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**Testimony at the
Pennsylvania Senate Urban Affairs & Housing Committee
Public Hearing on Blight
City of Altoona
September 26, 2019**

Good morning Senator Ward and members of the Committee. Thank you for inviting me to testify at today's hearing. For the past several years, I have been working with Mayor Pacifico and the City to develop and implement a comprehensive blight strategy. By way of background, I am a consultant and an attorney. Through my firm, Branton Strategies LLC, I provide consulting services and technical assistance to local governments and nonprofit organizations to help them address blight - using prevention, remediation and redevelopment strategies. My work in Altoona is on behalf of the Housing Alliance of Pennsylvania, funded through a grant from the Pennsylvania Department of Community and Economic Development ("DCED"). I serve as the Land Bank and Blight Training and Technical Assistance Program Manager for the Housing Alliance.

Altoona's Comprehensive Blight Strategy Plan

In August 2017, Mayor Pacifico appointed a Blight Task Force to develop a comprehensive plan for addressing blighted properties in the City. The Blight Task Force included representatives from City government, residents, businesses, institutions and nonprofit organizations. I served as the facilitator of the Task Force. Over the course of several months, we examined data on the nature and extent of blight in Altoona, reviewed a range of blight tools and strategies, and reached consensus on blight strategies to prioritize for implementation. Attached as Exhibit A is a map showing some of the property conditions and data considered in the Task Force deliberations.

In March 2018, the Comprehensive Blight Strategy Plan of the City's Blight Task Force was released at a public meeting. A copy of the Plan is attached as Exhibit B.

The Blight Task Force gave the highest priority to the following four strategies:

1. Establish a Land Bank
2. Expand home repair and rental rehabilitation assistance
3. Expand implementation of Act 90 of 2010 (permit revocation and asset attachment)
4. Encourage the Blair County District Attorney to charge repeat code violators with criminal misdemeanors.

The City has made considerable progress in implementing those strategies.

Land Bank. In October 2018, Altoona became the first municipality to use Act 33 of 2018 and designate its Redevelopment Authority to act as its Land Bank. From there, the Redevelopment Authority Board approved policies and procedures to guide Land Bank operations. In addition, we negotiated an Intergovernmental Cooperation Agreement (“ICA”) between the Land Bank and the three taxing bodies – the City, the County and the School District. Under the ICA, the taxing bodies agreed to extinguish liens on properties acquired by the Land Bank and to share fifty percent (50%) of the real estate taxes collected for five years on properties acquired by the Land Bank and transferred to new, tax-paying owners. In addition, we worked out a process for the Land Bank to acquire properties through the County’s judicial sales. Right now, Land Bank activities are focused on preparing for operations, developing a webpage, outlining acquisition and disposition processes, and seeking funding. I am working with the Land Bank on an application for a grant from the Pennsylvania Housing Affordability and Rehabilitation Enhancement - Realty Transfer Tax Fund (“PHARE/RTT Fund”). By raising the cap on PHARE funding from \$25 to \$40 million as you did earlier this year, the legislature will help more communities access this flexible funding source that can be used to address blight. We continue to explore funding opportunities for the Land Bank.

Home Repair. One of the guiding principles of the Blight Task Force was to help struggling owners bring their properties up to code. The City uses federal funding through the Community Development Block Grant (“CDBG”) and the HOME Investment Partnerships (“HOME”) programs to administer two home repair and rental rehabilitation assistance programs. In 2018, 13 single family homeowners received loans to cover roof and window replacements, lead based paint remediation, and other improvements. Exhibit C to this testimony shows before and after photographs of a couple of the rehabilitated homes.

Currently, the City has a waiting list of about one year for the home repair program largely due to a lack of contractors to perform the work. Other challenges include the cost of compliance with the lead-based paint regulations and the income restrictions. Homeowners who do not meet the income restrictions under the federal program but are otherwise just getting by could surely benefit from access to 0% interest loans for home repairs. Programs that offer financial assistance for home repairs and code compliance are proven blight prevention strategies.

Act 90. Another guiding principle of the Blight Task Force was to hold negligent and irresponsible property owners accountable. Act 90 of 2010, titled the *Neighborhood Blight Reclamation and Revitalization Act*, empowers municipalities to deny municipal permits and to lien personal and real estate assets of property owners under certain conditions involving significant tax delinquencies and serious and unabated code violations. The Code Enforcement Department uses the threat of Act 90 permit denial and asset attachment to motivate owners to comply. A local ordinance implementing Act 90 is under consideration.

Criminal Misdemeanors. Another way to hold chronic code violators accountable is with criminal charges. The *Neighborhood Blight Reclamation and Revitalization Act* establishes the misdemeanor crime of Failure to Comply with a Code Requirement, the elements of which

include repeat serious violations that remain uncorrected. Given the expertise of the City Solicitor, Dan Stants, in handling code enforcement matters, and the City's desire to hold repeat code violators accountable, the Mayor and the Solicitor met with the District Attorney for Blair County and proposed appointing the Solicitor as an Assistant DA to handle misdemeanor code cases. The DA agreed. The Solicitor is working with the DA and the County to finalize his appointment. This new and innovative arrangement will give the City greater control and discretion over bringing criminal charges against negligent and irresponsible property owners.

Tax Delinquent Properties

There is a clear connection between tax delinquency and blight. The City works with the County Tax Claim Bureau regarding tax sales of properties located in Altoona. Tax sales are governed by the Real Estate Tax Sale Law ("RETSL"). At the upset and judicial sales, properties are auctioned off to the highest bidder. No pre-registration of bidders is required, giving the City no real opportunity to investigate the eligibility of the bidders. Under RETSL, bidders may be ineligible due to outstanding taxes, municipal utility bills, code violations or revoked landlord licenses. Requiring pre-registration of bidders with advance notice to municipalities would give Altoona an opportunity to review the bidders in advance of the sale and determine whether they are eligible to bid. Currently under RETSL, municipalities are limited to filing a post-sale petition in court to prohibit transfers to successful bidders who own property in the County with serious unabated code violations. Pre-registration can help to reduce the likelihood of ineligible bidders purchasing tax sale properties.

As of August 2019, there were 136 Altoona properties on the County's repository list of unsold properties. Act 38 of 2018 amended RETSL to provide that counties and/or their tax claim bureaus have no obligation for maintenance or for nuisance remediation of a tax-delinquent property that has been exposed to any sale under RETSL unless it purchases the property at any such sale. The intent of Act 38 was to hold the property owner accountable even after the property is exposed to tax sale. In reality, many of the properties on the repository list are abandoned and their owners are unknown and long-gone. In many instances, this leaves the municipality to bear the burden of maintaining the property and remediating any dangerous conditions.

The Pennsylvania Municipal League adopted a resolution proposing equal cost sharing by all taxing jurisdictions of the costs of property maintenance associated with keeping a tax delinquent property, not sold at tax sale, up to code. A copy of the Resolution is attached as Exhibit D.

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EXHIBITS

EXHIBIT A

Registered Vacant Structures, Repository or Judicial Sale Properties, AFD Do Not Enter Structures, and Structures Needing Demolition or Rehabilitation in CDBG Eligible Areas

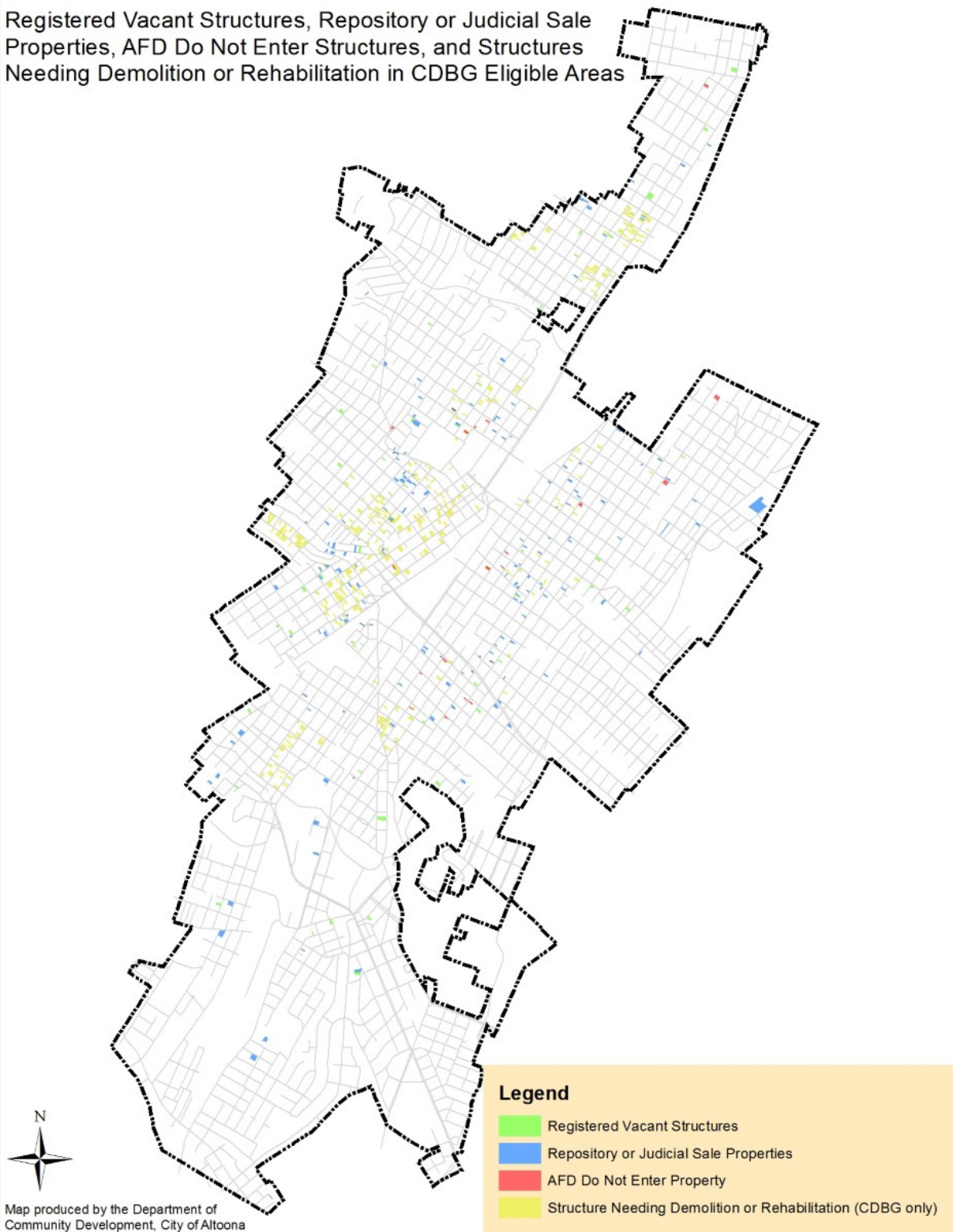


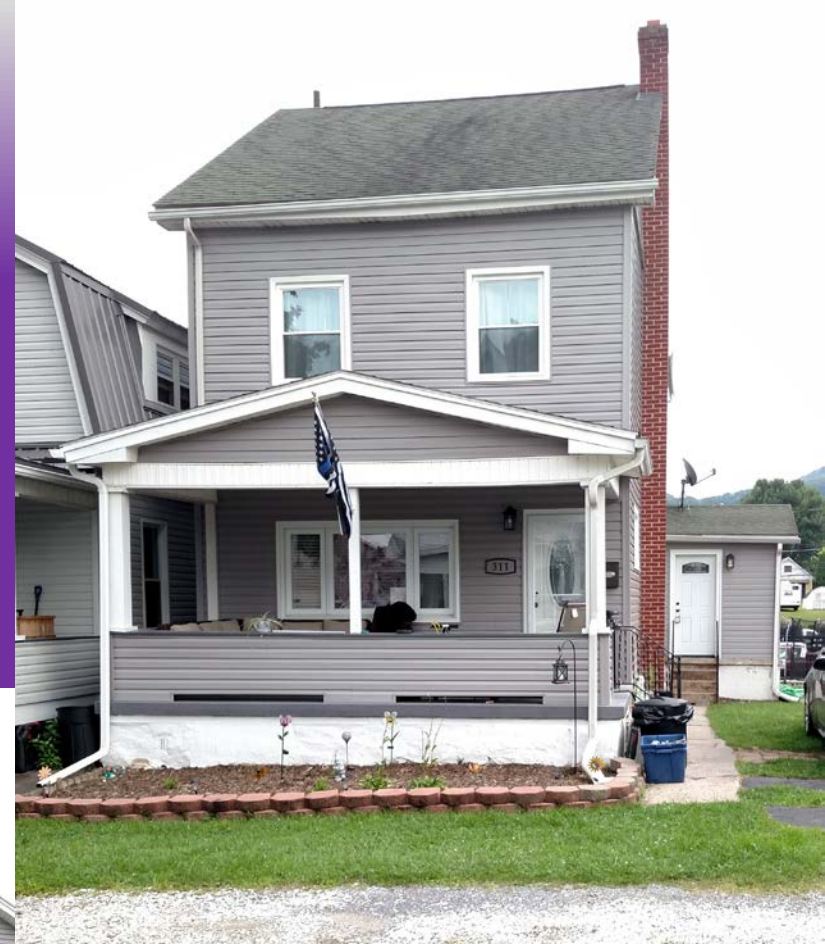
EXHIBIT C

CDBG PY 2018-2019 -- Housing

- Single Family Homeowner Rehabilitation Program (\$491,371.41 tentative)
 - Income eligible loan and rehabilitation program for homeowners
 - We manage the project and use local contractors
 - Non-interest bearing loans with deferments for those 62 and older
 - Completed structure in compliance with the 2009 *International Property Maintenance Code* and lead-based paint regulations
 - 13 homes rehabilitated, 729 since inception



- Vinyl siding
- Side porch enclosed
- Window replacements
- Lead based paint



Before



After



- Roof replacement
- Window replacement
- Soffit and fascia
- Lead based paints



Before



After

EXHIBIT D

Resolution #4-2018

Submitted by: City of Altoona

Maintenance Responsibility of Tax Delinquent Properties

Whereas, the Pennsylvania Real Estate Tax Sale Law, No. 542 of 1947, found at 72 P.S. § 5860.101 et seq., (Tax Sale Law) was enacted to among other goals, to establish a county tax claim bureau and defining its powers and duties including the sales of real estate tax delinquent properties and the management and disposition of properties taken at tax sale and imposing certain expenses on counties and for their reimbursement by taxing districts; and

Whereas, properties exposed to a tax sale are typically in violation of a municipality's property maintenance code, ordinance and/or regulations to such an extent that they require demolition; and

Whereas, the Tax Sale Law was recently amended by Act 38 of 2018 wherein a new sub-article (g) section 641 was added to Article VI thereof in which subsection (b) provides that counties and/or their tax claim bureaus have no obligation for maintenance or for nuisance remediation of a tax-delinquent property that has been exposed to any sale under the Tax Sale Law unless it purchases the property at any such sale; and

Whereas, the full cost of these properties needing such remediation, including but not limited to, demolition in order to protect the public health, safety and welfare will now fall entirely to the municipality in which the property is located, although the real estate taxes that were paid in the past and will be paid in the future regarding such property will be proportionately divided among the said municipality, the school district and the county in which the property is situated; and

Whereas, the cost of remediation of such properties falls disproportionately on the residents of municipality in which the property is located; and

Whereas, to prevent inequity and for the good of the public health, safety and welfare, the Real Estate Tax Law should be amended, to require all taxing districts having levied real estate taxes upon any property not sold in a judicial sale to share in the cost of remediation, including demolition costs related to such property on a pro rata based upon the percentage of the tax having been levied by the taxing district as compared to the whole of all such taxes levied by all taxing districts.

Therefore, be it resolved: the Pennsylvania Municipal League supports legislation to amend the Real Estate Tax Sale Law to require all taxing districts having levied real estate taxes upon any property having been determined by the municipality in which the property is located to be in violation of such municipality's property maintenance code, ordinance and/or regulations and which property was not sold in a judicial sale, to share in the cost of such remediation, including but not limited to demolition costs pro rata based upon the percentage of the tax having been levied by the taxing district as compared to the whole of all such taxes levied by all taxing districts if such remediation is undertaken by the municipality in which the property is located all as set forth in the above final recital of this Resolution.

This resolution calls for equal sharing by all taxing jurisdictions of the costs of property maintenance associated with keeping a tax delinquent property, not sold at tax sale, up to code.