



MUNICIPALITY OF NORRISTOWN

TESTIMONY ON SENATE BILL 775 / HOUSE BILL 1559

October 30, 2019

Presented To:

Senate Urban Affairs and Housing Committee and
the House Urban Affairs Committee

Presented By:

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Municipality of Norristown

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Good morning Senator Ward, Representative Helm, and all distinguished members on the Senate Urban Affairs and Housing Committee and the House Urban Affairs Committee. Thank you for inviting the Municipality of Norristown to testify at this joint public hearing on SB 775 and HB 1559. My name is Crandall O. Jones and I am the Municipal Administrator & Chief Administrator Officer for The Municipality of Norristown and seated with me is Amrinder Singh, Code Enforcement Manager & Building Code Official.

Similar to Building and Code Departments across the Commonwealth, the Norristown Department of Buildings & Code Enforcement is struggling with holding Corporations, LLCs, LLPs, Etc. who own property accountable when they fail to maintain their properties. In Norristown:

- We have approximately 10,428 tax parcels in 3.52 square miles.
- Approximately 3,854 properties are owned by persons/corporations outside of Norristown (36.95%).
 - We have property owners from 30 out of 50 states: Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Louisiana, Massachusetts, Maine, Maryland, Michigan, Montana, Nevada, North Carolina, New Jersey, New York, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Virginia, Washington, and the District of Columbia.
- Approximately 1,775 of all properties (17.02%) are owned by Corporations, LLCs, LLPs, Etc.
- Approximately 600+ mailing addresses listed are post office boxes and not physical addresses.

One of the challenges the Municipality faces for obtaining code compliance relates to the fact corporations, LLCs, LLPs, etc., that own property hide behind such entities because they are not required to disclose an officer of the organization and/or technically provide a physical business address. Many properties in Norristown that are neglected, not maintained, abandoned, and blighted are owned by such entities. They use virtual addresses and post office boxes and shield themselves from being held responsible. Many also create multiple Corporations/LLCs to make it harder for the Municipality to enforce local Codes & Ordinances and to track which individual or company actually owns such properties.

From 2016 to 2018, Norristown's Department of Buildings & Code Enforcement issued approximately 3,944 Non-Traffic Citations for various violations of Municipal Codes. Of those citations 1,483 (37.60%) were citations for which we have yet to have a hearing in court. This is due, in large part, to a majority of those citations being issued to a Corporation/LLC. Many Corporations/LLCs do not answer summons, as they know that they cannot technically be held responsible—since we are unable to identify an officer of the entity; and, many are using virtual addresses and post office boxes. By having a name of an officer and such person's physical address, we would be able to issue citations to such individual as well to hold them and their entity responsible for ongoing code violations and blight conditions in our community.

That being said, we agree with the Housing Alliance of Pennsylvania as mentioned in their written testimony that:

Tax sales present an opportunity for county and local governments and school districts to collect delinquent real property taxes. They also present an opportunity for buyers to acquire real property at deeply discounted prices, especially at the judicial or "free and clear" sale. Some of the properties exposed to tax sale are condemned and are in such bad shape that they must be demolished. Many need



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significant repairs to address serious housing and building code violations. Judicial sale properties can typically be acquired for as little as \$1000.

The low sale price attracts individuals and investors looking for bargains and deals. While many of the buyers at tax sale move forward with improving the property, too many others are unable or unwilling. Some of the buyers simply lack the skills and money needed to demolish or repair the properties. Others are speculators and slumlords with no intention of improving the property and have long histories of negligent and irresponsible property ownership.

The amendments to the Real Estate Tax Sale Law (“RETSL”) proposed by SB 775 and HB 1559 will strengthen the tools available to county and local governments to help prevent negligent and irresponsible property owners from buying even more properties at tax sales.

We stand with many communities—urban, suburban and rural—that agree:

- Tax sale properties can be tempting to "bad actors" who purchase a property, only to subsequently do nothing to address the property's code violations or other blight issues;
- Often, these purchasers are not local, making it difficult to track them down for compliance enforcement;
- Some purchasers are chronic problem owners, holding numerous properties with code violations that may not be in the same municipality where the tax sale property is located—making it easier for them to fly under the radar screen.; and
- In the event these violations are known, the law provides a process to address these matters post-sale (expensive and time consuming), rather than preventing habitual offenders from bidding at a tax sale in the first place.

Additionally, while the governing bodies may know the identity of these problem purchasers, they routinely register different LLCs with the Commonwealth; thereby, hiding behind them in order to avoid detection or litigation. Or, as asserted by the County Commissioners Association of Pennsylvania (CCAP) they may purchase properties in another county where they do not have current violations.

The Municipality of Norristown supports SB 775 and HB 1559, including the comments and recommendations made by the Pennsylvania State Association of Boroughs (PSAB), the Housing Alliance of Pennsylvania and CCAP in their written testimony and legislative briefings.

We strongly believe that the pre-registration of tax sale bidders will prevent negligent property owners from acquiring more properties. The Municipality of Norristown requests you to require the names and addresses of LLC members where an LLC is registering for a tax sale. We further request you to extend the disclosure requirements to sales from repositories. This information will help municipalities across the Commonwealth to screen potential purchasers, hold owners accountable, and return properties to productive use.

We truly appreciate this opportunity to provide testimony. Please feel free to contact me or Mr. Singh, if we may be of any assistance. Thank you.

With Best Regards,

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