



Testimony

Presented to the

House Urban Affairs Committee

By

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Chairwoman Brown, Chairman Sturla, Rep. Lewis DelRosso and esteemed members of the House Urban Affairs Committee, my name is Gregory Miller. I serve as the manager of the Pittsburgh Land Bank, known as the PLB, which recently became an affiliate of the Urban Redevelopment Authority of Pittsburgh (URA). Thank you for inviting me to discuss how the Land Bank is combatting blight, as well as the effectiveness of PA's Conservatorship Act and other tools available to address land recycling. I will keep my comments brief to allow for discussion.

I want to start with a quote from Dr. Mindy Thompson Fullilove, who is an expert that works in the cross section of architecture, urban planning, mental health, and well-being: "we cannot understand the losses unless we first appreciate what was there". The abandoned and vacant properties that exist throughout Pittsburgh today are in many ways a symptom of deindustrialization, poor planning, and disinvestment. The cost of today's blight is well documented. According to the Center for Community Progress's 2017 report, Pittsburgh spends nearly \$2 million per year to provide code enforcement, police, and fire services to vacant and abandoned properties. This excludes several related costs, like court costs or other legal fees associated with code enforcement. That same 2017 report also estimated that vacant properties that are tax delinquent more than three years cost taxpayers more than \$2.3 million per year. That cost only goes up when we start to factor in delinquency that is under three years.

As if that were not bad enough, blight has an indirect cost by negatively affecting values of surrounding properties, known as a "spillover effect." On average in Pittsburgh, the spillover effect for all residential

properties, located within 500 feet of the 1,370 vacant residential properties in distressed physical condition, is more than \$194,000. The cumulative Citywide loss of property value for these residential properties is \$266 million. This results in an annual loss of \$4.8 million in property tax revenue. This already conservative analysis ignores the studies that show spillover effect can touch properties up to 1,000 feet away. It does not contemplate spillover effects caused by the over 600 commercial properties in Pittsburgh. Nor does it calculate the costs of residential or commercial spillover effect on commercial property values.

The City of Pittsburgh, with support from the URA, is making significant strides in improving the quality of life for all Pittsburghers through targeted planning and land recycling strategies and tools, such as the Land Bank. The Pittsburgh Land Bank was created in April of 2014 with the primary focus on getting tax delinquent property back on the City's tax rolls, while improving the quality of life for neighborhood residents. Over the years, several issues have held back the Land Bank from achieving its goals. One legislative issue that the PLB is currently working on with Senator Fontana is an amendment to the sheriff sale process in Allegheny County, governed by the Municipal Claims & Tax Lien Law (MCTLL). The PA Landbank Act provides enhanced powers through the sheriff sale process. However, not all of Pennsylvania is treated equally in the sheriff sale process.

Currently, we use the Treasurer's Sale process- the only jurisdiction in the state to do so. It is cumbersome, does not produce insurable title, and is regarded by many as fraught with legal issues. Our proposed amendment provides for an expedited sheriff sale process that is currently only available to the City of Philadelphia. Legislation extending this option to municipalities across Allegheny County would dramatically enhance our ability to return vacant, abandoned, and tax delinquent property to productive use through ensuring property titles are clean under a single action instead of two separate actions. Saving time and money on legal fees results in a less expensive means of returning property to productive reuse. Because blighted property is often clustered in areas where property values are depressed, and re-sale values are low, the ability to reposition each property for the lowest cost possible is essential to making these endeavors economically feasible.

Neighborhood-scale development like single family or low-unit count affordable and workforce housing, small-scale affordable commercial store fronts, and neighborhood greenspace and recreational uses have a limited up-front financial return but do provide long term tax base growth and social returns. Allowing for quicker and cheaper processes also opens the doors of blight remediation to small neighborhood groups and redevelopment to historically disadvantaged and under-resourced populations. This is a very simple economics problem that we can help solve. Philadelphia currently uses the sheriff sale and has benefited from the process. We need to allow The PLB and other land banks in Allegheny County to benefit from the same process.

Comprehensive land recycling reform does not end with the MCTLL amendment. There are other tools, like the Abandoned and Blighted Property Conservatorship Act (Act 135 of 2008), in need of improvement. Conservatorship authorizes a court-administered process by which "parties in interest" can take control of residential, commercial, and industrial building and revitalize them, when owners have abandoned their property. Unfortunately, the process is cumbersome, and the definition of "parties in interest" has expanded over time, resulting in added costs and confusion. Because of this, the PLB and the Urban Redevelopment Authority have the following recommendations:

- 1.) Appropriate a modest pool of funding that will help people prepare conservatorship plans;

- 2.) While Act 135 only requires notice by certified mail, title company attorneys fail to insure title unless the Petition was served in accordance with Pennsylvania Rules of Civil Procedure;
- 3.) Create a process that brings lienholders to the table for negotiation;
- 4.) For-profit developers, if allowed to remain a “party of interest,” should demonstrate proof of community support for their conservatorship case;
- 5.) Judicial and legal education so those less familiar with conservatorship rules can move cases quicker, reducing costs and increase success stories;
- 6.) Appropriate a modest pool of funding to help complete conservatorship projects that are court approved; and
- 7.) Amend the definition of “party of interest” to authorize land banks to file conservatorship petitions.

There is no shortage of information that points to the negative impacts of blight on the City of Pittsburgh. Fortunately, we have tools within our grasp to combat this issue, while working hand in hand with community members and development stakeholders to realize a more equitable and livable city for the future. Property vacancy and abandonment is a constant reminder that the scars of years past have not fully healed and that we must honor those that live and work in these neighborhoods by pursuing our full potential as leaders and decision makers.

Thank you for your time. I look forward to answering any questions.