

Thank you for inviting me to speak today to provide a perspective on the Pennsylvania Land Bank Act and to give me an opportunity to share the story of the Tri-COG Land Bank. We are a 28-member, multi-jurisdictional land bank made up of 21 municipalities, their 6 school districts and Allegheny County. Our land bank was formed earlier this year as the culmination of over six years of work focused on the problem of vacant, blighted, and abandoned properties. This years-long effort was co-led by my organization, Steel Rivers Council of Governments, and our partner organization the Turtle Creek Valley Council of Governments. . While we have long recognized the need to address blight, we also knew that we could most effectively help our communities by generating the data we needed to develop a full understanding of the problem. The COGs provide the staff for the Tri-COG Land Bank.

Our COGs work with the most distressed communities in Allegheny County, and this is where our attention on this critical problem began. Because the nature of COGs is to support shared programming, we knew that understanding the financial perspective on the issue of blight was important, because we knew that the formation of any new program would require resources. We also understood that blight was a difficult problem that would likely be an expensive one to tackle.

We spent 2012 and 2013 gathering data, included in your handout is one of the map that we produced. Our analysis showed that in 2012 blighted properties cost our 39 communities over \$254 million. Our analysis showed that property owners bear the heavy cost of blight: **property within 150 feet of a blighted structure is valued at least 15% less than similar property in the same community.** Loss in properties value is most severe in communities with an emerging and scattered blight problem, where loss of value can approach 33%. As nearly 25% of residences across Allegheny County are impacted by blighted neighboring properties, we estimated the county-wide cost of blight to be more than \$1.2 billion. With more than 60%<sup>1</sup> of middle class wealth in personal home equity, requiring responsible property owners to shoulder this burden is neither fair nor is it responsible. It is clear. We need to work together to do something.

Land bank actions need to be customized for each community. Even in a single county, places are different and solutions need to be cultivated by, for, and most importantly with the community. The history of community development, most notably the evolution of urban design, community planning and architecture, in the last several decades has shown that the most impactful and the most beneficial projects are those that are designed with the community members themselves. This lesson is also emphasized in the Pennsylvania Land Bank Act. The requirement that at least one seat on a land bank board must be granted to a resident ensures that at least one community voice is included in the process. We appreciate this recognition and take it seriously in the way the Tri-COG Land Bank operates.

Allegheny County, like many places in Pennsylvania, is quite fragmented - we have 130 municipalities and 43 school districts. We value local control and local decision-making. The tradeoff to this, however, is that in many of our small communities, municipal budgets are tight, and the number of professional staff positions they have in each community are limited. This fragmentation calls for a regional-scale land bank, yet one that recognizes the differences in our communities and provides them with the power to determine the projects our land bank undertakes.

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<sup>1</sup> Edward Wolff, "Household Wealth Trends in the United States, 1962 to 2013: What Happened over the Great Recession?," 2014.

We feel that we are a regional solution that is driven by local governments and local interests from the bottom up and our governing structure reflects this. The illustration depicted on the opposite side of the cost of blight summary, shows the organizational structure of the Tri-COG Land Bank. To ensure that everyone is included in the decisions regarding which properties to acquire and what they should become, we developed advisory committees comprised of members of the municipalities and school districts. These committees have 2 key functions that form the basis for all Tri-COG Land Bank actions. First, they evaluate and approve all land bank acquisitions and dispositions and then make recommendations to the Board. Second, they nominate and elect the Board of Directors. Because our Board holds final decision-making authority, membership is balanced between community interests and industry best practices: one community resident, one Allegheny County representative, two municipal representatives, two school district representatives and three qualified professionals..

The Tri-COG Land Bank has implemented a creative financing strategy which is summarized in your handout. Like most land banks in Pennsylvania, the Tri-COG Land Bank members agree to forgive the past debt on the properties that are acquired. Most municipalities and school districts recognize that accrued delinquent taxes on land bank properties will never be recaptured. The members also agree, as is allowed in the PA Land Bank Act, to share future tax revenue with the land bank 50% for 5-years. Despite these funding sources, we knew that in such a large county, we would need more revenue to make an impact. The third financial commitment our land bank members make to the land bank is an annual contribution based on their prior year's delinquent tax collections. In 2017, this annual commitment raised almost \$180,000. This local commitment, allowed us to leverage additional investment from five of our local foundations. Together, they have committed over \$1.5 million distributed over our first 3 years, 2017, 2018, and 2019.

Although formed only this year, the Tri-COG Land Bank has made great strides. We drafted and passed bylaws and numerous policies and procedures to govern our organization and operations. We developed a system where we will consider properties in the spring and fall of each year and created a data driven method to evaluate them. We completed one round of property submissions which resulted in the decision to move forward and acquire 10 properties. Our legal team is working through that process now. We are working through our second round of property reviews which should result in the recommendation to acquire an additional 15-20 properties. We continue to build partnerships with our communities and with the non-profit entities that work within them. We are excited to be moving forward.

In closing, I would like to return to the fragmented nature of local governments in Pennsylvania. Many criticize our numerous local governments and write them off as outdated and inefficient. I look at our communities differently. We are largely a network of small towns, boroughs and cities which are run by passionate civil servants who go above and beyond for their community. Our local leaders should be a part of any discussion about property reuse and redevelopment in their communities.

Recently, the PA Senate passed Bill 667 which seeks to grant some land bank powers to redevelopment authorities. We believe this is a mistake. This bill abandons the preference for local control of land banks as most redevelopment authorities in the state are entities of the county. Furthermore, SB 667 does not require community representation or participation. This lack of inclusion breeds distrust. Given the history of disinvestment and inequitable housing in poorer communities, we should not combine the power of eminent domain with the power to extinguish tax liens. This Bill misaligns purpose and power by granting redevelopment authorities powers that weren't designed for them. Land banks should be flexible so that they can adapt to the unique characteristics of a place or property. Redevelopment authorities are designed to focus on larger

redevelopment projects that are constrained by the source of their funding. Finally, SB 667 has not received sufficient vetting. SB 667 spent less than 3 months in the Senate while the PA Land Bank Act was written over 3 legislative sessions and included consultation with many stakeholders.

I appreciate your interest in the Tri-COG Land Bank and the opportunity to offer testimony. It is my hope that, our work demonstrates the unique value that land the Tri-COG Land Bank brings to the municipalities and school districts of Allegheny County, and that, even among members with constrained financial resources, sustainable funding strategies can be developed.

**COG MEMBER COMMUNITIES**  
**COMMUNITY CHARACTERISTIC**

<b>Population:</b>	294,057
<b>Average Population Change Since 1960:</b>	-24.9%
	-86.9% to +262%
<b>Total Housing Units:</b>	147,693
<b>Total Res. Properties:</b>	134,500
<b>Total Blighted Properties:</b>	7,008
<b>Tax Delinquent Properties:</b>	16,845
<b>Percent of Tax Delinquent:</b>	11.3%
<b>Vacant Housing Units:</b>	15,903
<b>Vacant Lots:</b>	19,602
<b>Average Median Household Income:</b>	\$40,348
	(Ranges from \$20,191 to \$80,990)
<b>School Districts:</b>	14

<b>Cost of Municipal Services:</b>	
<b>Total Annual Costs:</b>	
Code Enforcement	\$595,350
Police Services	\$6,400,296
Fire services	\$2,367,725
Public Works	\$727,195
Demolitions	\$618,936
<b>Total Direct Cost of Blight: \$ 10,720,302</b>	

<b>Loss of Tax Revenue</b>	
<b>Total Annual Costs:</b>	
RE Tax Loss Due to Properties that are Delinquent and Blighted	\$2,758,137
RE Tax Loss Due to Vacant Lots	\$2,256,222
EIT Loss Due to Vacant Lots	\$820,323
EIT Loss Due to Vacant Structures	\$2,552,475
Delinquent Tax Collection	\$250,718
<b>Total Cost of Tax Revenue Loss: \$ 8,637,875</b>	

<b>Property Value Loss (15%)</b>	
<b>Total Annual Costs:</b>	
Property Value Loss Related to Blight and Blight Buffer	\$218,556,773
RE Tax Loss Due to Property Value Loss in Blight Buffers	\$8,574,719
<b>Total Property Value Loss: \$ 227,131,492</b>	

**ALLEGHENY COUNTY BLIGHT SUMMARY**

<b>Population:</b>	1,231,527
<b>Housing Units:</b>	408,985
<b>Tax Delinquent Homes:</b>	10,321
<b>Median Household Income:</b>	\$47,961

Non-Blighted Households Affected	96,916 (23.7%)
Property Value Loss Related to Blight and Blight Buffer	\$1.2 Billion
City of Pittsburgh	30%
Tri-COG Communities	42%

<b>Loss of Economic Benefit From New Growth</b>	
<b>Total Annual Costs:</b>	
Real Estate Tax	\$8,117,602
New Resident EIT	\$116,692
<b>Total Economic Benefit Loss \$ 8,284,294</b>	

<b>TOTAL ANNUAL DIRECT AND INDIRECT COSTS OF BLIGHT</b>	
<b>\$254,773,963</b>	
<b>Per Household Cost for 141,745 Households</b>	<b>\$1,797.41</b>

**GUIDING PRINCIPLES**

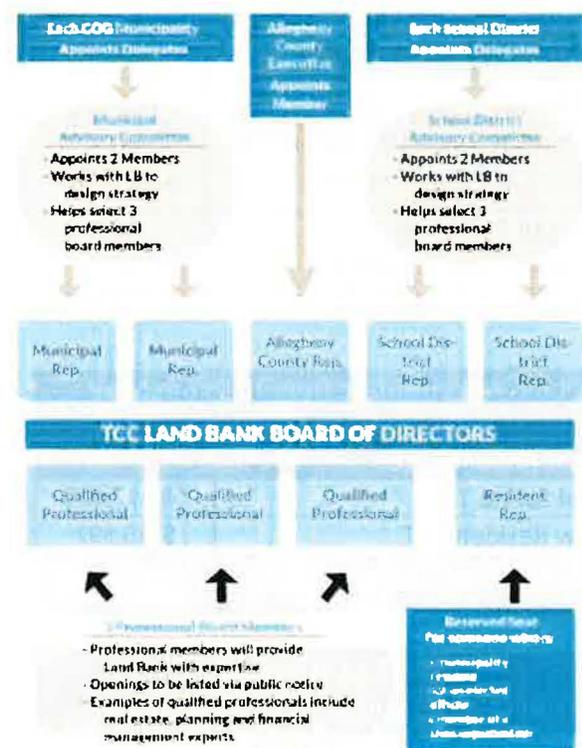
1. A mechanism for strategic blight mitigation
2. Effective scale is reached at a multi-municipal level
3. Commitment to communities
4. Accountability
5. Sustain financial and operating resources
6. "One Stop Shop"
7. Nimble and Responsive

**SUSTAINABLE FINANCING STRATEGY**

On-Going Financial Commitment from Members (Municipalities, School Districts and County)

- o Tax Discharge
- o 50% Tax Recapture for 5 Years
- o 5% of Prior Years Collected Delinquent Real Estate Taxes (Principal Only) Paid Annually

**BOARD OF DIRECTOR'S DESIGN MAXIMIZES LOCAL CONTROL**



**LAND ACQUISITION STRATEGIES ARE DRIVEN BY A PLAN FOR THE PLACE**

- Neighborhood Restoration – side lots, infill housing, adopt-a-lot
- Neighborhood Preservation – use GIS data to select abandoned homes in a stable neighborhood
- Site Development – acquire individual parcels to consolidate for redevelopment project.
- Economic Redevelopment – stabilize commercial districts

**BUILDING A COMPREHENSIVE STRATEGY FOR COMMUNITIES**

A Land Bank is an important tool - But it is not the whole toolkit - It requires coordination

- Land Banking
- Strategic Code Enforcement
- Brownfield Development
- Education and Knowledge Sharing through Blight Busters
- Affordable Housing
- Planned Greening
- Urban Agriculture
- Economic Development
- Building Partnerships

An Lewis, Executive Director  
 Tri-COG Land Bank  
[an@tricoglandbank.org](mailto:an@tricoglandbank.org)  
[www.tricoglandbank.org](http://www.tricoglandbank.org)



## Why a Land Bank?

The central goal of the land bank is to mitigate blight and stimulate economic development by transferring properties that are vacant, abandoned, and tax delinquent back to productive use that benefits communities. Strategic decisions can be made to ensure the highest impact properties are pursued and placed into productive use and taxpaying status. The following are some benefits attributable to a land bank.

### Commitment to Communities

Land Banks work in unison with community priorities and plans and alongside local community development corporations, community-minded groups and individuals to ensure the most desirable development outcomes are achieved.

### “One-stop-shop”

Properties are available to current residents, to-be homeowners, non-profits, investors, and development agencies with countless development opportunities, along with a clear title and a fresh start.

### Effective Scale

Blight is not bound by geographic or political borders. A regional approach allows for a diverse real estate portfolio and increases opportunities for success.

### Data Driven Decisions

We focus on the data: tax delinquencies, market types, parcel conditions, trends in development. We have a way to track it – and to map it!

### Funding

Addressing blight takes money – acquisition and maintenance of properties can be extremely expensive. Land Banks can accept financial resources from various sources – including membership contributions, grants, revenue from sales, and foundation support.

### Ability to be Nimble and Responsive

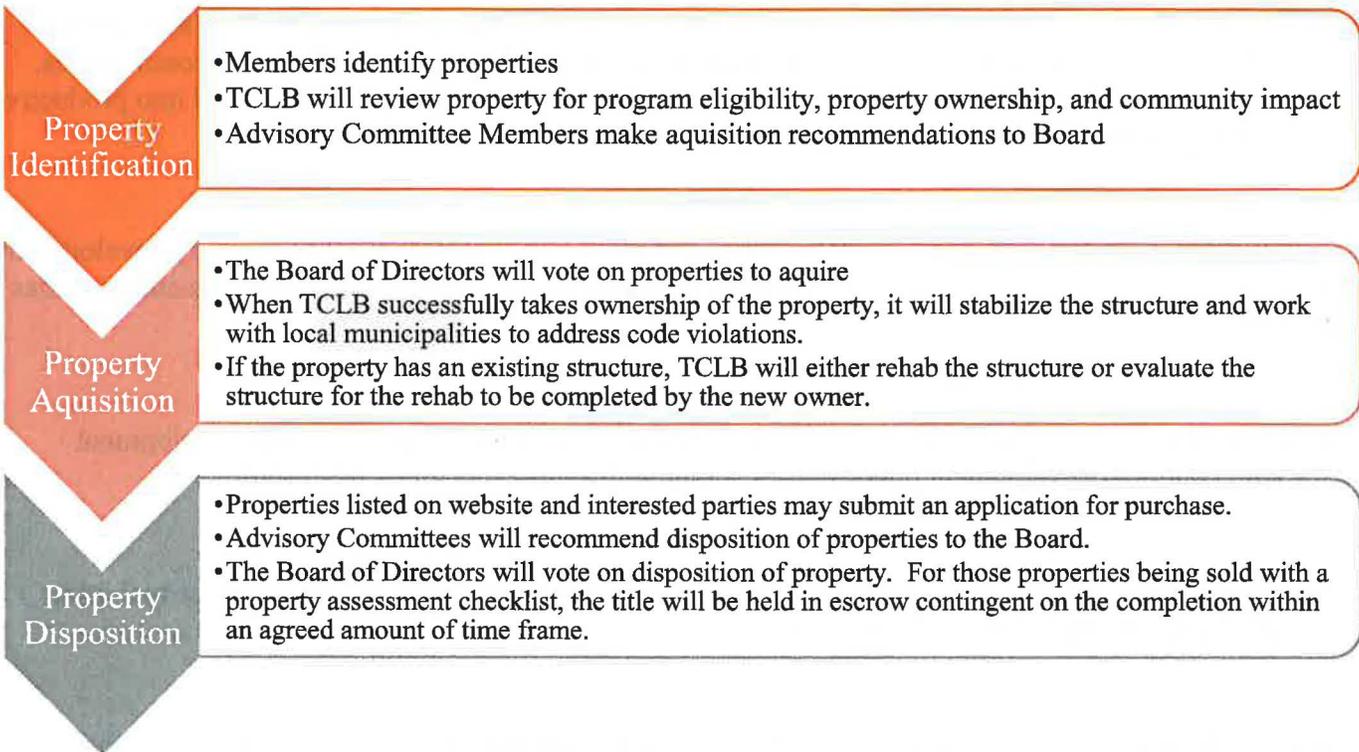
Neighborhood revitalization can be tricky, and oftentimes creative approaches are needed. Land Banks are flexible for communities’ plans and responsive enough for new opportunities.

### Accountability

As a quasi-public entity Land Banks adhere to the same reporting standards and audits, making it a transparent and accountable organization.



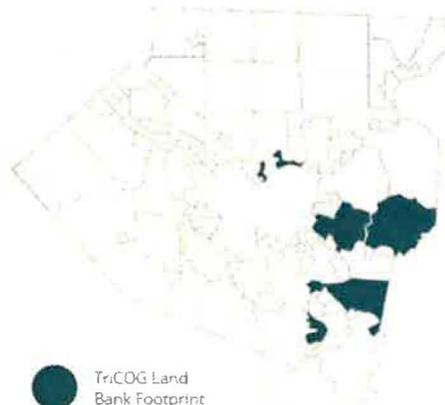
## Our Process



## Terms of Membership

### On-Going Financial Commitment from Members (Municipalities, School Districts and County)

- Tax Discharge
- 50% Tax Recapture for 5 Years
- 5% of Prior Years Collected Delinquent Real Estate Taxes (Principal Only) Paid Annually



## Commentary on Senate Bill 667

Submitted by An Lewis, Executive Director  
Steel Rivers Council of Governments  
Tri-COG Land Bank

Authorized by Act 153 of 2012, land banking in Pennsylvania has started to yield positive results. By extending land bank powers to redevelopment authorities SB 667 threatens the continued development of this vital resource for rebuilding our communities.

### Contents of SB 667:

SB 667 grants redevelopment authorities (RDAs) the following powers currently reserved for land banks:

- Accept the transfer of repository list properties from the county
- Accept the transfer of certain tax foreclosed real property from municipalities
- Accept donations of real property and extinguish tax claims on that property
- Share up to 50% of property taxes collected for up to 5 years after the property is conveyed to a new owner

### Concerns with SB 667:

- **SB 667 abandons the preference for local control of land banks**
  - This bill permits an RDA controlled by a county to compete directly with a land bank formed by a municipality (or a group of municipalities).
  - PA's Land Bank Act explicitly prohibits county land banks from operating in jurisdictions in which municipal land banks already exist. SB 667 has no similar prohibition for RDAs acting as land banks.
  - Not only would this bill jeopardize the development of existing and future land banks, **it shifts the default unit of government for exercising land bank powers from municipalities to counties.**
- **SB 667 does not provide for community representation or participation**
  - RDAs are not required to include community or resident representation on their governing boards.
  - PA's Land Bank Act ensures community participation by requiring land bank governing boards to include at least one voting member who is a resident of the land bank jurisdiction and is not a public official or municipal employee.
- **SB 667 combines the power to extinguish tax liens with the power of eminent domain**
  - This bill grants land bank powers to RDAs—entities that also have the power of eminent domain.
  - PA's Land Bank Act explicitly denies land banks the power of eminent domain.
  - Separating these powers, especially in communities that have a history of disinvestment and inequitable housing, is critical to building community trust.
- **SB 667 misaligns purpose and power**
  - The bill provides RDAs with powers that were not designed for them.
  - RDAs focus on large redevelopment projects and are constrained by the source of their funding.
  - Land bank powers are designed to be used by flexible entities that can acquire and restore properties on case-by-case bases according to community needs and desires.
- **SB 667 received insufficient vetting**
  - This bill spent **less than 3 months** in the Senate.
  - The Land Bank Act was written over **3 legislative sessions** in consultation with many stakeholders. This ensured all viewpoints were expressed, considered, and evaluated.
  - RDAs were not included in the Land Bank Act when it was passed less than 5 years ago. This was not an oversight, but a decision based on the recommendation of the experts.