantial remedies already
9 available to municipalities. We support this
10 provision of the bill.

11 3. Subchapter E deals with state and
12 local government permit denials. Section 6141
13 (a) allows a department, board or commission to
14 deny an applicant a state permit, certification
15 or license (emphasis added) if the applicant owns
16 any real property in Pennsylvania for which there
17 are delinquent taxes, water, sewer or refuse
18 charges, or which is in serious violation of
19 state and municipal housing, maintenance or fire
20 safety code requirements. This sweeping
21 provision far exceeds the legislative
22 relationship between the purpose of this bill and
23 the licensing requirements of the various
24 professions that will be affected. Accountants,
25 barbers, cosmetologists, funeral directors,

1 chiropractors, and a host of other professions
2 are licensed by the Commonwealth. Serious
3 constitutional issues are raised when any piece
4 of legislation includes non-germane subjects
5 mixed in with the primary focus of the
6 legislation. There is no place in House Bill
7 2445, whose single subject is blighted
8 properties, for restrictions on professional
9 licensing. Moreover, there is no basis for the
10 state to deny a professional license because of
11 an alleged violation of a property maintenance or
12 fire safety code requirement.

13 4. Section 6142 (2) would deny building
14 and zoning permits, zoning variances, municipal
15 license and other municipal permits if applicants
16 own any property in any municipality that has
17 been determined to be in serious violation of
18 applicable state or municipal code requirements.
19 This is incompatible with a recent Pennsylvania
20 Supreme Court ruling against a municipality whose
21 ordinances imposed similar penalties. In
22 Commonwealth of Pennsylvania versus Sandra
23 Hoffman, No. 850 C.D. 2007 (December 11, 2007),
24 the City of Sharon denied the defendant landlord
25 rental licenses for her properties because of

1 past due sewage charges. The Supreme Court ruled
2 that the Pennsylvania law authorizing cities to
3 collect real property taxes and municipal claims
4 does not grant authority to withhold rental
5 licenses over outstanding taxes and assessments.

6 I want to thank you for your time, and
7 for the privilege of providing written testimony.
8 I would welcome any questions you may have.
9 Please feel free to contact me any time.

10 (This concludes the written remarks of
11 Christine M. Young-Gertz.)

12 (The following are the written remarks
13 submitted by Rita Dallago, Executive Director,
14 Pennsylvania Residential Owners' Association:)

15 Chairman Belfanti, Chairman DiGirolamo,
16 Chairman Petrone, and Chairman Taylor, members of
17 the Committees, my name is Rita Dallago and I am
18 the executive director of the Pennsylvania
19 Residential Owners' Association (PROA). Thank
20 you for inviting us to share our thoughts on
21 House Bill 2445, the Neighborhood Blight
22 Reclamation and Revitalization Act.

23 On behalf of PROA, I would like to
24 commend Representative Eachus and his staff for
25 taking on the very difficult challenge of blight.

1 We share the Representative's goal. Blight
2 affects our communities, our livelihoods and our
3 tenants' quality of life. Having said that,
4 however, PROA believes House Bill 2445 should be
5 amended because of the potential of harmful -
6 albeit unintentional - consequences it poses.

7 PROA believes that House Bill 2445 scope
8 has a far-reaching impact on the rights of
9 property owners -- small businesses, large
10 businesses, homeowners, and landlords. We
11 believe that enforcement of current laws and
12 utilization of the tools that local governments
13 already possess are a more appropriate method to
14 address blight.

15 The bill proposes three mechanisms that
16 impact owners of property. The first creates a
17 right of action against property and owners; the
18 second allows third parties to take
19 "conservatorship" of an owner's property; and the
20 third allows for the denial of all state licenses
21 and permits to property owners for any housing
22 code violations.

23 The first segment of the bill creates
24 "actions against owners of blighted property".
25 It would allow any neighbor or tenant, of any

1 residential, commercial, or industrial property,
2 to bring a civil action against a property owner
3 to correct alleged code violations before a
4 district justice. The violations permitting the
5 lawsuit against a property owner would be any
6 violation, without regard to the nature or
7 significance of the alleged violation.

8 The concept of allowing private citizens
9 to enforce public housing codes would institute a
10 new theory into the law. Municipalities across
11 the state are presently equipped with significant
12 enforcement tools against properties that are
13 truly blighted or dangerous. Creating a new
14 cause of action for tenants of rental property,
15 or a disgruntled neighbor of any property, to sue
16 for correction of the most minor code violations
17 has the potential to create lawsuit abuses.

18 Frivolous and retaliatory lawsuits
19 brought by tenants or feuding neighbors could
20 explode. The time and legal costs of defending
21 such actions will create a significant burden
22 upon owner and tenant-occupied properties.
23 Businesses will be constantly at the mercy of
24 area residents complaining about perceived code
25 violations.

1 PROA recommends this Section 6111(a) be
2 amended to limit those parties in interest that
3 can bring a lawsuit to a municipality or other
4 governmental body.

5 House Bill 2445 would provide that any
6 uncorrected code violation will result not only
7 in a lien against the property, but personal
8 liability against the owner and all of the
9 owner's other assets. This change represents a
10 fundamental shift in jurisprudence tradition.
11 Matters involving property have always been in
12 rem actions, not in personum. PROA recommends
13 that Section 6112(1) and Section 6113 be changed
14 to in rem actions and the lien be placed against
15 the property.

16 We are concerned about requiring
17 corporate owners to provide their drivers'
18 licenses as part of a public record. PROA
19 believes that it is not only unfair but
20 dangerous. We are concerned about personal
21 safety, identity theft and privacy.

22 We also believe that there would be an
23 impact on economic development as well. Can you
24 imagine asking Bill Gates and the board of
25 directors of Microsoft or Intel for their

1 drivers' license as a condition to open a factory
2 in Pennsylvania? Here, again, we believe that
3 there is already an appropriate remedy in place.
4 It is our understanding that all corporations
5 doing business in Pennsylvania must register with
6 the Department of State and foreign corporations
7 must have a point of contact for service of
8 process.

9 PROA recommends that the Section 6114 be
10 deleted from this bill.

11 The conservatorship section of the bill
12 would allow any "party in interest" to sue for
13 conservatorship of property they do not own and
14 take possession. In House Bill 2445, a right to
15 bring an action would be given to anyone who
16 lives within 500 feet of the property, and any
17 "nonprofit corporation". Notwithstanding the
18 fact that some may consider conservatorship as an
19 unlawful taking, we would recommend the approach
20 taken in House Bill 843.

21 In House Bill 843, the grounds for the
22 appointment of a conservator are more limited
23 than House Bill 2445. There are only three
24 clearly spelled out grounds for filing a
25 conservatorship petition. We would, however,

1 make the following recommendations.

2 The grounds for filing a petition must
3 be for multiple serious violations, not for minor
4 violations. Examples of minor violations that
5 have resulted in citations being issued to
6 landlords have included a dirty oven and a
7 cracked window.

8 Also, we would ask that the parties in
9 interest be limited. We would be concerned about
10 giving tenants the ability to file a conservator
11 petition. In both House Bill 843 and Senate Bill
12 1291 a disgruntled tenant could file a petition
13 and take possession of the property. The cost to
14 defend against conservator petitions filed by
15 disgruntled tenants could be astronomical.

16 Chief among the issues can be found on
17 Page 27, Section 6142, Municipal Permit Denial.
18 This sections seems to create the proverbial
19 Catch 22. If one has a property in disrepair,
20 and has received a code violation, how does one
21 obtain the necessary permits to do repairs? This
22 seems to run counter to the overall goal of
23 getting the property owner into compliance.

24 There is a more fundamental issue here.
25 There may be legitimate disputes in question and

1 this section does not afford one the opportunity
2 to resolve those issues. For instance, if a
3 landlord is disputing a tax assessment or water
4 bill, the municipality would have the authority
5 to deny the issuing of a permit. The authority
6 to deny a permit, when legitimate issues are
7 being disputed, could potentially create the
8 situation where the exercise of one's due process
9 is simply abandoned.

10 PROA is concerned that Section 6142
11 could be used as a hammer to beat landlords into
12 submission when genuine disputes exist.

13 Further, PROA is concerned that when
14 there is a legitimate issue and repairs are
15 necessary, one would be forced into the untenable
16 situation to do work without the necessary
17 permits in hand or face further sanctions. PROA
18 would like to see Section 6142 eliminated from
19 the legislation. In the alternative, PROA would
20 like Section 6142 amended to reflect these
21 concerns. PROA believes these issues hold true
22 for Section 6141 (a)(1), State Permit Denials, as
23 well.

24 Again, I would like to commend
25 Representative Eachus for his efforts to combat

1 this very serious issue. On behalf of PROA, I
2 would like to thank you for inviting me here
3 today.

4 (This concludes the written remarks of
5 Rita Dallago.)

6 (The following is the written remarks of
7 Louis J. Biacchi, Director of Governmental
8 Affairs, Pennsylvania Builders Association:)

9 Dear Representative Belfanti:

10 I am writing to you today regarding
11 House Bill 2445, prime sponsor Representative
12 Eachus, amending Title 53 providing for
13 neighborhood blight reclamation and
14 revitalization.

15 The PBA believes that the overall intent
16 of this legislation is good; however, there are
17 several provisions of the bill that concern us.
18 First and foremost, we believe that there are
19 current laws that, if enforced properly by
20 Pennsylvania's municipalities, would eliminate
21 many of the problems this bill seeks to address.
22 Vigilant enforcement of municipal property
23 maintenance codes should be the first focus.
24 More red tape is not the answer to solving our
25 Commonwealth's urban blight issues, and may, in

1 fact, exacerbate them by driving some property
2 owners out of our cities.

3 Our specific comments to House Bill 2445
4 include the following:

5 We believe that the definition of
6 residential building needs to be amended so that
7 it does not include apartment buildings and other
8 residential structures that are considered
9 commercial properties.

10 We do not support the provision that
11 gives the state or a municipality the power to
12 deny an applicant of a permit, certificate,
13 license or approval for contemplated action if
14 the applicant owns any property which is tax
15 delinquent or has code violations. These
16 individuals face fines and other penalties under
17 existing law and this legislation, however,
18 denying them the right to access a fishing
19 license, for example, seems to be excessive and
20 irrelevant. Denying them permits or approvals to
21 continue their livelihood is counterproductive as
22 these individuals will not have the money to fix
23 up their properties or pay their fine. We agree
24 with the Pennsylvania Association of Realtors
25 that Subchapter E should be removed from the

1 legislation.

2 We also do not support the creation of a
3 State Blight Data Collection System which would
4 compile property maintenance code violations into
5 a statewide central registry. We believe this
6 would not be cost effective and would add a new
7 cost of government on Pennsylvania's taxpayers,
8 as well as an administrative burden to the
9 municipalities. With 2,600 municipalities in the
10 Commonwealth and hopefully vigorous local
11 enforcement of property maintenance codes,
12 staffing of such a registry would be expensive
13 and we fail to see the benefit. We agree with
14 PAR that Subchapter F should be removed from the
15 legislation. The PBA does support urban
16 revitalization. Cities such as Philadelphia are
17 one of the few bright spots in the current
18 housing recession. But many potential home
19 buyers continue to seek homes in the suburbs that
20 are situated on one or more acres. In addition
21 to the desire for more space, many citizens
22 continue to be concerned with the quality of
23 public education and the level of crime. As
24 people leave the cities, there has been a
25 backlash of businesses relocating, abandoned

1 structures and underfunded school districts.
2 This makes urban areas even less attractive
3 places to live.

4 The PBA believes that state government
5 must work to remove barriers to urban
6 redevelopment, and that it must develop sound
7 legislative solutions to the broad-based social
8 and economic factors that hinder urban
9 revitalization. These include excessive local
10 and state ordinances that make it unprofitable
11 and difficult to rebuild in the cities.

12 If you have any questions, please
13 contact me at 979-8321.

14 Thank you.

15 Sincerely, Louis J. Biacchi, Director of
16 Governmental Affairs.

17 (This concludes the written remarks of
18 Louis J. Biacchi.)

19
20 (The proceedings were concluded at
21 12:18 p.m.)

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I hereby certify that the proceedings
and evidence are contained fully and
accurately in the notes taken by me on the
within proceedings and that this is a correct
transcript of the same.

Brenda S. Hamilton, RPR
Reporter - Notary Public