

PENNSYLVANIA HOUSE OF REPRESENTATIVES  
URBAN AFFAIRS COMMITTEE

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IN RE: )  
 )  
Public Hearing on the )  
Status of the Abandoned )  
and Blighted Property )  
Conservatorship Act of )  
2008 and Other Laws and )  
Efforts to Address Blight )  
in Communities )

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Point Park University  
Lawrence Hall,  
3rd Floor Ballroom  
Pittsburgh, PA 15222  
Wednesday, October 20,  
2010; at 10:21 a.m.

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CHAIRMAN: STATE REPRESENTATIVE  
W. CURTIS THOMAS

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TRANSCRIPT OF PROCEEDINGS

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1        STATE REPRESENTATIVES PRESENT:

2        W. Curtis Thomas, Majority Chairman

3        Daniel J. Deasy

4        T. Mark Mustio

5        Jon R. Castelli, Executive Director

6        Adam Ravenstahl

7        Nick Kotik

8                                -----

9                                Reported by:

10                              Amanda M. Murphy  
11                              Court Reporter

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1                   P R O C E E D I N G S

2                   -----

3                   MR. THOMAS: Good morning. We're  
4 going to get started. I know all the seats are  
5 not filled, but we're here. We're ready. We can  
6 share the information that we are able to share  
7 with one another. So we're going to conduct this  
8 hearing as though the house is full. And if by  
9 the end it is full, then we will enjoy that.

10                  I am honored to be in this great  
11 city this morning and in this great county, and I  
12 would not be here if it was not for two of your  
13 stellar lawmakers, one, Representative Deasy, and  
14 also Representative Don Costa; and I know we have  
15 Representative Mustio and Representative  
16 Ravenstahl with us.

17                  This is the anchor of the Allegheny  
18 Delegation. If you ever get a chance to come to  
19 Harrisburg or put PCN on or watch the House in  
20 session, then you will find these stellar  
21 gentlemen along with members of the other  
22 Allegheny Delegation that is always out front and  
23 dealing with a myriad of policies, but one of the  
24 things that I'm happy about, and that is that no  
25 matter what happens, they are in the business of

1 putting people first, the people of the district  
2 and the people of the county, and dealing with  
3 some of these policies that we're confronted  
4 with.

5 So I am honored to be in this great  
6 city at the invitation of these stellar  
7 gentlemen, and at this particular time I would  
8 just like to affirm to them for a half a minute  
9 to say again, hello, and thank you for giving us  
10 this opportunity; and I will start to my right  
11 and ask to hear from the great state's  
12 Representative Mustio.

13 MR. MUSTIO: Good morning. Thank  
14 you, Mr. Chairman. It's certainly a pleasure to  
15 be here after the nice hearing you conducted in  
16 Philadelphia last week. I would like to talk  
17 about this issue as it relates to Pittsburgh. It  
18 sounds like maybe the microphone is not working.

19 MS. GINGRICH: Yes, we're checking  
20 on that.

21 MR. MUSTIO: I didn't say anything  
22 worth hearing yet. So thank you, Mr. Chairman.

23 MR. THOMAS: Thank you. Now, let us  
24 hear from one half of the host for the  
25 Blight Summit yesterday and the public hearing

1 today, and that is -- let's join in thanking the  
2 Honorable Representative Deasy, who is the  
3 co-host of this public hearing. Let's give him a  
4 big thank you.

5 (Applause.)

6 MR. DEASY: Thank you for coming out  
7 to Western Pennsylvania. Despite some health  
8 concerns, you and your staff spent a great deal  
9 of time on the Blight Summit, which we had  
10 yesterday, very well-attended by many  
11 municipalities throughout Allegheny County, very  
12 informative speakers. It was a great learning  
13 experience for a lot of folks yesterday.

14 So I thank you for your interest in  
15 the subject, for your willingness to come out  
16 here in Western Pennsylvania, and for your staff,  
17 for all your hard work in putting these two days  
18 of hearings together. So thanks again.

19 MR. THOMAS: You mentioned my staff  
20 about five times yesterday and three times this  
21 morning. I think we're going to be getting a  
22 request for an increase in compensation, but we  
23 do have a good team that compliments the  
24 committee.

25 So to my left, let me start out by

1 just saying good morning and thank you to our  
2 executive director, and that is Mr. Jon Castelli,  
3 who is the executive director of the Pennsylvania  
4 House Urban Affairs Committee. Good morning.

5 MR. CASTELLI: Good morning. Thank  
6 you, Mr. Chairman. On the left we have our  
7 research analyst, Malcolm Haynes. In the center,  
8 our committee secretary, Mary Gingrich, and our  
9 intern with the House Fellowship Committee, a  
10 student from Temple University, Wong Winser  
11 (phonetic).

12 (Applause.)

13 MR. THOMAS: Now, if you have some  
14 young people in school that you know of that have  
15 an interest in public policy, the Pennsylvania  
16 House of Representatives has an excellent  
17 Legislative Fellowship Program which gives young  
18 people early exposure to public policy and to  
19 what I think is probably one of the most  
20 provocative branches of government, and that is  
21 the legislative branch of government; and it's  
22 one that keeps them busy and definitely  
23 guarantees that when they leave, they leave with  
24 more than what they came with. And so if you  
25 know some young people that are interested in the

1 Fellowship Program, connect with the chair of the  
2 Allegheny Delegation or any of the members that  
3 are here. I think it's a 12-month --

4 MR. CASTELLI: Three-month.

5 MR. THOMAS: Three-month program  
6 that gives them a real eye-opener of what goes on  
7 in the Pennsylvania House of Representatives.  
8 Now, we want to hear from one of our new members  
9 who is new to the General Assembly but is not  
10 sitting back waiting for things to happen but  
11 does all he can to make it happen in a way that  
12 improves the quality of life for people in this  
13 district and in the Commonwealth of  
14 Pennsylvania. So let's hear now from the  
15 Honorable Representative Ravenstahl. Thank you.

16 MR. RAVENSTAHL: Thank you,  
17 Mr. Chairman. Good morning. I would just like  
18 to thank you for making the trip out this week  
19 and for hearing our concerns in Allegheny County,  
20 and I would also like to thank Representative  
21 Deasy and Representative Costa from the Allegheny  
22 County Delegation for hosting this event this  
23 week. I look forward to a great discussion  
24 today.

25 I'm honored to be on the Urban

1 Affairs Committee. I'm only four months in the  
2 House and a couple months on the Urban Affairs  
3 Committee. It has been an honor so far, and I  
4 look forward to discussion today. Thank you,  
5 Mr. Chairman.

6 MR. THOMAS: Thank you, sir. Before  
7 we go into our hearing, let me just make sure  
8 everybody is here. Irene McLaughlin, is she  
9 here?

10 MS. McLAUGHLIN: Yes.

11 MR. THOMAS: Mr. Andrew Menchyk,  
12 Junior, is he here?

13 MR. MENCHYK: Yes, sir.

14 MR. THOMAS: Mr. Robert Stephany, is  
15 he here?

16 MR. STEPHANY: (Indicating.)

17 MR. THOMAS: Cassandra Collinge?

18 MS. COLLINGE: (Indicating.)

19 MR. THOMAS: Bethany Davidson?

20 MS. McLAUGHLIN: She is on her way.

21 MR. THOMAS: Craig Rippole?

22 MR. RIPPOLE: (Indicating.)

23 MR. THOMAS: Excellent. Okay.

24 Everybody is here, and one is on their way. So  
25 at this particular time we want to start off with

## I. McLaughlin

1 Irene McLaughlin, consultant with the  
2 Pennsylvania Housing Alliance. Good morning.

3 MS. McLAUGHLIN: Yes. Thank you.  
4 Good morning. So I do have my written testimony,  
5 and I'm going to try not to read it; but I am  
6 really thrilled with those who are here and the  
7 different perspectives that they're offering. I  
8 have not met some of the folks that you have on  
9 your list and others that have come to attend  
10 this morning, or I've been reacquainted with --

11 MR. THOMAS: You want to make sure  
12 your mike is on. I would like to ask you as well  
13 as the other presenters that we know, we do not  
14 have the 5,000 that will be here, but we're going  
15 to address everybody as though we have a house  
16 full. So we want to let our voice go out.

17 MS. McLAUGHLIN: Yes. Absolutely.  
18 I appreciate the opportunity to be here and stay  
19 through the morning to talk about the  
20 perspectives that everyone is bringing here.

21 I just got reacquainted with  
22 Jean Yevick, who I worked with some time ago on  
23 conservatorship and its earlier renditions with  
24 the Western Pennsylvania Real Estate Investors.  
25 Right?

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1 MS. YEVICK: Yes, ma'am.

2 MS. McLAUGHLIN: So this is a good  
3 thing. Lots of folks who have lots to offer on  
4 how to address blight and abandonment are here.  
5 The Housing Alliance has certainly been doing its  
6 part, and I am here as a consultant to them at  
7 this particular time.

8 I have been working on community  
9 quality of life issues for over the last two  
10 decades as an attorney, mediator, and judge in  
11 the Pittsburgh region. I did serve for ten years  
12 as a city magistrate hearing property code  
13 prosecutions in Pittsburgh's Housing Court.

14 I work with lower income  
15 homeowners. I did that starting back in 2003 in  
16 the wake of sales of delinquent property tax  
17 needs by our local governments, and I provide  
18 legal services to the Beaver County -- or I did  
19 to the then existing Beaver County Blight  
20 Reduction Program which could acquire, remediate,  
21 and transfer 68 industrial, commercial, and  
22 residential parcels to new use.

23 So I really appreciate being here to  
24 speak to you. I thank you, Chairman Thomas, and  
25 members of this Committee for your leadership

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1 because I have seen it through the last 20 years;  
2 and I've seen it having great, great results in  
3 producing tools that we can use in our  
4 community.

5 And, indeed, the Housing Alliance of  
6 Pennsylvania has produced its quick guide to new  
7 tools to address blight and abandonment, which  
8 I've already marked up my copy as a working  
9 copy.

10 It is an effort to bring together  
11 what you have done to bring new tools, new laws  
12 to the communities that have blight and  
13 abandonment, and we all do, in order to address  
14 them most effectively; and every property is  
15 different, and every property brings its  
16 particular circumstances and issues. So we need  
17 a lot of different tools.

18 So thank you for keeping up with  
19 what we need, and I will focus in on the status  
20 of the Abandoned and Blighted Property  
21 Conservatorship Act of 2008 because I have had in  
22 my consulting role with the Housing Alliance the  
23 opportunity to be monitoring the implementation  
24 of that law.

25 And you already know about it, and

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1 for the benefit of those in the audience,  
2 conservatorship is a powerful and flexible new  
3 tool that gives those concerned and impacted by  
4 blighted vacant buildings like those nearby  
5 residents, business owners, local nonprofits, the  
6 municipality, the right to file a petition in the  
7 county's Court of Common Pleas to request the  
8 appointment of a third party, a conservator to  
9 take control of that problem property for the  
10 purpose of code compliance, rehab, and returning  
11 it to the market or demolishing it and hopefully  
12 seeing that land go to some sort of beneficial  
13 reuse.

14 So it is a surgical tool, very  
15 property focused. It's not designed -- we did  
16 not design it for large-scale revitalization but  
17 that one troublesome property where all other  
18 attempts to deal with the property in like  
19 situations has failed.

20 So conservatorship has been in  
21 effect for about 18 months; and last year at this  
22 Committee's hearing in McKees Rocks on  
23 November 12 on the implementation, I had already  
24 described to you some of the cases, the first  
25 conservator appointed in St. Clair Borough in

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1 Smithfield County where they used conservatorship  
2 to accomplish necessary demolitions of condemned  
3 buildings.

4 They had used it in a target way to  
5 really stretch its demolition budget by  
6 identifying interested purchasers of these  
7 condemned properties who own the property  
8 adjacent to the condemnations and obtain an  
9 approval from the court through their petition  
10 process under conservatorship of a plan whereby  
11 the Borough would become the conservator, take  
12 control of the property, but have a plan for the  
13 adjacent property owner, that interested  
14 purchaser, to demo the structure in return for  
15 the transfer of free and clear title on the  
16 property.

17 That was approved by the court, and  
18 the Borough did proceed with that plan with the  
19 adjacent property owner. So it really showed how  
20 we can use this law in a way that I don't think  
21 we anticipated, that municipalities can go beyond  
22 demo and lien, which basically leaves an empty  
23 lot titled in the name of the former neglectful  
24 owner or someone who's beyond the capacity to be  
25 able to deal with the property with whatever

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1 private means and judgments, water, sewer, taxes,  
2 which keep accruing. So the lot just sits there,  
3 and, yes, the dangerous condition is gone; but  
4 it's still a blight in our community and unused  
5 land.

6 With court approval, you're able to  
7 abate the dangerous conditions, do what we've  
8 always done as municipalities, and transfer title  
9 to new ownership for new use of that formerly  
10 derelict property.

11 So it has been really interesting to  
12 see municipalities use this law for demos, and we  
13 will be hearing from a practitioner on those  
14 issues.

15 It does require a shift in thinking  
16 about how to use municipal resources. It takes  
17 some up-front costs, some up-front costs and  
18 up-front risks, to basically go through a  
19 petition process rather than just at the end of  
20 the day use the demolition budget to take down  
21 the structure. So it's a very flexible tool.

22 So as I mentioned, there's a local  
23 practitioner from Butler County who will be  
24 testifying next; and we have really seen that in  
25 the use of conservatorship in Butler County and

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1 the northeast corner -- correct?

2 MR. MENCHYK: Correct.

3 MS. McLAUGHLIN: -- which is a rural  
4 part of Butler County and being used in St. Clair  
5 Borough and, you know, that we didn't see the  
6 conservatorships pop up right out of the box from  
7 our urban areas.

8 It's the smaller municipalities  
9 struggling with these same issues that are really  
10 the pioneers in using this law. So our hats are  
11 off to them, and we're watching them closely.

12 And, indeed, it is really critical I  
13 believe at this point in the development of this  
14 new law with these very far-reaching powers that  
15 we have offered in it that municipalities and  
16 redevelopment authorities with their traditional  
17 police powers and their solicitor relationships  
18 with the local Court's of Common Pleas are really  
19 in the best position to pave the way for the  
20 broader use of conservatorship in our  
21 communities.

22 There has already actually been, and  
23 with regard again to status of this law, some  
24 Appellant Court review of the conservatorship  
25 scheme that you put out.

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1                   The Court of Common Pleas of  
2 Philadelphia has General Court Regulation 2009 of  
3 one; and, again, my hearing last year -- excuse  
4 me. My testimony at your hearing last year gave  
5 some detail about the working group of attorneys  
6 that came together to recommend to the court to  
7 adopt their regulations.

8                   So they have, you know, the  
9 instructions for giving notice, filing, service  
10 and requirements for filing a petition to appoint  
11 a conservator in the Philadelphia Court of Common  
12 Pleas.

13                   And the Germantown Conservancy, a  
14 nonprofit in Philadelphia, did file seeking the  
15 appointment of conservatorships on multiple  
16 properties; and they did that in one petition.

17                   Indeed, the Common Pleas Court  
18 dismissed that petition without prejudice just  
19 before it was even assigned to a judge, just  
20 based on how the petition was presented to the  
21 court for filing; and it was dismissed without  
22 prejudice, and that conservancy group did  
23 appeal.

24                   So the Commonwealth Court had the  
25 opportunity to take a very early look at this

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1 law; and, indeed, the opinion that you have  
2 referenced in the testimony, they reviewed it,  
3 and the Philadelphia -- they reviewed the law and  
4 the Philadelphia regulations, and they basically  
5 said that Philadelphia's interpretation of  
6 Act 135 to require a separate petition for each  
7 property is consistent with the statutory  
8 language and that certain of its requirements,  
9 however, do abridge the substantive rights of a  
10 petitioner; and it specifically invalidated a  
11 requirement in their regs that said that a  
12 nonprofit seeking to serve as a conservator would  
13 have to have a Philadelphia business license.  
14 They said that that's really beyond what you can  
15 request a petitioner to do seeking  
16 conservatorship.

17 So I have some of the excerpts of  
18 that opinion with me. It's a really nice  
19 overview of Act 135, and the court really laid it  
20 out as a very appropriate tool and then really  
21 got into the specifics of these regulations.

22 So all and all, I would say it was a  
23 very good positive review of the law and gave  
24 very good guidance to all of the Court of Common  
25 Pleas throughout the Commonwealth on how to

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1 establish local rules if they choose to do that  
2 to implement and guide the petitioner on how to  
3 file a conservatorship action.

4 So in Philadelphia, beyond that  
5 attempt to file a petition, and I'm sure the  
6 conservancy will be doing that if they haven't  
7 already, there has been one other petition that  
8 was filed. It was accepted.

9 It was assigned to a judge, and it  
10 came out of a neighborhood business district.  
11 Ogontz Avenue Revitalization Corporation sought  
12 to be the conservator of a property that has sat  
13 vacant for over 20 years, and it is owned by a  
14 Mr. Kalemkerian. I'm not sure if I'm saying his  
15 name right, and he's available. He's involved in  
16 the community.

17 He hired counsel, and he did object  
18 to the appointment of a conservator on the  
19 property. There was a hearing, as is laid out in  
20 the statute, on the appointment; and one of the  
21 first things that the judge asked was, "What is  
22 an abandoned property?" And, indeed, there isn't  
23 a definition of "abandonment."

24 Abandonment is really a factual  
25 determination after lots of research on the

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1 particular property's status; but, indeed, the  
2 attorneys did brief that and, of course, went to  
3 the conditions of conservatorship that is laid  
4 out in the law. So there is some nice work done  
5 on just that question, which is likely to come up  
6 a lot.

7 But what happened was that in the  
8 process of being in front of the judge and the  
9 judge giving this a lot of attention and wanting  
10 to understand more about how he is to apply this  
11 law, the parties got into some, for the first  
12 time in 20 years, good faith negotiations on the  
13 future of that property and, indeed, ended up  
14 settling on an agreement of sale of the property  
15 from Mr. Kalemkerian to the neighborhood business  
16 district organization.

17 So the petition was withdrawn, and  
18 that's a victory. That is a very powerful use of  
19 this tool. And, indeed, what we have heard out  
20 of Schuylkill County and Solicitor Ed Brennan, as  
21 well as others from other jurisdictions, is that  
22 just the valid, viable tool being available, a  
23 conservatorship law in Pennsylvania, and just the  
24 credible threat of being able to use it, possibly  
25 not even actually doing a filing, does get more

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1 response from certain property owners who need  
2 that kind of incentive to do whatever is  
3 necessary to maintain and bring that property to  
4 compliance within basic minimal standard code.

5 So we've seen some really powerful  
6 use of the law before we've even really gotten a  
7 whole lot of action in the courts, and that's  
8 exciting.

9 So the real core intent of this law  
10 is really the rehabilitation of structures; and  
11 with regard to the status there, it's difficult,  
12 frankly. It's just difficult to find eligible  
13 properties and to get the financing in place,  
14 especially right now given our economy and our  
15 credit situation.

16 But Allentown, as a municipality,  
17 has been seeking to use this law to do rehabs;  
18 and they actually have some financing together,  
19 some pulling of monies. So they've got the  
20 money.

21 They don't necessarily have to go  
22 out and seek an actual loan to put against the  
23 property and use that super-priority lien that is  
24 available in the law, but they still had  
25 difficulty getting the property to be able to

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1 move through the petition process.

2 They've identified perspective  
3 vacants. They fit the conditions of the  
4 criteria. At one point they have their  
5 inspectors go in and write up the specs. But  
6 then in that market, the properties have been  
7 sold that they've identified.

8 They've gone onto a multi-list which  
9 then makes them ineligible. You know, being  
10 advertised for sale, they are ineligible for  
11 conservatorship; or they go into foreclosure, or  
12 there is some kind of foreclosure action that has  
13 happened, but it may not be active still.

14 So those have become issues for  
15 Allentown in really trying to move the  
16 conservatorship because they're not necessarily  
17 seeing the positive change with the properties  
18 that they have identified as needing to move into  
19 a better situation.

20 Here in Pittsburgh, the Duquesne  
21 University School of Law, Urban Redevelopment  
22 Clinic, has focused on a vacant property on  
23 Wylie Avenue in our Hill District neighborhood.

24 ACTION Housing, a local nonprofit  
25 developer, is interested in being the

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1 conservator; and our problem is the financing,  
2 putting together the ability to really do the  
3 rehab right.

4 And it really is I believe, and I  
5 would like to hear that I'm wrong, too early in  
6 the life of this new law to expect a judge, a  
7 lender, and a title insurer to be willing to test  
8 the super-priority lien authorization in this  
9 law.

10 I think we still need some more  
11 traction and use of the law and how the courts  
12 are going to receive it before we can really get  
13 to those very, very powerful aspects of this  
14 law. So we are continuing to look at that rehab  
15 on Wylie, and hopefully we'll give you an update  
16 on that over the next year.

17 There are legal issues and concerns  
18 with this new law. They continue to be vetted.  
19 A working group in Philadelphia that has been  
20 looking at this and making recommendations to the  
21 Court of Common Pleas did not see the statutory  
22 notice requirements in this law as adequate for  
23 obtaining insurable title.

24 So there may be problems in terms of  
25 just looking at the law, if you want to get a

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1 title insurance policy on a property that would  
2 transfer from a conservator to a new owner; but,  
3 indeed, you know, it really depends on the  
4 property.

5 You don't absolutely have to have  
6 title insurance on every property; and if you do,  
7 there are, under the regs in Philadelphia, a very  
8 clear set of standards that are in all of our  
9 Pennsylvania Rules of Civil Procedure on how you  
10 get service, and you certainly want to be meeting  
11 with title companies and their attorneys on what  
12 they are looking for in order to offer and issue  
13 a title insurance policy.

14 There are, you know, federal  
15 contract clause issues because, indeed, states  
16 are not able to impair contracts; and, you know,  
17 there is a look at this that says that a lien  
18 holder being bumped down in their priority  
19 position may be interfering with the contract.

20 That needs to continue to be  
21 researched, and some of that is happening across  
22 the state and, you know, as well as just taking  
23 issues. What is an abandonment, as we talked  
24 about before.

25 So there are ideas out there to

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1       enhance the use and effectiveness of  
2       conservatorship. One is to exempt  
3       conservatorship property transfers from the  
4       Realty Transfer Tax, just to reduce yet another  
5       or eliminate yet another barrier to using and  
6       putting these properties into new use.

7                Another is to allow for state or  
8       regional nonprofits that can partner with local  
9       communities to bring in expertise as opposed to  
10      the expectation and the law that there is a local  
11      nonprofit to serve the conservatorship kind of  
12      role in any given community.

13               The assistant city solicitor in  
14      Allentown that I was working with and I  
15      understand is no longer in the Allentown Law  
16      Department had really referred to as "that not  
17      currently advertised and "not foreclosure  
18      conditions under conservatorship as the poison  
19      pills of this law," which he recognized is a  
20      tremendous tool and has tremendous aspects to it;  
21      but those were the things that kept being in the  
22      way of his moving forward on his petitions and  
23      filing on rehabs in Allentown.

24               So it might actually be helpful to  
25      start a working group of practitioners who have

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1 actually used the law or tried to use the law and  
2 see what they're coming up against in terms of  
3 successes and challenges.

4 So I know this hearing is on other  
5 laws as well to address blight and abandonment,  
6 and I have been largely focused on the  
7 conservatorship law because of my role with the  
8 Housing Alliance; but did you know that the  
9 Housing Alliance has produced its quick guide for  
10 new tools to address blight and abandonment?

11 I would say generally with regard to  
12 all of the tools that are coming to our  
13 legislature over the last 15 years and the status  
14 of them and what the need is right now, it's  
15 education. We just all don't know what is out  
16 there and how to use them and how to apply them.

17 So your leadership, this community's  
18 leadership at forums like yesterday's here on the  
19 Blight Summit is really what is necessary now.  
20 We need to educate not only the folks that  
21 attempted to come to the Blight Summit yesterday,  
22 the municipal leadership, the community leaders,  
23 the elected officials, but also our municipal  
24 school solicitors, some of whom were there  
25 yesterday, which is great, and our judiciary.

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1           And I think we've got enough work  
2           now underway and enough traction and some  
3           experience to really be able to bring that to  
4           that next level of the attorneys and the judges  
5           that are likely to need to use this for their  
6           clients and municipalities and boroughs and  
7           townships that they represent and the Court of  
8           Common Pleas judges that are likely to hear these  
9           cases.

10           I'll just say generally in terms of  
11           our quick guide and how we organize all of these  
12           different tools into the area of preventing  
13           blight, you know, we really learned through the  
14           legislative process, especially Senate Bill 900  
15           and its passage, that we really do need to be  
16           working with the Administrative Office of  
17           Pennsylvania Courts on amendments to the  
18           magisterial district judge's docket sheets and  
19           the new civil docket sheet for the Court of  
20           Common Pleas to include parcel information and  
21           property address so that these are really  
22           separate surgical fields as these matters go  
23           through the courts, and they are in the dockets;  
24           and we can track them and separate them and be  
25           able to up the ante like with the crime of

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1 municipal housing code avoidance, which allows  
2 for a misdemeanor charge if there have been four  
3 summary convictions against the same property  
4 owner at the same location for the same  
5 violation, and that does happen.

6 As Chairman Thomas pointed out  
7 yesterday, we need to coordinate these tools with  
8 the tools that our district attorney's offices  
9 are using in our communities to address quality  
10 of life and crime like the Drug Nuisance  
11 Abatement Act and the Public Nuisance Abatement  
12 Law. I hope that I have that right.

13 Our District Attorney,  
14 Stephen Zappala, did speak at a recent Fall  
15 Conference of Boroughs, Townships, and  
16 Authorities and specific properties his office  
17 has targeted with these laws and others like  
18 receiverships out of the DA's office and  
19 positions to preserve the preservation of assets  
20 which, again, are civil actions as Representative  
21 Chairman Thomas pointed out yesterday that our  
22 District Attorney is using to address blight and  
23 crime in our neighborhoods.

24 With regard to acquisition and  
25 disposition tools, we are really needing to

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1       empower our communities with the capacity to not  
2       only look property by property, which is so  
3       important to do, that's where it has to start,  
4       but it also requires that we have in our  
5       communities the capacity to address inventories  
6       of tax-delinquent and abandoned properties in  
7       very uniformed, systematic ways.

8                It was House Bill 712 that laid out  
9       a framework for a separate single purpose entity  
10      to acquire, manage, and transfer those properties  
11      at scale to new use or make them available to the  
12      private market, to the private developers that  
13      really want to get to these properties, but the  
14      barriers of tax delinquency and liens and clouds  
15      on title; and who is actually in the position to  
16      convey makes it so difficult to get these  
17      properties to the private developers that have a  
18      vision for them.

19               That's what House Bill 712 was  
20      about, the idea of a blighted bank being that  
21      entity to reduce and remove those barriers and  
22      get those properties out into the private market  
23      easier and cheaper and faster.

24               So I thank you again. We so  
25      appreciate your tremendous leadership and work on

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1       how we can better address blight in our  
2       communities. We appreciate all of the years of  
3       this Committee staying with this topic, and we  
4       look forward to the next legislative session.

5               MR. THOMAS: Thank you. We are  
6       going to reserve on questions until we have heard  
7       from all of our presenters. At this particular  
8       time, I would like to ask our host if he would  
9       introduce the next presenter.

10              MR. DEASY: Thank you, Ilene, for  
11       your testimony. Next we have Andrew Menchyk from  
12       the Redevelopment Authority of Butler County.  
13       Thank you.

14              MR. MENCHYK: Thank you.  
15       Chairman Thomas, Members of the Committee, it is  
16       a true privilege to be here today, and I thank  
17       you for inviting me to appear before you.

18              My name is Andrew Menchyk. I am an  
19       attorney in Butler County, and I am the solicitor  
20       for the Redevelopment Authority in the County of  
21       Butler. I am here today because I do have  
22       experience with the Abandoned and Blighted  
23       Property Conservatorship Act. I have personally,  
24       on behalf of the Redevelopment Committee, filed  
25       six actions within this past year.

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1           It's interesting to me to be in  
2 front of the Urban Affairs Committee because my  
3 experience and our Authority's experience with  
4 respect to this Act has been to this point a  
5 rural one.

6           As some of you are probably aware,  
7 Butler County adjoins Allegheny County to the  
8 north; and, traditionally, when money has come  
9 into Butler County, it's usually applied to the  
10 southern half of the county which increasingly  
11 serves as a bedroom community for the City of  
12 Pittsburgh, or it is applied to the central part  
13 of the county where the county seat, Butler, is  
14 situated.

15           Last fall the Redevelopment  
16 Authority made an effort to undertake  
17 rehabilitations to address blight issues in the  
18 northeastern quadrant of the county, and the  
19 boroughs that were targeted, in particular with  
20 respect to these actions, are Bruin Borough and  
21 Petrolia Borough.

22           These boroughs are small boroughs.  
23 They were established in the last -- during the  
24 last oil and gas boom in this state and during  
25 the late 1800s, early 1900s, and like most small

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1 industrial communities, have fallen on hard times  
2 in recent years.

3 Last fall about this time, the  
4 Redevelopment Authority had available to it  
5 federal stimulus funding through the Neighborhood  
6 Stabilization Program, and the Redevelopment  
7 Authority was able to successfully obtain this  
8 funding and wanted to address some of the blight  
9 issues in those northeastern boroughs.

10 About that time, they consulted me,  
11 and we discussed the tools that were available  
12 including condemnation, which isn't a  
13 particularly attractive tool because of the legal  
14 issues involved and the potential time that is  
15 involved if there is a legal challenge; and  
16 oftentimes the Redevelopment Authority simply  
17 doesn't want to end up with title to certain  
18 properties.

19 We talked about police powers; but  
20 with respect to Redevelopment Authorities, there  
21 really aren't police powers available that allow  
22 you to go into an authority an address some of  
23 these blight issues.

24 And at about that time,  
25 Harry O'Malley, the executive director of the

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1 County Redevelopment Authority, attended a  
2 seminar through the Housing Alliance and heard of  
3 the Conservatorship Act.

4 He brought it to my attention, and I  
5 printed a copy of the Act and about this time  
6 last year read through the Act and thought that  
7 it would be the perfect tool to try to address  
8 some of these blight issues.

9 So beginning in January of this  
10 year, I started by filing three actions  
11 initially; and each of those three actions  
12 involved residential properties in -- and I think  
13 two of them were in -- as I recall, two of them  
14 were in Petrolia Borough, and one was in Bruin  
15 Borough; and all three of those were targeted as  
16 demolitions of residential structures.

17 And the Redevelopment Authority was  
18 successfully appointed conservator in each of  
19 those three actions. The one action -- actually  
20 two of those actions to this point remains  
21 pending with status being that final plans for  
22 abatement have been approved and are in the  
23 process of being implemented.

24 One of the actions was voluntarily  
25 withdrawn by the Authority once the owners of the

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1 property who relocated to Nevada were notified of  
2 the action. They actually undertook steps to  
3 voluntarily begin rehabilitating the structure.

4 Our position as an Authority has  
5 been, as long as the structure gets  
6 rehabilitated, we don't care if we do it. We  
7 don't care if the property owner does it; but as  
8 long as the structure gets rehabilitated, we have  
9 served our purpose. So we withdrew that one  
10 action.

11 In March we filed another three  
12 actions, and all three of those actions also  
13 involved residential structures. Two of the  
14 actions were for demolition. One was for  
15 rehabilitation.

16 And one of those actions was  
17 withdrawn because the Authority was able to enter  
18 into an agreement of sale with the owner of that  
19 property during the pendency of the action, and  
20 the Redevelopment Authority has since taken title  
21 of that property.

22 Two of the actions remain pending.  
23 Final plans have been approved in each of those  
24 actions and are in the process of being  
25 implemented.

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1           Unfortunately, with respect to the  
2           one property, which we had targeted for  
3           remediation, we had an initial estimate for this  
4           property; and it's just a small three-bedroom  
5           house, an initial estimate of expenses to  
6           remediate the property of about \$70,000, and the  
7           court did approve that.

8           But then as we got into the  
9           property, started to implement that plan, we  
10          found significant mold in the property because it  
11          had been abandoned for a period of time, exposed  
12          to moisture and open to the elements.

13          That greatly escalated the  
14          anticipated expense to rehabilitate the  
15          structure, took it out of the range of  
16          feasibility; and so we went in with a petition to  
17          the court for an amended final plan, and  
18          unfortunately that structure now has to be  
19          demolished.

20          That was the one that we had  
21          targeted for remediation, and it was  
22          disappointing in that respect; but with these  
23          residential structures that have been abandoned  
24          for such a period of time, what we're finding is  
25          by the time we get in there, now that we have the

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1 tool to get in there, they're so far gone,  
2 there's not much we can do to improve the  
3 situation but to demolish the structure.

4 So that's where we are in the  
5 process with respect to our actions. It's a  
6 brief snapshot because we have not completed the  
7 process with any of these particular properties.  
8 I will say that the courts in Butler County have  
9 worked with us in implementing the Act.

10 Initially, when I filed these  
11 actions, I consulted some of the local rules  
12 which had been enacted in Philadelphia and used  
13 those rules as a guideline for some of the  
14 documents that I developed in terms of what I  
15 would use for my petitions, what I would use for  
16 my notices, how I would structure my lis pendens  
17 and use those forms.

18 And also as we work through the  
19 process, all six of these actions have been  
20 assigned to the judge in Butler County who has  
21 become the factor, the conservatorship judge; and  
22 I have worked with that judge, and we have  
23 developed forms to use.

24 We have forms that we use for the  
25 appointment of conservator. We have forms that

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1 we use for approval and/or denial of the final  
2 plan. We have procedures that we have developed  
3 in terms of testimony. There are instances where  
4 the courts in Butler have permitted testimony by  
5 affidavit.

6 We have not run into any kind of  
7 serious opposition in respect to these actions.  
8 The County of Butler has been involved in each of  
9 the actions because on each of these properties  
10 are county tax liens and the person who countered  
11 the action in the county came and said, "What is  
12 this? We've never seen this before."

13 We've met with the county solicitor,  
14 explained what we're doing, what our intent is  
15 with the Act, what our intent is with the  
16 properties; and the county has consented to  
17 everything that we have done thus far with  
18 respect to these actions.

19 There have been some quirks along  
20 the way. I think that service issues are always  
21 difficult. Any time you have an abandoned  
22 property or a blighted property, because you have  
23 absentee owners and, well, the Act does permit  
24 service by certified mail, oftentimes it's  
25 difficult; and you run into problems when that

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1 mail is unclaimed and what do you do in that  
2 instance. The Act permits service by regular  
3 mail. We attempt service by certified mail, but  
4 that mail is refused.

5 In one case we also had deceased  
6 owners. So you're sending out mail that you know  
7 is never going to be received. So then what  
8 happens when that mail comes back as  
9 undeliverable? What do you do?

10 In those cases we have proceeded  
11 under the Rules of Civil Procedure to establish  
12 the rules of permitting alternate service, and  
13 the court has authorized us to give notice on the  
14 actions by publication on one occasion in the  
15 Butler County Legal Journal, also in Butler,  
16 which is in the county newspaper.

17 We've also run into issues as I've  
18 mentioned with the deceased owners. That makes  
19 for an interesting issue because we have two  
20 deceased owners, husband and wife; and we knew  
21 who the heirs were.

22 We had talked with the heirs. They  
23 consented informally to the conservatorship and  
24 the demolition of the house on the property, but  
25 there was never an estate to open for either of

## A. Menchyk

1 the deceased owners.

2 Under the Act, you are only required  
3 to give notice to someone who is a record owner  
4 or someone who has a record in the history of the  
5 property. These heirs, which we know that  
6 they're the heirs of the owners, they're not  
7 record owners.

8 So technically, we had no obligation  
9 to give any kind of notice to these heirs.  
10 Nonetheless, we did go into the court with a  
11 petition, and we did give notice by mail to those  
12 heirs just to be on the safe side and to give  
13 them an opportunity to be heard in the action to  
14 the extent that they wanted to be heard; and they  
15 did not intervene as a result of that.

16 So those are some of the issues that  
17 we've run into with respect to notice. We've  
18 also had some notice issues with respect to one  
19 of the petitions that were filed was against the  
20 corporate owner, and this corporation owned some  
21 property, which is subject to DEP, federal  
22 regulations with respect to that.

23 I don't know if anyone has heard of  
24 the ruling "lagoon," but it was one of the first  
25 Superfund sites in the country, and it was a

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1 formal waste and oil and petroleum high product  
2 disposal site ruling; and one of the corporate  
3 owners that we ended up filing a conservatorship  
4 action against owned some property with respect  
5 to that lagoon.

6 So the corporation was never  
7 dissolved as a result of that action and remains  
8 on the books, remains as a corporation with  
9 respect to the ownership interest with this  
10 property; but there was no physical location, no  
11 physical presence of a corporation, and so we had  
12 a difficult time trying to serve that  
13 corporation, and we have exhausted every avenue  
14 and tracked it to send notices to the former  
15 officers of that corporation, and ultimately that  
16 was another one where the court -- after we went  
17 to the court and said, "Look at all of the things  
18 that we've done. Look at the investigation that  
19 we've undertaken," the court authorized us to  
20 serve those particular owners by publication.

21 One of the issues that we've -- as  
22 we implemented the Act, we were trying to get  
23 some sense as an Authority as to how much lead  
24 time do we need. So if I want to be actually  
25 implementing a plan next summer, when do I need

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1 to file my action?

2 There are time lines built into the  
3 Act with respect to deadlines and when hearings  
4 have to occur. And what we found in  
5 Butler County is that we need basically -- if we  
6 want to be doing something next summer, we should  
7 be filing our conservatorship action around  
8 December or January, about six months lead time  
9 from filing the action to approval of the final  
10 plan based on our experience in Butler County.

11 Sometimes that's a little bit  
12 frustrating for an Authority because we have  
13 certain funding available. You need to dedicate  
14 and allocate that funding. Sometimes in some  
15 instances you risk losing that.

16 One issue that we've run into with  
17 respect to some of the demolitions is when we  
18 have a preliminary plan, which is for demolition,  
19 that plan is not likely to change once we get  
20 into the property.

21 In other words, if we have a  
22 preliminary holding for demolition, our final  
23 plan is going to be for demolition. And we've  
24 had some -- a couple of instances with a couple  
25 of the actions that we filed where our

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1 appointment for conservatorship was granted, but  
2 then we needed to go in, and we were trying to  
3 expedite the process to be approved for a final  
4 plan for demolition.

5 Because under the Act, once you're  
6 appointed conservator, the court must schedule a  
7 hearing on the final plan within 120 days. Once  
8 the final plan is filed, it must be filed no  
9 later than 30 days before the hearing on the  
10 final plan.

11 So de facto, in practice what that  
12 means is that once the preliminary plan is  
13 approved, there's a 30-day -- assuming that you  
14 go into the court the very same day and file your  
15 final required plan, there's a 30-day hold before  
16 you can do anything with respect to going into  
17 court and having that final plan approved; and  
18 that's a frustrating process for an Authority  
19 when you have a nuisance situation and you can't  
20 do anything to go in there to abate it, and you  
21 know that your final plan in the case of a  
22 demolition isn't going to be any different than  
23 the preliminary plan that you were appointed  
24 conservatorship with respect to.

25 So that was a frustrating thing we

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1 experienced a couple times, and we addressed that  
2 by going into court with a motion for relief from  
3 that 30-day time frame; and the court in those  
4 instances was skeptical as to the court's  
5 authority to grant that relief from that  
6 30-day time period.

7 In those instances, the court did  
8 grant the motion; but for various scheduling  
9 issues, the hearing was not scheduled sooner than  
10 30 days after the filing of the final plans, so  
11 essentially rendered the issue moot.

12 As we move forward, there are going  
13 to be issues with respect to how the Authority  
14 terminates the conservatorships, what it does  
15 with respect to these properties. There are  
16 going to be issues as to free-and-clear sale,  
17 which we are looking forward to navigating.

18 One of the issues that we heard  
19 Irene mention was the issue as to title insurance  
20 and whether title insurance companies are going  
21 to be willing to insure these properties, how to  
22 make judicial sale. That is something that is  
23 yet to be explored by our organization.

24 I do work with some title insurance  
25 companies, and it's certainly something that I'm

## A. Menchyk

1 going to have to present to the attorneys who  
2 were in-house with those companies as to whether  
3 these properties will be eligible for title  
4 insurance.

5 We've been very careful as an  
6 organization with regard to insurability issues  
7 to fully comply with the statute in terms of the  
8 provisions and, as I indicated, with respect to  
9 those heirs who weren't record owners, to go  
10 above and beyond I think in some cases what the  
11 statute calls for.

12 So in sum, my experience working  
13 with the Butler County Redevelopment Authority  
14 with the Conservatorship Act, as I said, we had  
15 six actions which were filed which are pending.

16 We are looking forward when it  
17 finally becomes available to filing some further  
18 actions. We also look forward to working with  
19 the City of Butler Redevelopment Authority, and  
20 I've already met with their solicitor; and I've  
21 talked with her, getting them on track in terms  
22 of filing some conservatorship actions with  
23 respect to some blight issues and some properties  
24 in the City of Butler. Thank you.

25 MR. THOMAS: Thank you, sir.

R. Stephany

1 MR. DEASY: Thank you very much.  
2 Before we go to our next speaker, Rob Stephany,  
3 Urban Redevelopment Authority of Pittsburgh,  
4 we're also joined by Representative Kotik from  
5 Allegheny County.

6 MR. THOMAS: Before we start with  
7 Mr. Stephany, just two notes. One, there's a  
8 tour that is going to follow the public hearing,  
9 and we need to start that tour around  
10 12 o'clock.

11 So we want to kind of move things a  
12 little forward; and before we start, we want to  
13 acknowledge the presence of another member of the  
14 Allegheny County Delegation, and that is  
15 Representative Kotik. Thank you.

16 MR. STEPHANY: I'm assuming the  
17 technology works. I want to thank the Committee  
18 so much for being willing to listen to kind of  
19 the City of Pittsburgh's story as it relates to  
20 those involved around us. Hopefully you guys  
21 will be able to see.

22 I want to thank Representative Deasy  
23 for hosting you all in Western Pennsylvania. I  
24 also want to thank Representative Ravenstahl for  
25 representing me in my district and to all of you

R. Stephany

1 coming out to Pittsburgh and working through what  
2 our tough issues and probably some of the most  
3 important issues that my organization confronts  
4 on a daily basis.

5 Just to maybe step back from our  
6 vantage point, some of the causes of urban blight  
7 we could claim are kind of a heritage of loss,  
8 both population, employment, and neighborhood  
9 fabric that has been lost over the last  
10 50 years.

11 There's a lot of market dysfunction  
12 in many of these neighborhoods, and I like to  
13 characterize that as continued reduction of  
14 equity, senior citizens in these places that have  
15 lost their equity. A lot of them start to wonder  
16 why this is a viable thing.

17 The poorly managed rental housing  
18 continues to be almost at a strangle-hold on some  
19 of our neighborhoods throughout the City of  
20 Pittsburgh. Unowned property, these properties  
21 where finding somebody to take responsibility for  
22 them is clearly an issue of one you guys are  
23 clearly working pretty aggressively at.

24 The assessment of inequality really  
25 kind of ties in with some of that, and I can get

R. Stephany

1 back to that, the exploiting of lending practices  
2 that are starting to slow down but have left a  
3 legacy of blight throughout the neighborhood and  
4 so on and so on.

5 You guys, probably not anybody else,  
6 understand the level of sophistication of this  
7 issue and are trying to tackle it I think in as  
8 equally sophisticated ways.

9 A graph showing population gain and  
10 loss of the county and the city since 1790, just  
11 to give everyone a sense of what this population  
12 reduction means, after about a decade of  
13 population stagnation and really with the  
14 aspiration to turn that around and compete  
15 globally again; but almost from my organization's  
16 inception, we've lost marketership.

17 Luckily I would say there's some  
18 aspiration out there that maybe at least as it  
19 relates to population, you're seeing more people  
20 move in than move out; and, really, frankly, it's  
21 senior attrition that might equate to most of the  
22 population.

23 And I think this provides at least  
24 for Western Pennsylvania, for the City of  
25 Pittsburgh, an opportunity to think robustly,

R. Stephany

1 provide new vision as it relates to trying to  
2 tackle some of these issues.

3 I apologize for the quality of this  
4 slide, but all is not equal anywhere. Some of  
5 our neighborhoods have suffered more, two,  
6 population loss more than others. Some of them  
7 have suffered less.

8 The stuff in the I'll call that the  
9 gray are those neighborhoods that lost less than  
10 30 percent. The ones in yellow are what I would  
11 say are commensal to the City on average.

12 The ones in orange and, frankly, the  
13 ones that we're spending most of our time and  
14 your policies impacting the most are those that  
15 have lost more than 70 percent. Some of those  
16 neighborhoods are in almost the 90 percentile of  
17 population lost category at this point.

18 I know you're going to ride out to  
19 Wilkinsburg. So I wanted to give you a sense of  
20 kind of the North Point Breeze and Homewood  
21 edge.

22 You can see some of the  
23 neighborhoods of -- some neighborhoods of  
24 Homewood South are lost. This is only after  
25 2000. This is a considerably larger number now.

R. Stephany

1 71 percent of the population is an adjoining  
2 neighborhood that started to show real signs of  
3 market vibrancy probably more commensurate with  
4 the city average.

5 This is not a local situation. This  
6 is a nationwide situation. It's not a city  
7 issue. It's a regional issue, and I just wanted  
8 to put it in context with our brethren.

9 For Pittsburgh, unlike Detroit and  
10 some other flat cities, our topography has been  
11 our friend. Here's a map. City Planning I think  
12 artfully pulled together. These are parks,  
13 greenways, cemeteries. These are woodland areas,  
14 vacant parcels throughout the city.

15 This is where you guys are on the  
16 front line of helping us. These are vacant lands  
17 as an overlay on top of that. Slope and  
18 topography is -- you know, these are areas of  
19 excess of 25 percent slope, and so there's a  
20 snapshot of the City of Pittsburgh that has lost  
21 50 percent of its population unlike Detroit that  
22 can't claim hillsides as an asset.

23 Our hillsides have grown. Our level  
24 of green and richness have grown, but so have  
25 targeting and highlighting low income, primarily

R. Stephany

1 African-American neighborhoods, that have  
2 suffered from this loss without the  
3 market-rebounding characteristics that a lot of  
4 the rest of the City has suffered.

5 And here's an overlay. This is an  
6 up-to-date plan. Here's an overlay of blight,  
7 which our City Planning kind of characterizes as  
8 city-owned, URA-owned property and those  
9 properties that are vacant with more than two  
10 years of taxes owed.

11 MR. MUSTIO: How many properties?

12 MR. STEPHANY: I can't remember.

13 Again, there's benefits to the recharacterization  
14 of these vacant lands if we can get our hands on  
15 them and holding strategies, dealing with storm  
16 water management, maybe have an evening, not a --  
17 a remediation, storm water, like I said,  
18 recreation and green space, infill development;  
19 and I think some of the stuff coming out of  
20 community development right now is really  
21 interesting, this notion that gracious  
22 development strategies are competitive  
23 strategies.

24 Again, I'll just rattle through this  
25 very quickly, but I feel like Western

R. Stephany

1 Pennsylvania has started to have some  
2 precedent-setting strategies that relates to once  
3 we can get our hands on that land, those vacant  
4 buildings, maybe not buildings, but vacant land  
5 specifically, really creative stuff is happening  
6 in the City that I think deserves a closer look.

7 This is literally what we're trying  
8 to deal with as a team. I appreciate the great  
9 trust and the brawn that exists in this room as  
10 it relates to how you solve some of that stuff.

11 We wanted to show you guys kind of  
12 just a snapshot. I would call this an  
13 unsophisticated snapshot of market changes in the  
14 City of Pittsburgh over the last 25 years or so.

15 The red on this map represents  
16 transactions, residential transactions,  
17 arms-length, less than \$30,000 on average over a  
18 five-year time period.

19 The orange represents the average  
20 transactions between \$30,000 and \$75,000 over a  
21 five-year time period. The yellow, between  
22 \$75,000 and \$150,000, and the green at \$150,000  
23 or more.

24 This is a map of -- I've broken down  
25 by census tract. This is a map of the late 1980s

R. Stephany

1 in the City of Pittsburgh. So you could see  
2 there was really -- I would characterize the red  
3 as a ring of poverty that kind of nested itself  
4 around the city.

5 This is the early 1990s, the late  
6 1990s, the early 2000s, and the late 2000s. So  
7 these prices have not been adjusted for  
8 inflation. They're just standard, stagnant  
9 pricing; but, you know, if you just -- intuition  
10 starts to talk about what a mortgage of \$150,000  
11 or more means and, frankly, what transactions of  
12 \$30,000 or less means.

13 For the most part, that's a strong  
14 slum landlord transaction. It is a place for  
15 low-income families to gain home ownership  
16 opportunities in neighborhoods.

17 I'll just rummage through this  
18 again. There has been really some strong market  
19 momentum in the City, but what it has highlighted  
20 are these very targeted focused zones in the city  
21 that suffer from the very things you guys are  
22 trying to solve.

23 If I could just overlay on top of  
24 this map those properties that have two years or  
25 more tax delinquencies over top of them. So,

R. Stephany

1 again, you can see the red zones are very kind of  
2 dysfunctional markets. They are primarily  
3 African-American neighborhoods.

4 They represent for us, the City of  
5 Pittsburgh, an opportunity to let markets spill  
6 back into the neighborhoods, to bring a quality  
7 of life back to those neighborhoods that they  
8 haven't seen in 50 years and to bring some equity  
9 back into those neighborhoods.

10 Our investment strategy is finding a  
11 place in the city where strength meets weakness,  
12 where stability meets dysfunction, and to work  
13 with communities to blur that line.

14 Particularly, the rivers need to be  
15 unveiled and connect neighborhoods back to the  
16 river. We are working with folks on the idea  
17 that maybe you have to start to think about  
18 taking 20 parcels and turning them into  
19 3 investments.

20 Downtown continues to be a strategy  
21 but not as a big eco development plan, as a  
22 neighborhood, and then finally our fifth kind of  
23 prong of the school is to support people in place  
24 with investments for homeowners, investments for  
25 small businesses.

R. Stephany

1           You will be traveling through these  
2           neighborhoods on your way out to Wilkinsburg,  
3           which is right up here. I just wanted to give  
4           you a sense of what you're going to be looking  
5           at.

6           This is City land. You are on  
7           City-owned property with these neighborhoods.  
8           These are tax-delinquent situations. So, again,  
9           you have a substantial amount of tax delinquency  
10          in these neighborhoods, abandonment and blight,  
11          exists right across the street from some of our  
12          strongest markets.

13          That edge, that zipper, is a place  
14          where communities in Garfield and Larimar,  
15          Homewood, and I'm missing one, are working very  
16          hard to try to work with their neighbors on  
17          changing it.

18          Now, Wilkinsburg, itself, actually  
19          has a very strong edge with the City; and I  
20          assume in that conversation you're going to start  
21          to hear about maybe some of the tax and equities  
22          today.

23          You live on one side of the street  
24          and you're in the City. The other side, you're  
25          in Wilkinsburg, very much the same kind of

R. Stephany

1 characterization of neighborhood; but your  
2 situation and decision-making is very different.

3 So there's no doubt that the City of  
4 Pittsburgh is the most livable city. You know,  
5 there is a real strong sense that we are  
6 competing. There's a real strong sense that  
7 neighborhoods are strong again and that a lot of  
8 good investment has yielded a great high quality  
9 of life in this great city.

10 That being said, there's another  
11 side of the point, and it's a point that you guys  
12 are on the front end of where we suffered from  
13 vacancy and abandonment and blight.

14 We believe that the first step in  
15 that is really controlling land. If you can  
16 control it, you can have a functional future. We  
17 appreciate all of the work this Committee has  
18 done around land valuing and hopefully tax  
19 reform.

20 The notion of holding landlords  
21 accountable is not a statewide thing. It's more  
22 localized than anything else. But here's the  
23 other side to that. One of which is to provide  
24 high quality, well-managed affordable housing in  
25 places that don't have that.

R. Stephany

1           It's to compete. It's to provide  
2       better product for working families in the City.  
3       A lot of these places don't have that. Again,  
4       letting markets grow with a compassion to these  
5       places, supporting growing innovation and land  
6       reclamation.

7           It's very hard to find smart land  
8       reclamation strategies, and so maybe some future  
9       conversations around the PCP or DCNR and how they  
10      can start to help municipalities throughout the  
11      state with essentially stewardship of the result  
12      at hand.

13          Clearly this starts with people in  
14      place in the City of Pittsburgh. We have a lot  
15      of owner occupants, seniors, that are wondering  
16      why they should invest back into their homes as  
17      they're losing equity.

18          This is one of the places to start  
19      this. So I wanted to just leave you with that,  
20      and I appreciate you coming to Western  
21      Pennsylvania and giving us the opportunity.  
22      Thank you very much.

23                 MR. THOMAS: Thank you. Do we have  
24      written testimony?

25                 MR. STEPHANY: You do not. You do

1 have a presentation.

2 MR. THOMAS: Okay. Where's Mary?  
3 This is our committee secretary. If you want to  
4 get a copy of that presentation, then reach out  
5 to Ms. Gingrich and/or Representative Deasy to  
6 get you a copy of the testimony. And if I can  
7 ask the host if we could just bring up the next  
8 two people and let them present it in  
9 collaboration of one another.

10 MR. DEASY: Okay. Cassandra  
11 Collinge and Bethany Davidson. Hopefully you  
12 folks who are all presenters will have an  
13 opportunity to go on tour with us today and will  
14 be able to have questions and have a little bit  
15 more time. So we don't mean to rush you. We  
16 just have a bus waiting.

17 MS. COLLINGE: Yes. Good morning.  
18 I am on the tour. So if you want to talk about  
19 it on the tour, it's up to you.

20 MR. DEASY: That would be great.

21 MS. COLLINGE: I don't think Bethany  
22 is on the tour though. So I'll let her speak,  
23 and then I can just give you my --

24 MR. DEASY: That would be great.  
25 And then we have the opportunity for questions on

B. Davidson

1 the tour. Thank you.

2 MS. DAVIDSON: Good morning. It's  
3 still morning? Yes. Okay. I will just read my  
4 statement that I brought and have provided. So  
5 you will all have copies.

6 To Chairman Thomas and Members of  
7 the House Urban Affairs Committee, on behalf of  
8 our membership, representing more than  
9 45 communities in and around the City of  
10 Pittsburgh, our board and staff, thank you for  
11 this opportunity to present the comments on the  
12 status of the Conservatorship Act and other laws  
13 and efforts to address blight in our  
14 communities.

15 I serve as the Deputy Director of  
16 the Pittsburgh Community Reinvestment Group, PCRG  
17 for short, which is an association of community  
18 development corporations and community-based  
19 organizations, all nonprofits, located in the  
20 City of Pittsburgh and, of course, in our  
21 municipalities including Wilkinsburg, which I  
22 believe you'll be seeing in a little bit.

23 We do want to represent our  
24 membership of policy tables and common issues.  
25 In specific to this hearing, I am also the staff

## B. Davidson

1 person to our vacant property working group; and  
2 that's the table where our members and other  
3 state holders convene regularly to address these  
4 issues of blight and abandonment and continuously  
5 work to improve upon resources and assistance  
6 that we have in place to combat the level of the  
7 corresponding effects of blight in our  
8 neighborhood.

9 On a personal note, I work outside  
10 of Philadelphia. I spent summers in Strasburg.  
11 I went to college in Penn State, but don't tell  
12 my good friends; and I now live and work in the  
13 City of Pittsburgh. So I guess you can say I  
14 keep moving west.

15 One thing is very visibly clear, and  
16 that is that blight is without a doubt  
17 consistently the most common denominator across  
18 our communities and the Commonwealth.

19 It is the root cause of many of the  
20 other issues that we addressed such as personal  
21 wealth, maintaining personal wealth, and public  
22 safety.

23 Even yesterday at the Blight Summit  
24 we heard from the mayor of Allentown how I would  
25 say vigilant code enforcement has created a

B. Davidson

1 16-percent decrease in crime this year alone in  
2 Allentown. So addressing blight clearly has not  
3 just market benefits but personal safety and  
4 quality of life benefits.

5 Since the Big Crappie (phonetic)  
6 River was convened 20 years ago, we have actively  
7 engaged in our local and state leadership to work  
8 collectively to solve this problem with blight in  
9 the neighborhoods.

10 A colleague of mine said to me very  
11 recently, "Land is a finite resource. We know  
12 how much we have and exactly where it is."  
13 That's very true.

14 The landscape of Pennsylvania may  
15 change based on what we build and where, but the  
16 land itself doesn't; and our ability to access  
17 that land is essential to both our ability to  
18 reduce blight and continue to elevate the quality  
19 of life for the residents across the  
20 Commonwealth.

21 So let me repeat that. Access to  
22 land is essential. It is also incredibly  
23 difficult to balance between protecting personal  
24 property ownership rights with enforcing the  
25 corresponding responsibility that comes with

B. Davidson

1 property ownership.

2 The Conservatorship Act and other  
3 recent subsequent state legislation does open up  
4 avenues to target specific pieces of land or its  
5 owners that meet a specific set of criteria for  
6 future revitalization.

7 Two years ago we worked very closely  
8 with our State Representative, Don Walko, to  
9 inform the strength in the conservatorship  
10 legislation as was being considered.

11 We did support the bill, and it made  
12 its way through the legislative process in 2008,  
13 and we're very excited that it did. Looking at  
14 the success of our colleagues and other nearby  
15 places like Baltimore and their success with what  
16 they call "receivership" or "conservatorship,"  
17 it's clear that there are a subset of properties,  
18 structures that are tipping but not past the  
19 point of repair, or a third-party that has the  
20 interest in doing it and the resources to do it  
21 can come in and bring the structure back to code  
22 compliance and an asset to the community.

23 So since the bill became a law in  
24 2008, we have worked with our partners such as  
25 the Housing Alliance. You heard from

## B. Davidson

1 Irene McLaughlin earlier, who is an incredible  
2 resource to us, and the Allegheny County Blight  
3 Bar to understand the implementation of  
4 conservatorship and the potential cases for  
5 eligibility.

6 Within the City are nonprofit  
7 community groups. They used to be the nonprofit  
8 potential conservators. That is, 10 to 15 cases  
9 early on, none of which met the necessary  
10 criteria to warrant a petition for  
11 conservatorship for the courts.

12 So since that initial wave of  
13 interest, groups have stepped back and are  
14 looking at other ways to acquire more the courage  
15 for the implementation of these properties as a  
16 conservatorship; and no other existing law can  
17 help them, short of outright buying off the  
18 private market, as is with all of its  
19 encumbrances. Our nonprofit groups don't have  
20 the resources to do that.

21 We are looking to the other cases  
22 that are moving across the Commonwealth and their  
23 lessons learned so that if a case of  
24 conservatorship does arise, there's a smooth  
25 process in place that we can follow.

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1           One leader of the CDC on the  
2 north side of the City has in the mean time  
3 formed a subsidiary for the specific purpose and  
4 has identified a dozen properties that they are  
5 confident do fit the law. We will be working  
6 closely with them as they go through this.

7           While they are working on the  
8 organizational details such as liability  
9 insurance, they cannot start using this tool  
10 until they find the corresponding resources to  
11 implement their role as conservator.

12           So even though they understand the  
13 law and have laid the groundwork, there are still  
14 two good questions that remain. One is their  
15 resources, and two is the land itself, again, the  
16 access to the land.

17           So the nonprofit groups that we  
18 represent and work with certainly do not lack the  
19 will to implement this powerful new tool. The  
20 fact remains that groups have to target their  
21 window of resources, and there have been very few  
22 properties to date that have been vetted within  
23 these targeted areas, and there is yet to be a  
24 petition filed for community groups within the  
25 city.

B. Davidson

1           While we recognize the value of the  
2 bill and we did advocate for it, we have yet to  
3 be able to use it. Also, recently passed is  
4 Schedule 900, the omnibus bill, another important  
5 piece of legislation that does take a significant  
6 step in facilitating this revitalization.

7           The major components of asset  
8 attachment, hurt and denial and extradition are  
9 important vehicles to which property owners that  
10 are willfully negligent in their responsibilities  
11 and general property maintenance can and will be  
12 held accountable.

13           These components have a direct  
14 impact on the individuals who own the properties  
15 that are blighted influences and often public  
16 safety hazards in our community.

17           PCRG has been working locally to  
18 help educate state holders around these bills.  
19 Education is an area where much work still needs  
20 to be done. I know that some of my colleagues  
21 mentioned this.

22           The recent Blight Summit sponsored  
23 by Representatives Deasy and Costa was an  
24 excellent way to reach a diverse set of  
25 constituents. They need to understand this

## B. Davidson

1 legislation, and I think it will work to educate  
2 community groups and local practitioners.

3 At the same time, the local court  
4 system, the solicitors, the judges, the lawyers,  
5 clerks that will be interacting and implementing  
6 legislation need to understand both the  
7 components and the importance of this bill, these  
8 bills, all of them.

9 The last generation of blight on the  
10 bill's legislation last session did provide for  
11 the education and training of the court system.  
12 The components that would have funded that  
13 training were removed from the bill. Thus the  
14 subsequent training was also removed,  
15 understandably so.

16 So I do hope that there's a way to  
17 ensure that the time and energy of the leadership  
18 that was spent on crafting these bills is  
19 recognized through educating the state holders  
20 that are going to be implementing it.

21 In addition to education,  
22 communities carefully consider coordination with  
23 the local municipalities. For example,  
24 Schedule 900 is about to become law and comes on  
25 line and may consider future revisions. A

B. Davidson

1 component around current registries was at one  
2 point part of the bill and may be future  
3 considered.

4 Between the technology coordination  
5 and the human resources required of the local  
6 municipalities for compliance but unfunded in the  
7 bill, there would be a lopsided burden placed on  
8 the government to be applied.

9 So Pittsburgh is coming up with its  
10 own permitting system as we speak. If there are  
11 any statewide systems that are legislative, the  
12 corresponding resources, be that the technology  
13 or the financial resources, must also be included  
14 and not left up to the municipality to figure  
15 out.

16 So this Legislature Act has done a  
17 very good job on finding a balance in this as  
18 well and being specifically clear as these tools  
19 are surgical.

20 Abandonment and blight reduction can  
21 and does occur at a local level with changes to  
22 city code and the carrying out of basic services  
23 and local government programs.

24 In the City of Pittsburgh, to name  
25 just a few, we have the Green Up Program where

## B. Davidson

1 the city can go in and green vacant land, the  
2 Garden Waiver Program, where you can lease land  
3 to grow a flower or fruit, vegetable garden for a  
4 dollar a month.

5 The Sideyard Sales Program, if you  
6 have a vacant lot next to your house, you can buy  
7 it and care for it. Disruptive Properties  
8 Ordinance, which is similar to the Public  
9 Nuisance Ordinance at the state level, to name a  
10 few.

11 We also work with the Second Class  
12 City Treasurer Sale Act to recycle abandoned  
13 properties as capacity exists, and it is a very  
14 small drop in the bucket to the vacancy and  
15 blight numbers that we saw in the presentation of  
16 the law.

17 These things can and do occur  
18 locally. What we need to be able to do to  
19 continue to carry out the work on the ground is  
20 for the laws that are created looking forward to  
21 be flexible and empower greater financial return,  
22 be that on delinquent tax collections or  
23 registration leads, and shorter time frames  
24 within any processes laid out in the new bills or  
25 renewing existing bills to allow blight reduction

B. Davidson

1 to occur more quickly and laws that allow  
2 municipalities to operate to the scale of the  
3 issue.

4 So finally, working to reduce  
5 blight, revitalize communities and improve  
6 quality of life can only occur to the degree and  
7 scale that our legislative tools are applied.

8 These rules are powerful mechanisms  
9 to target specific properties and hold  
10 individuals accountable after the blight or  
11 decline has already occurred.

12 Our membership continues to look for  
13 ways to address blight to scale as well as  
14 proactively to prevent the need for these tools  
15 to exist in the first place.

16 As you continue to consider blight  
17 legislation, please carefully consider tools that  
18 will address the scale to which blight and  
19 abandonment has become pervasive in all of our  
20 communities.

21 Thank you very your time. I won't  
22 take up anymore of it. I know you have a tour to  
23 go on. We look forward to continuing to work  
24 closely with you on this legislation.

25 MR. DEASY: Thank you, Bethany.

## C. Rippole

1 Thank you for all the work your organization does  
2 as well, a great resource for a lot of us. We've  
3 used your resources in the past. Next up,  
4 Craig Rippole, President of Trinity Commercial  
5 Development. They have done a number of  
6 successful projects. So thank you for joining  
7 us.

8 MR. RIPPOLE: Thank you. I would  
9 like to thank the Committee for the opportunity  
10 to testify here today. In particular, we're very  
11 fortunate in McKees Rocks to have two state  
12 representatives in our community, Representative  
13 Kotik and Representative Deasy; and I appreciate  
14 the opportunity to be here.

15 I would like to kind of piggy-back  
16 off of what Rob presented a little while ago with  
17 the URA and talk a little bit about one  
18 community's approach to blight.

19 Again, my name is Craig Rippole.  
20 I'm the president of Trinity Commercial  
21 Development. We have about \$15 million invested  
22 in the McKees Rocks community recently to  
23 redevelop the neighborhood shopping center there,  
24 and also the vice President of Focus on Renewal,  
25 the local not-for-profit, their board; and I am a

## C. Rippole

1 member of the Community Development Corporations,  
2 their board as well. So I'm both personally and  
3 professionally involved with the community.

4 A little bit about McKees Rocks.  
5 It's three miles northwest of Pittsburgh along  
6 the Ohio, small 1.2 square miles, a population of  
7 a little over 6,500. Primary access is  
8 State Route 51, which is referred to as  
9 West Carson Street as you come out of the city  
10 and Island Avenue as you go through  
11 McKees Rocks.

12 On the other side is State Route 65,  
13 and the school district is Sto-Rox. This is an  
14 area of the community, and it's little bit  
15 difficult to see. I've got a little laser  
16 pointer here to help point it out.

17 The City of Pittsburgh ends right  
18 here, and this would be the McKees Rocks area, so  
19 very compact community. It has access to water,  
20 rail, as well as major highways.

21 This is 51, State Route 51; and  
22 McKees Rocks Bridge is here, which leads to  
23 Route 65. It's very strategically located. The  
24 Barons of the Industrial Revolution recognize  
25 this, which is why as early as 1879 P&LE Railroad

## C. Rippole

1 set up operations here.

2 In 1888 they developed their  
3 105-acre repair and maintenance facility in this  
4 area right here, and that extended down into  
5 neighboring Stow Township as well.

6 As a result of P&LE setting up shop  
7 here, the population swelled to more than  
8 17,000 people in 1950. Again, this map is going  
9 back to 1901. So that early there was the  
10 railroad in McKees Rocks.

11 In the 1980s, because of the decline  
12 of the steel industry, they started to lose  
13 business; and in 1992, they closed their doors.  
14 In 1996 they filed for bankruptcy, and then in  
15 the following year, 1997, the 105-acre property  
16 was subdivided and sold off.

17 It has been sitting vacant since,  
18 and this is a picture from McKees Rocks Bridge.  
19 You can see the city in the background, its  
20 proximity to McKees Rocks.

21 Here's another picture from one of  
22 the old boiler and tank buildings on the site as  
23 well. Again, we're calling it "industrial  
24 blight."

25 The residential areas in

## C. Rippole

1 McKees Rocks, the ground site, or the former P&LE  
2 site that we're talking about, is located smack  
3 dab in the city.

4 Now, the residential communities are  
5 literally 30 feet from the former industrial  
6 areas. To give you another perspective, this is  
7 a direct -- it's a bird's eye view.

8 Again, this is the site as we  
9 pointed out. This is residential. All this area  
10 is residential. This is all residential as is  
11 this. So residential literally -- in most  
12 Western Pennsylvania communities, the residential  
13 area was developed around the industrial areas so  
14 that the workers could walk to work.

15 Residential blight and correlation  
16 between the industrial blight that we've seen.  
17 That population decline is now 61.1 percent. So  
18 you went from 17,000 people to 6,000 people.

19 As a result of that, the increase in  
20 vacant housing units went from -- and this is  
21 just going back in 2000. It's 14 percent up to  
22 about 20 percent now with a projection of  
23 22 percent of the housing units being vacant.  
24 Again, to give you an approximate number, that's  
25 somewhere in the 500 unit range.

## C. Rippole

1           Simple supply and demand have caused  
2           the median house price to drop to 32,000. As a  
3           result of that decreasing tax base, the community  
4           and school district are forced to raise millage  
5           rates to make up the difference.

6           Then with the population of over  
7           65 approaching 20 percent, you can understand how  
8           this problem is going to continue to increase as  
9           we move forward. But the downward spiral that I  
10          see here is that as you get more vacancies, you  
11          have more blight, McKees Rocks becomes less of a  
12          desirable place.

13          Again, as a result of trying to  
14          maintain that infrastructure in the community  
15          that was designed to support 17,000 people,  
16          you're now having to raise taxes in order to  
17          support that which makes it even less  
18          attractive. So it's a downward spiral. It's  
19          increasing the blight vacancy in that community.

20          The economic impact per capita  
21          income is at \$13,000, median household income,  
22          \$22,000. Poverty is greater than 20 percent, and  
23          the school district is 101 out of 105 in Western  
24          Pennsylvania.

25          That's no slam on the school

## C. Rippole

1 district. It's more just a reflection of the  
2 lower income communities and the stress that it  
3 puts on the requirements to support some of the  
4 students that attend that school.

5 The silver lining of McKees Rocks, I  
6 think the same thing that made it attractive to  
7 the industrial Barons, the Barons of the  
8 Industrial Revolution, are what is going to be  
9 able to revitalize it now.

10 Strategically located, large tract  
11 of developable land. There's infrastructure that  
12 supports growth again. Utilities, water, that's  
13 already in place to support that heavy industrial  
14 use which was once the P&LE Railroad.

15 Then available housing stock, when  
16 you look at that, you have 20 percent of vacant  
17 units that are out there. McKees Rocks can  
18 quickly accommodate a growth in the industrial  
19 area because there are residential units  
20 available right now. It's not like you have to  
21 go out there and build a new subdivision to  
22 support what growth you have.

23 Heading down to the strategic view  
24 again, here's McKees Rocks; and there's the City  
25 of Pittsburgh. Again, it abuts the City at this

## C. Rippole

1 point right here.

2 McKees Rocks strategically located,  
3 this picture represents a 5, 10, and 15-minute  
4 drive time. The 5 minutes in the center, the  
5 green is the 10-minute, and the 15-minute is the  
6 surrounding area, the purple. You can get to the  
7 airport in 15, Downtown Pittsburgh in 5, and to  
8 the parkway and to 79 in 10 minutes.

9 This is our tract of land that we  
10 were referring to, the 53 acres of the former  
11 P&LE site that was in McKees Rocks that we're  
12 calling the P&LE Brownfield site.

13 Again, just talk a little bit about  
14 the infrastructure. These are traffic counts on  
15 the state highways that surround McKees Rocks.  
16 Again, upwards of 15,000 to 20,000 to 25,000  
17 vehicles.

18 McKees Rocks approaches really a  
19 little bit of public/private partnership with  
20 Trinity as the private partner and the Borough  
21 and McKees Rocks CBC.

22 We are implementing a strategic plan  
23 that was crafted in June of 2003. That strategic  
24 plan, the targeted area, the main action items  
25 identified to help revitalize the community is to

C. Rippole

1       redevelop that Brownfield site.

2                   Here's our concept plan for this  
3       53 acres in McKees Rocks. You're looking at  
4       upwards of 400,000 square feet of light  
5       industrial flex distribution and high-technology  
6       space.

7                   What we are doing, we're planning on  
8       phasing the development in over time. We have  
9       four phases represented by the different colors,  
10      and this first phase is what we're working on  
11      right now, which is the light blue. That's  
12      315,000 square feet of new construction.

13                   We'll be reusing one  
14      28,000-square-foot building that has historical  
15      significance to the industrial heritage in the  
16      community.

17                   Again, going back to the existing  
18      infrastructure of McKees Rocks, which is  
19      interesting, State Route 51, McKees Rocks Bridge,  
20      there are already one, two, three existing  
21      40-foot municipal roads that lead up to State  
22      Route 51. So you're not having to necessarily  
23      construct completely new roads, maybe just  
24      widening them and overlaying them.

25                   Again, this is a picture of the

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1 Brownfield site from McKees Rocks Bridge. This  
2 is a rendering of what it's going to look like.  
3 One building that we're talking about rehabing is  
4 right now industrial blight. This is what it's  
5 going to look like when we're done.

6 A little bit on the status of the  
7 project. Site control, environmental issues,  
8 because that has really been the hindrance to  
9 redeveloping this project, site investigation and  
10 economic impact.

11 Site control, the Borough currently  
12 controls 32 acres of the 33 acres, including  
13 Phase 1. The other three properties we're in  
14 negotiations for, and Trinity has closed on  
15 eight parcels which is what enabled the main  
16 entries to be expanded.

17 Environmental assessment, we  
18 received a \$400,000 EPA Brownfield Coalition  
19 Assessment Grant, which enabled us to really  
20 figure out what the problems were from an  
21 environmental standpoint.

22 The reason why that site -- one of  
23 the main reasons why that site has been vacant  
24 for the last 30 or 20 years has been the fear of  
25 what is there and the environmental

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1       contamination.

2                       With that grant, we've been able to  
3       find out what there is and have been able to  
4       enter into the Act 2 Program with the  
5       Pennsylvania DEP to obtain site-specific  
6       standards and also to enable us to get back to a  
7       point that would enable us to get financing and  
8       ultimately to redevelopment the site.

9                       There is currently a demand of the  
10      clean-up or, for lack of a better term, overlay  
11      of the contamination of 1.5 million to clean up.  
12      Some other help that we received -- from the help  
13      of due diligence we received a \$150,000 Business  
14      in Our Sites planning grant from Pennsylvania  
15      Commonwealth Financing Authority.

16                      I have to recognize the efforts of  
17      State Representative Deasy and State  
18      Representative Kotik as well as Senator Fontana  
19      for helping us to secure all these grants that  
20      enabled the evaluation of the site.

21                      The economic impact, our first  
22      phase, we create 356 direct jobs, 642 indirect  
23      jobs, induced jobs. The direct compensation  
24      would be \$56 million, and it would generate  
25      \$7.91 million in state and local taxes annually.

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1           The keys to success, from our  
2           perspective, we still have a long way to go. So  
3           I don't want to start waiving a flag just yet,  
4           but I think it's just a shared vision and  
5           objective; and that helped with the strategic  
6           plan which involved a lot of folks. The  
7           objective known that we think that the best use  
8           for that would continue to be industrial and  
9           could support jobs for the community.

10           Cooperation and partnerships, we've  
11           met multiple times with representatives from the  
12           state, the local, and the county governments as  
13           well as the Community Development Program to help  
14           identify what the strategy was for pursuing the  
15           redevelopment of this site, and we made a lot of  
16           success on that.

17           Also, the partnerships, it's  
18           important to point out, there's a local  
19           not-for-profit called Focus on Renewal. One of  
20           the things that they do is they help to serve the  
21           needs of the community, and I think what you have  
22           with that grouping in place is the ability to  
23           prevent the bleeding.

24           While McKees Rocks was going through  
25           this downturn, Epiwal (phonetic) was there to

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1 support the residents; and now they're poised to  
2 help redevelop the community and keep the  
3 residents there and bring in new residents.

4 Leadership and support, again, I  
5 can't emphasize the need at the state level for  
6 leadership and support. If you look at the  
7 grants and the funding that we received, a lot of  
8 it is being initiated at state level.

9 Public assistance, these projects  
10 typically do not make sense, do not meet the  
11 criteria for any kind of return to get public --  
12 to get private financing for this project. So  
13 it's completely necessary to get help.

14 One thing that is just kind of hot  
15 off the presses here, we recently were made aware  
16 that we were recipients of an ISRP Grant upwards  
17 of a million dollars. Again, I can't thank you  
18 enough, Representative Deasy and Kotik, for their  
19 support on this. That's the maximum allowed.  
20 That will help go towards that \$1.5 million in  
21 clean-up.

22 Just in general, going back to the  
23 correlation between the industrial blight and the  
24 residential blight, if you saw the industrial  
25 blight problem with redevelopment, again, going

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1 back, if you create 356 jobs and all those folks  
2 decide to stay in McKees Rocks, that fills a huge  
3 void up to 497 vacant residential units that are  
4 currently either in the blight status or going  
5 there. That solves that problem. So there's  
6 this correlation between industrial and  
7 residential, especially in these communities.

8 We're looking at about \$8 million in  
9 site costs. The private developer, the  
10 partnership, we're bringing anywhere from eight  
11 to ten. We match half of that. Again, why these  
12 thing tend to be difficult to make happen is you  
13 have a property that is relatively inexpensive  
14 for 30 acres.

15 There is no motivation for the  
16 property owners, and I think you're going to find  
17 this consistently around Pennsylvania, to really  
18 move because they're using it for an industrial  
19 purpose. They have no fear of the environmental  
20 concerns because it only becomes an issue when  
21 you go to redevelop or get financing.

22 Unfortunately, because it was zoned  
23 industrial, and I think everybody will get a  
24 chance to take a look at this on the tour, once  
25 the change goes from the P&LE industrial use now

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1 over to its currently zoned industrial, an  
2 industrial use, it was a little bit more  
3 intrusive of the surrounding residential areas  
4 that were within that.

5 So I think it's so important to be  
6 able to facilitate the transition of that, a  
7 little bit more of different industrial, which  
8 will help resolve the residential blight. So I  
9 want to thank you for the opportunity to testify.

10 MR. THOMAS: All right. Let's give  
11 Representative Deasy a good round of applause for  
12 bringing this together.

13 (Applause.)

14 MR. THOMAS: And I think if you have  
15 to just identify a theme for all of the  
16 presenters, we would call it "shared vision,  
17 equal shared prosperity." Public/private  
18 partnerships, we can bring about shared  
19 prosperity in our communities.

20 Are there any questions before we  
21 move towards our tour? Representative Deasy, you  
22 want to start off?

23 MR. DEASY: I have no questions,  
24 just a comment. Thank you, Craig. Thank you to  
25 all our presenters. We look forward to spending

1 some time together this afternoon. I also want  
2 to recognize Irene for all her hard work in the  
3 last two days putting these events together and  
4 Julie Jarbeck, my chief of staff.

5 (Applause.)

6 MR. DEASY: I would like to thank  
7 those individuals as well and look forward to  
8 taking a ride this afternoon. Any other  
9 questions?

10 MR. KOTIK: Just a quick comment.  
11 This project and everything that was mentioned  
12 today, especially in our particular area, has  
13 brought great hope to the people.

14 I mean, there has been such a great  
15 response to everything that has been done, and I  
16 can't say enough about the two young gentlemen in  
17 the audience. They've been the prime motivators  
18 behind this whole new take on blight. They have  
19 revitalized the communities, and it's a real  
20 pleasure to work with you. Thank you.

21 MR. DEASY: Mr. Ravenstahl?

22 MR. RAVENSTAHL: No questions.

23 MR. DEASY: Mr. Chairman, thank you  
24 again for coming out to Pittsburgh, and thank you  
25 to your staff as well for a great job in putting

1           this together. Thank you all for joining us.

2                       MR. THOMAS: Count us in.

3                       MR. DEASY: Thank you.

4                       (Whereupon, the above-entitled  
5 matter was concluded at 12:05 p.m., this date.)  
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## C E R T I F I C A T E

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

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Amanda M. Murphy, Notary Public