



SENATE URBAN AFFAIRS & HOUSING COMMITTEE

Senator David G. Argall (R-29), Chairman
Senator Jim Brewster (D-45), Democratic Chairman

2013-14 LEGISLATIVE SESSION
FINAL REPORT

Senate Urban Affairs & Housing Committee
2013-14 Legislative Session
Final Report

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2013-14 Members of the Senate Urban Affairs & Housing Committee

Senator David G. Argall (R-29), Chairman
Senator Gene Yaw (R-23), Vice-Chairman
Senator Joe Scarnati (R-25), ex-officio
 Senator Mike Folmer (R-48)
 Senator Bob Robbins (R-50)
 Senator Elder Vogel Jr. (R-47)
 Senator Scott Wagner (R-28)

Senator Jim Brewster (D-45), Democratic Chairman
 Senator Wayne Fontana (D-42)
 Senator Shirley Kitchen (D-3)
 Senator LeAnna Washington (D-4)

Summary

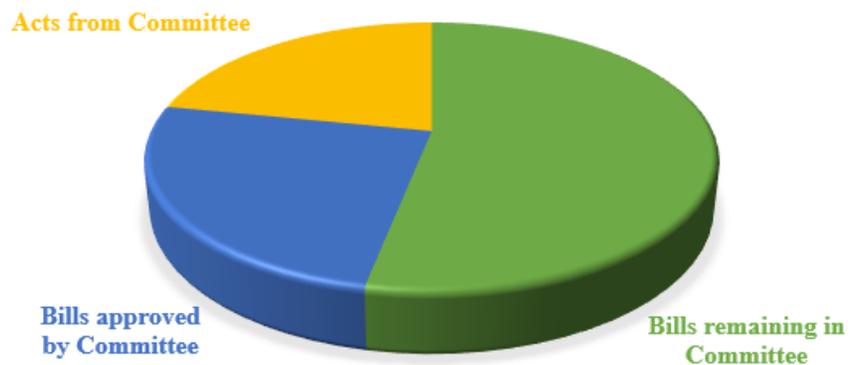
The Senate Urban Affairs and Housing Committee addressed a host of issues confronting cities large and small during the 2013-14 legislative session. The committee took an active role in building upon the success of the leadership of Senator Gene Yaw (R-23) from the previous legislative session.

Over the last several years, the committee, working with various stakeholders, provided new tools for municipalities to actively wage a “War on Blight” all across the Commonwealth. Those tools included the passage of several significant laws, including:

- **Conservatorship Act** provides for property ‘conservators’ that are court-appointed to bring dilapidated properties up to proper codes when owners fail to comply.
- **Neighborhood Blight Revitalization and Reclamation Act** gives municipalities the ability to bring criminal and monetary penalties against negligent landlords and property owners for structures failing to comply with codes.
- **Land Bank Law** allows municipalities with a population of 10,000 or more to acquire, manage and develop properties in tax foreclosure.

The committee held several public hearings on a wide range of topics, including three hearings in Pittsburgh, York and Reading, on the future of cities, large and small. The committee also held a hearing focused on the current status and future of the state’s Main Street and Elm Street programs. Other hearings included: an update from Philadelphia on the Neighborhood Blight Revitalization and Reclamation Act; abandoned personal property legislation; population loss in urban hubs; the status of the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund; and an update on the Downtown Location Law. The committee also took in-depth tours of the cities of York and Harrisburg and the borough of Jim Thorpe with local officials to get a firsthand look at revitalization efforts.

Thirty-two bills were referred to the committee during the 2013-14 legislative session. Of those 32 bills, the committee approved 15 and 7 became law.



The committee took a bipartisan and proactive role on establishing penalties on negligent landlords, increasing voting access within homeowners associations, enacting requirements for the installation of carbon monoxide alarms, establishing standards for landlords dealing with abandoned property, and seeking new funding mechanisms to assist municipalities with funding for demolition, rehabilitation and housing assistance.

Public Hearings

The committee held a total of nine public hearings, both in the state Capitol in Harrisburg as well as in various locations throughout the Commonwealth. The committee hearings were valuable to members and staff to hear directly from sources to assist with generating new ideas for legislative proposals. Below are recaps of the various hearings in chronological order. Agendas, complete testimonies as well as video and audio of each hearing are available on the committee's website at urbanaffairs.pasenategop.com.

PUBLIC HEARING

Future of Main Street and Elm Street Programs

May 16, 2013 | 1:00 p.m.

Jim Thorpe, PA

The Senate Urban Affairs and Housing Committee reviewed the successes and struggles with the state's Main Street and Elm Street programs and received a tour of one of the state's first Main Street programs in Jim Thorpe.

Joined by state and local officials, the committee toured the downtown to hear a firsthand account of the history behind the revitalization of Jim Thorpe from Elissa Garofalo, who served as the Main Street manager in the 1980s. The walking tour went up Broadway Street and down Race Street with Garofalo providing references to how the once-blighted properties are now restored historical buildings.

Main Street and Elm Street programs provide state grants that are mixed with local and private funds to improve the business district and surrounding neighborhoods in older communities. The goal is to rebuild downtown commerce, create opportunities for small businesses and provide affordable and convenient housing.

Jim Thorpe's history and success with the program provided an ideal location for the hearing.

The committee's goal was to shed light on what works, what has failed, and how we move forward to achieve the ultimate goal: Bring back jobs that once existed in now struggling downtowns across the state.

The committee heard from six testifiers to weigh the pros and cons of both programs.



Prior to the hearing, the committee toured the downtown to hear a firsthand account of the history behind the revitalization of Jim Thorpe from Elissa Garofalo, who served as the Main Street manager in the 1980s.

Ed Geiger, who serves as the Director of the Center of Community Financing at the Department of Community and Economic Development (DCED), spoke about the past, present and future of the program from his perspective at DCED.

He noted that while there are many successes, the recent economic difficulties have led to a decrease in available funding.



Chairman Argall, center, Rep. Jerry Knowles, left, and Rep. Doyle Heffley, right, participate in a public hearing on the future of the Main Street and Elm Street program in Jim Thorpe.

Consequently, DCED no longer provides operational funding that supports the costs of a manager’s salary and other operational funding for the organization. Designated communities must demonstrate that the program has developed such support prior to receiving designation, according to Geiger.

Geiger highlighted that 65 communities are interested in the program. Geiger noted the program’s success is contingent on criteria established by DCED.

Geiger stated that the program must use asset-based strategies and install a benchmark-style system to provide for greater accountability of public resources.

On behalf of the Pennsylvania State Association of Boroughs, Sharon Davis, who serves as Main Street Manager through the Lehigh Valley Chamber of Commerce, testified in support of the program due to its effectiveness in several communities in Lehigh and Northampton Counties. Davis detailed the Main Street program’s collaboration across the communities of Bangor, Bath, Catasauqua and Pen Argyl.

Davis emphasized that an arts district is pivotal to her success in each of these communities. She said that they are building on our town’s rich tradition of skilled crafters and artisans through a partnership with our local non-profit arts center.

She mentioned three key ingredients to her continuing success as a Main Street manager - strong communications with businesses and residents, working with codes and zoning enforcement officers in each municipality, and meeting with elected officials on a regular basis.

Jeff Feeser, Schuylkill Community Action’s Director of Housing and Community Development, testified on the importance of the Elm Street program in the City of Pottsville.

The Elm Street Program is a statewide initiative that focuses on residential revitalization in neighborhoods that are in close proximity to, or adjoin, the commonwealth’s municipalities’

downtown districts. The program was a virtual godsend for the City of Pottsville and their revitalization efforts within the city, Feeser stated.

Feeser emphasized his point through pictures presented to the committee via a PowerPoint slideshow.

Tamaqua Borough Council President Micah Gursky provided a contrast from the past, when downtown buildings were falling apart, to the present, when classic businesses are rejuvenated thanks to the development tools provided by DCED and local fundraising efforts.

Gursky pointed to new industries coming to town providing new jobs and opportunities for local residents. “These businesses have been joined by businesses that reflect trends in technology, lifestyles and diversity.”

Gursky noted the success in Tamaqua should be replicated, stating that there are many ‘Tamaquas’ in Pennsylvania. He requested that committee members work with their colleagues in the General Assembly and the Administration to give that next generation of Tamaquans the tools to continue to improve using the Main Street Program: expertise, structure and funding.

Jim Thorpe’s first Main Street Manager Elissa Garofalo testified about the program’s residual effects on the downtown.

Garofalo noted four lessons she learned throughout her experiences that lead to a Main Street program’s success: Commitment, historical preservation, four-point approach, and each program is unique.

Local initiatives that commit both organizationally and financially ultimately care more about the success of the program, and result in healthier, more successful downtown districts, Garofalo said.

On behalf of the Pennsylvania Downtown Center, Executive Director Bill Fontana highlighted his organization’s commitment to both Main and Elm Street programs.

Fontana, whose organization collects data throughout the state on these programs, emphasized the positive economic development impact. Since 2005, Pennsylvania gained 4,067 new businesses in Main Street communities. These new businesses led to over 16,000 new jobs, according to Fontana. Fontana announced that his organization is convening a “think-tank” to review the Elm Street program and recommend improvements for the future.



The Senate Urban Affairs & Housing Committee, chaired by Senator Argall, reviews the successes and struggles with the state’s Main Street and Elm Street programs during a public hearing in Jim Thorpe.

The original author of legislation enacting the state’s Elm Street program, Representative Bob Freeman (D-136), testified before the committee on his current proposal designed to improve the Main Street program.

Freeman emphasized that the Main Street and Elm Street programs are invaluable tools for assisting struggling older communities to attain a level of much-needed stability and to set them down the path toward revitalization. The funding of the administrative side of these programs is relatively small but very critical to ensure their future success.

Freeman’s proposal would extend the current state support for administrative costs of these programs up to 10 years. The programs currently provide administrative funding for the first five years.

Touching on improvements for the Elm Street program, Freeman suggested encouraging rent-to-own housing initiatives and reintroducing neighborhood elementary schools in Elm Street program designations.

PUBLIC HEARING
Future of Pennsylvania’s Cities, Large and Small
May 29, 2013 | 10:00 a.m.
Pittsburgh, PA

The Senate Urban Affairs and Housing Committee held the first of three joint statewide public hearings with its House counterpart on the future of Pennsylvania’s large and small cities in the Allegheny County Courthouse and included mayors, council members, state officials, advocates and urban policy experts.

“Many of the concerns and suggestions brought to our attention during this hearing are similar to the concerns I hear in the 29th District,” Argall said. “I want to especially thank Senator Brewster, the City of Pittsburgh and Allegheny County for hosting the hearing as well as the testifiers for offering solutions to tackle the most important issues facing our cities, both large and small.”

Pittsburgh City Councilman Bill Peduto told the panel that four topics are critical to the future of Pennsylvania cities: pensions, infrastructure and transportation, economic development and education.

Councilman Peduto noted that as economic development budgets shrink at the federal and state levels, policymakers must find ways to more effectively leverage funding tools to have the most impact in Pittsburgh and in the surrounding region. He placed an emphasis on aid that can be structured into small business loans and grants to help rebuild neglected business districts and offer economic assistance for young entrepreneurs who are interested in starting a company, but need that extra boost of up-front capital to do it.

Cassandra Collinge, who serves as the Manager of the Housing Division with the Allegheny County Department of Economic Development, noted the collaborative effort between levels of government to accomplish goals.

Duquesne Mayor Phillip Krivacek said his city's future depends on continued access to several state initiatives, such as the Enterprise Zone Program, to spur economic development.

The Enterprise Zone has leveraged substantial private and public investment, creating new jobs and increasing the business tax base. State Enterprise Zone resources have assisted American Textile Company, Duquesne's largest employer with over 200 employees, Thermal Transfer Corporation and most recently Dura-Bond Industries, Inc. who invested over \$12 million, directly creating 75 new jobs, Krivacek said

The future of Pennsylvania's cities will vary due to the fact that there are a wide variety of characteristics of those cities, according to Eric Montarti, Senior Policy Analyst for the Allegheny Institute for Public Policy, including such as where the city is located, the prospects for job opportunities and growth, and the performance of its schools are just a handful of influences that impact the future of a city. He also stressed that the financial health of a city also played an important role.

Brian Jensen of the Pennsylvania Economy League of Greater Pittsburgh said many of the commonwealth's cities, as well as boroughs and townships, are struggling to maintain financial health because of outdated and intrusive state laws. Other speakers focused on housing needs and cultural attractions, as well as city-university partnerships.

PUBLIC HEARING
Future of Pennsylvania's Cities, Large and Small
June 13, 2013 | 10:00 a.m.
York, PA

Local officials and community leaders joined members of the Senate and House Urban Affairs and Housing Committees in York for the second public hearing examining the challenges facing Pennsylvania's cities, large and small.

During her testimony before the committee, York Mayor Kim Bracey urged lawmakers to consider meaningful statewide property tax reform, adding that anything other than a complete

Mayor Bracey also stated that the regressive, antiquated, unpredictable, and onerous school property taxes are the greatest inhibitor to economic and community development in York and its surrounding communities.

“Unchecked spikes in property taxes threaten our city’s momentum and progress.”

--Mayor Kim Bracey.



The Senate Urban Affairs & Housing Committee holds a public hearing with the House Urban Affairs Committee on the future Pennsylvania’s cities, large and small, at York College of Pennsylvania.

Several other testifiers, including representatives from the York County Economic Alliance, cited serious problems with the current property tax structure and urged lawmakers to take action. Senator Argall has already introduced Senate Bill 76, legislation that would completely eliminate the school property tax.

In addition to meaningful property tax reform or elimination, Bracey and other testifiers stressed the need for comprehensive municipal pension reform, improvements to Act 111 arbitrations procedures and new revenue tools to deal with financial pressures that are squeezing city budgets.

The hearing also included testimony from representatives of York College of Pennsylvania, the York County District Attorney’s Office, York Area United Fire & Rescue, York Area Regional Police Department, the Welcoming Center for New Pennsylvanians and the York County Community Foundation.

PUBLIC HEARING
Future of Pennsylvania’s Cities, Large and Small
June 21, 2013 | 10:00 a.m.
Reading, PA

The Senate Urban Affairs and Housing Committee completed their third and final public hearing on the future of cities during a hearing in Berks County.

The hearing featured testimony from the City of Reading, Senator Judy Schwank, the Pennsylvania Coalition of Taxpayer Associations, the Greater Reading Chamber of Commerce and Industry, the Greater Reading Economic Partnership and Our City Reading, Inc.

Key themes ranged from expanding the City Revitalization and Improvement Zone (CRIZ) program, administered by the Department of Community and Economic Development, school tax reform, municipal pension reform, revamping the infrastructure and increasing investment to cities from the Commonwealth.

The Mayor's Special Assistant Elon Lloyd, who testified on behalf of the City of Reading, recommended the state look at several ways to remove the burden on municipalities, including revising Act 73 of 2012, to continue to allow transfer payments from the water authority to the city. In Reading's example he said, this provision costs the city \$5 million annually.



Lloyd advocated the Commonwealth establish a state-owned bank in order to leverage public funds through the private sector. He pointed to North Dakota's model as a way to utilize a municipality's fund balance to invest in local projects through community banks that benefit the local residents and businesses.

Senator Schwank discussed the popularity and success of Allentown's Neighborhood Improvement Zone as a model for the state's new CRIZ program, which allows local and state tax dollars to pay borrowed money used for bond payments. It allows for a municipality to revitalize certain parts of the community.

Schwank supports the expansion of the program, which is currently limited to third class cities and a pilot in a borough or township with a population of at least 7,000. Schwank's legislation, Senate Bill 1033 of 2013, would create 15 new CRIZ zones, based on population and scoring established by DCED.

Jim Rodkey testified on behalf of the Pennsylvania Coalition of Taxpayer Associations regarding the community and economic benefits of the removal of the school district property tax. Specifically, Rodkey advocated for Senate Bill 76 of 2013. Rodkey emphasized that the bill was drafted by over 70 taxpayer advocacy groups from across the Commonwealth. The bill would shift school districts from relying on school property taxes for a source of revenue and shift it to an increase in the state's Personal Income Tax (3.07 to 4.34 percent) and an increase and expansion of the state's Sales and Use Tax (6 to 7 percent).

The bill would provide a more stable revenue source than relying on the skyrocketing school property tax, which is leading to declining homeownership and contributing to blighted communities in municipalities, according to Rodkey.

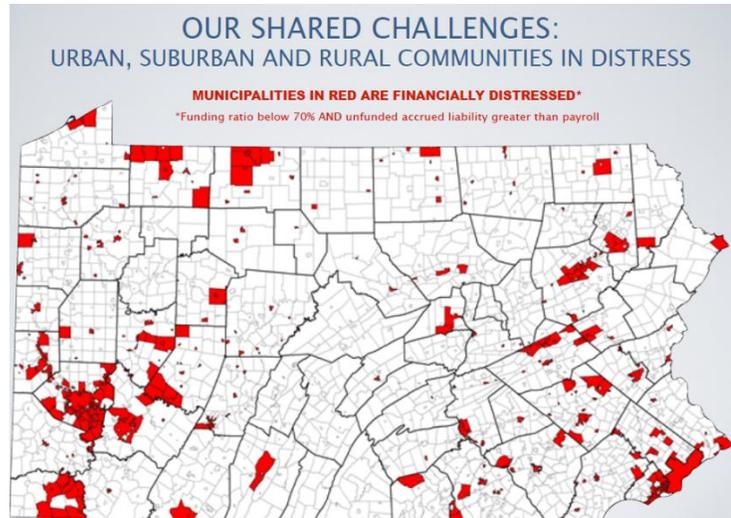
The Greater Reading Chamber of Commerce and Industry teamed up with the Coalition for Sustainable Communities. Ellen Horan, President and CEO of the Chamber, encouraged the committee to address municipal pension costs by approving House Bill 1581 of 2013, sponsored by Representative Seth Grove.

The Coalition also endorses removing health care benefits and pensions from the collective bargaining process with public sector unions.

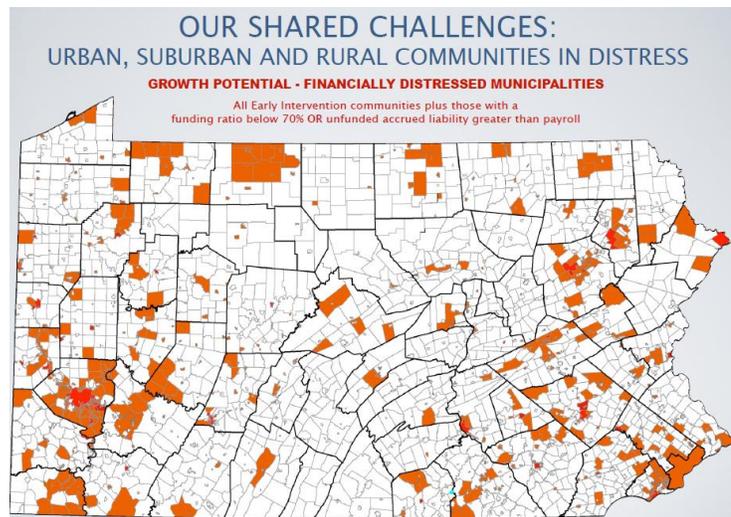
Co-testifying with Horan was former Reading Mayor Tom McMahon, who encouraged the state to look at infrastructure improvements, including re-establishing regional rail service for the City of Reading.

McMahon noted that cities need additional tools for revenue, including a concept allowing cities to leverage an additional one percent sales tax.

On behalf of the Greater Reading Economic Partnership, President Jon Scott highlighted the importance of community colleges in cities. Scott encouraged the state to increase the investment to community colleges in order to overcome the aging workforce. Scott said that community colleges are a key part of the pipeline from training program to the private sector.



The Coalition for Sustainable Communities notes that the pension costs are impacting several municipalities across the Commonwealth.



Albert Boscov testified on behalf of Our City Reading, citing the urgency to expand access to quality and affordable housing in cities. He supports options to provide a low down payment to potential homebuyers as a way to reverse the transient nature of the city's residents.



PUBLIC HEARING

Downtown Location Law (Act 32 of 2000)

October 16, 2013 | 10:15 a.m.

**Hearing Room No. 1 of the North Office Building
Pennsylvania State Capitol**

The committee received a review from the Department of General Services and the Pennsylvania Downtown Center on the state's Downtown Location Law (Act 32 of 2000).

The Downtown Location Law provides for criteria that requires certain state agencies and departments locate within a downtown area.

Department of General Services Secretary Sheri Phillips testified before the committee that her department remains supportive of the Downtown Location Act as a way to maintain and increase the economic viability of our communities who are experiencing the same economic slowdown being felt across the Commonwealth.

Bill Fontana, Executive Director of the Pennsylvania Downtown Center, believes that the Commonwealth should and must be a partner in the economic and physical revitalization of core communities. He supports collaborating with the department to ensure proper planning with various communities benefiting from the state's law.

Both agreed to explore ways to work together in making the final determination of locating state offices within a downtown in accordance with the statute.

PUBLIC HEARING
Senate Bill 48 (Williams)
October 23, 2013 | 9:30 a.m.
461 Main Capitol Building
Pennsylvania State Capitol

Legislation that would provide provisions for dealing with abandoned personal property left behind after a tenant vacates the premises was the topic for a public hearing by the committee.

Both sides of the issue weighed in, including the sponsor, Senator Anthony Williams.

Senator Williams testified that his bill would define a landlord's liability in instances when a tenant vacates a rental unit and leaves behind personal belongings.

Other supporters of the bill who testified were representatives from the Pennsylvania Apartment Association and the Pennsylvania Residential Owners Association.

Opposing the bill, the Housing Alliance of Pennsylvania and the Tenant Representation Union Network emphasized that the bill will make it easier for landlords to clean out a vacant unit at the end of a lease.

The existing law provided that a landlord must obtain a ruling by a third party, most likely a district magistrate, on what to do with abandoned personal property.

Williams' bill clarifies that a landlord must provide certain postings to the dwelling indicating his or her intentions with the property, as well as remedies for the tenant in instances where the landlord oversteps his or her boundaries in disposing of the property.

Similar legislation was introduced in the House of Representatives by Representative Scott Petri – House Bill 1714 of 2013.



Chairman Argall asks a question during a hearing on abandoned personal property, while Democratic Chairman Brewster looks on.

PUBLIC HEARING

Review of the Neighborhood Blight Reclamation and Revitalization Act (Act 90 of 2010)

March 19, 2014 | 10:00 a.m.

Hearing Room No. 1 of the North Office Building

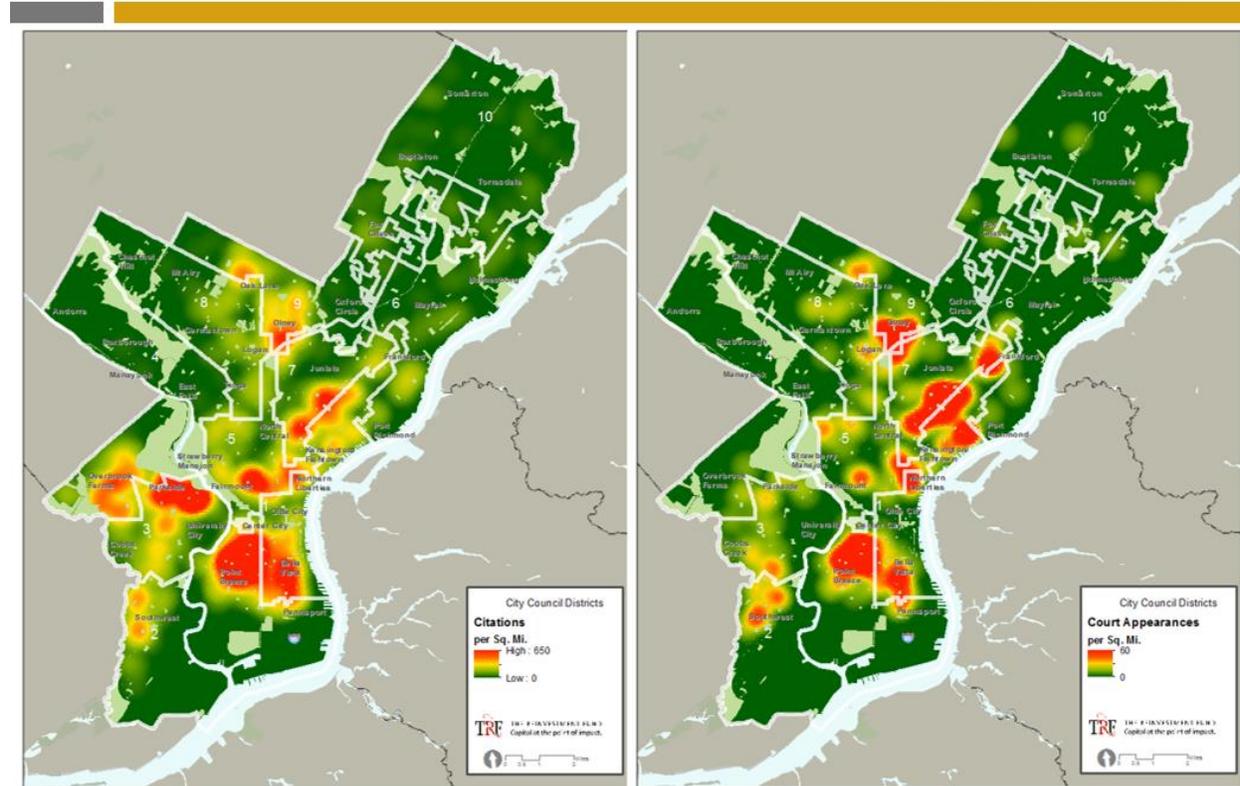
Pennsylvania State Capitol

The committee heard testimony on a report from the City of Philadelphia regarding the implementation of the state's landmark Neighborhood Blight Reclamation and Revitalization Act of 2010.

Ira Goldstein, President for Policy Solution for the Reinvestment Fund, provided the committee with results to a study on the impact of Act 90 in Philadelphia.

Goldstein illustrated the city's proactive effort to issue citations and court appearances for owners of property deemed blighted by the city's Department of Licenses and Inspections.

Location of Act 90 Enforcement Activities by City Council District



The committee learned about the three main objectives of the city in continuing their war on blight through Act 90, including finding the property owners, using new enforcement measures and dedicating resources for legal proceedings.

PUBLIC HEARING

An update on the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund

June 11, 2014 | 9:30 a.m.

Hearing Room No. 1 of the North Office Building

Pennsylvania State Capitol

State and local housing officials highlighted the positive impact of the Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) program during a hearing before the committee.

The program was created in 2010 to coordinate funding for rehabilitation and project planning to provide opportunities for economic development for businesses and affordable housing for families. Funding was provided for the program in 2012 through Marcellus Shale impact fees. To date, the program has received \$16.7 million from the Pennsylvania Public Utilities Commission. This funding has helped address housing needs in 36 counties that host drilling operations.

Pennsylvania Housing Finance Agency Executive Director Brian Hudson reported that the program has helped more than 1,700 families statewide since 2012. Nearly 40 percent of PHARE funds have benefitted families earning less than half of the area median income. Hudson urged counties to explore options for public-private partnerships to maximize resources available to help match families to affordable housing options with the help of the private sector.

The committee also heard testimony from several county housing officials detailing the positive effect that PHARE funding has had in Pennsylvania communities, including home rehabilitation projects for seniors and disabled individuals, planning projects to expand housing options and rental assistance programs for low-income families. Testimony was provided by Greene County Commissioner Charles Morris; Sullivan County Housing Authority Executive Director Mark Roinick; Westmoreland County Department of Planning and Development Director Jason Rigone; and Lycoming County Planning Commission Lead Planner Kim Wheeler.



Housing Alliance of Pennsylvania Executive Director Elizabeth Hersh praised the overall economic impact of the program, which has leveraged more than \$10 in local, state, federal and private dollars for every dollar invested.

PUBLIC HEARING
Declining Ownership on Properties – Population Decline
October 14, 2014 | 10:00 a.m.
Hearing Room No. 1 of the North Office Building
Pennsylvania State Capitol

The committee examined some of the challenges facing Pennsylvania cities of all sizes during a public hearing featuring the Institute for Public Policy and Economic Development at Wilkes University.

The committee hearing focused on the findings of a recent report by the institute that detailed the effects of population changes in large and small cities throughout the state. The report found that while population loss in cities peaked decades ago, the lingering effects of urban flight continue in the form of urban decay and blight.

The report, presented by Executive Director Teri Ooms urged lawmakers to support policies conducive to economic growth, including local government reform, improving access to federal and state programs, eliminating blight, exploring the benefits of public-private partnerships, supporting business development and ensuring proper land use planning and management.

Acts Originating from Committee

Overall, 32 bills were referred to the committee. Of the 15 bills approved by the committee, the following 7 became law:

- ✓ **Act 37 of 2013** (House Bill 1122, sponsored by Rep. Gingrich) provides an extension to the existing 7-year statute to complete a planned community or condominiums with an additional 3 years. Developers expressed concerns regarding their ability to complete planned communities due to new lending restrictions enacted by many financial institutions in response to the recent recession. If communities are not completed, the responsibility for maintaining the undeveloped properties falls on other homeowners within the homeowner's association. Companion legislation was sponsored by Sen. Argall (Senate Bill 859).
- ✓ **Act 121 of 2013** (Senate Bill 607, sponsored by Sen. Browne) creates statewide standards for the installation and reporting of carbon monoxide alarms in certain buildings. Specifically, the statute requires that carbon monoxide alarms are installed in rental properties that burn fossil fuels as a heating source. For residential properties, the law requires a disclosure regarding the installation of carbon monoxide detectors in the statement about a property during the time of sale.
- ✓ **Act 128 of 2013** (House Bill 1644, sponsored by Rep. Taylor) allows for business improvement districts to reduce the assessment on residential property owners.
- ✓ **Act 157 of 2014** (House Bill 1363, sponsored by Rep. Taylor) amends the existing Conservatorship Act by encouraging private investment in efforts to remediate blighted properties by improving state laws regulating conservatorships.
- ✓ **Act 167 of 2014** (House Bill 1714, sponsored by Rep. Petri) clarifies existing statute relating to discarding abandoned personal property. The law provides a statewide standard when a landlord may dispose of tenant's abandoned personal property and provides protections for victims of domestic violence and dealing with property after a tenant passes away.
- ✓ **Act 171 of 2014** (House Bill 2120, sponsored by Rep. Masser) strengthens the original Neighborhood Blight Revitalization and Reclamation Act providing more tools for municipalities dealing with an out-of-state landlord whose properties have codes violations. A property owner facing citations for code violations who lives outside of Pennsylvania may be extradited to the Commonwealth to face criminal charges relating to the violations. The new tool also prevents property owners from hiding behind fictitious names and pawn landlords in order to avoid responsibility.
- ✓ **Act 188 of 2014** (Senate Bill 1135, sponsored by Sen. Hughes) assists Pennsylvania's veterans by providing preference to them and their families of active duty military when leasing public housing.

Legislation Approved by Committee

The committee approved 15 total bills, including 9 Senate and 6 House proposals. The committee took an active role working with the House Urban Affairs Committee.

Senate bills approved by the committee

Senate Bill 607 (Browne) was unanimously approved by the committee on March 20, 2013. Governor Corbett signed it into law on December 18, 2013.

Senate Bill 859 (Argall) received the unanimous approval by the committee on April 18, 2013. Argall's bill was a companion bill to House Bill 1122 (Gingrich).

Senate Bill 1135 (Hughes) garnered the committee's full support on June 18, 2014 and was signed into law by Governor Corbett on October 27, 2014.

Senate Bill 1242 (Ward) would increase fines and penalties for property owners who are convicted multiple times for violating codes that pose a threat to public safety and contains enhanced penalties that would only apply to property owners who have not made a reasonable attempt to correct the issue. The bill was important to several municipalities, who expressed their desire to impose greater penalties on negligent property owners who ignore the current penalties for codes violations. The bill was re-referred to the Senate Appropriations Committee on June 25, 2014 after receiving the unanimous approval of the Urban Affairs and Housing Committee on June 18, 2014.

Senate Bill 1302 (Folmer) was introduced at the request of residents in homeowner's associations (HOAs) seeking to bring about greater transparency within these micro-governments.

Folmer's proposal, which was unanimously approved by the committee, would update a law from 1996 to provide for electronic voting methods, absentee ballots, and other methods in an effort to increase participation of association members. HOAs are currently required to have a quorum of 20 percent of members.

The original bill was amended at the suggestion of one group representing several HOAs across the Commonwealth – the Community Associations Institute.

The bill had the unanimous support of the committee and was supported by the Senate unanimously. The bill was referred to the House Urban Affairs Committee on October 16, 2014.

Senate anti-blight package of legislation –

Senate Bill 1380 (Vogel and Kitchen) was introduced as part of the anti-blight package of bills offered by members of the committee. Senator Vogel and Kitchen worked aggressively to find a funding source in a bipartisan manner. The bill would use half of any future surplus

revenue from the Realty Transfer Tax to provide funding for the Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) program.

The funding would finance construction, rental assistance, rehabilitation, and home repair and demolition projects. The bill would not increase the current Realty Transfer Tax rate.

The vote on the legislation came on the heels of a hearing regarding the impact of the PHARE program in communities that have received funding over the past two years. Because the program is currently funded entirely by natural gas impact fees, the only communities that have received funding through the program are in the 36 counties that host Marcellus Shale drilling operations.

The committee unanimously approved the bill as part of the anti-blight package during a back-to-back week of meetings to consider bills as part of the package.

Senate Bill 1420 (Washington, Argall and Brewster) was a bill aimed at addressing serious code violators and adding a new penalty for those who avoid fines levied. Washington's legislation would allow the Department of Transportation to suspend a property owner's driver's license in cases that involve at least three serious convictions of property violations within a municipality. The suspension could occur after all appeals are exhausted and no effort had been made to correct the violation.

The bill passed the committee by a bipartisan vote of 8-3 on June 27, 2014 and was re-referred to the Senate Appropriations Committee on July 1, 2014.

Senate Bill 1427 (Argall, Brewster, Kitchen and Washington) provided an option for counties and municipalities struggling to pay for demolition. Argall's proposal would allow counties to apply a special deed and mortgage recording fee of up to \$15 to be used exclusively for demolition-related activity. The revenue generated by that county would stay in that county, and no funds would flow to the state coffers – a major concern for counties.

This was a common theme during many of the hearings held by the committee – the need for more revenue sources to fund expensive demolition projects.

The bill answered the objection that demolition funding is not a necessity in all counties, which is why the proposal was an optional fee for counties in need.

The bill passed the committee by a vote of 10-1 and was re-referred to the Senate Appropriations Committee on July 1, 2014.

Senate Bill 1442 (Brewster, Argall, Washington) was similar to Senate Bill 1427, since it would enable counties to apply up to 10 percent of the sale price of a property sold at a judicial sale or upset sale to be used specifically for demolition and rehabilitation purposes within that county.

The committee left it open-ended to counties as to when the percentage would apply, either at the final sale price or original bid price.

The bill also was an answer for many of the committee hearing's testifiers who advocated for new revenue options for municipalities and counties as they deal with demolition and rehabilitation cost constraints.

The committee approved the legislation by a 10-1 vote. The bill was re-referred to the Senate Appropriation Committee on July 1, 2014.

House bills approved by the committee

House Bill 1122 (Gingrich) was companion legislation to **Senate Bill 859 (Argall)**. The committee unanimously supported the bill, which was signed into law by the governor on July 2, 2013. Details of this proposal can be found on page 16.

House Bill 1319 (Tobash) would restrict the use of employment contracts by housing authorities. According to the bill's sponsor, his bill clarifies an older law, and mainly prevents housing authorities from skirting the civil service system when hiring new employees.

The bill was unanimously approved by the committee on June 19, 2013 and was re-referred to the Senate Appropriations Committee on June 26, 2013.

House Bill 1363 (Taylor) was approved by the committee on June 19, 2013 and signed into law by the governor on October 22, 2014. Details of this legislation can be found on page 16.

House Bill 1644 (Taylor) was approved by the committee on October 31, 2013 and signed into law by the governor on December 23, 2013. Details of this legislation can be found on page 16.

House Bill 1714 (Petri) was approved by the committee on June 18, 2014 and signed into law by the governor on October 22, 2014. Details of this legislation can be found on page 16.

House Bill 2120 (Masser) was approved by the committee on September 24, 2014 and signed into law by the governor on October 22, 2014. Details of this legislation can be found on page 16.

Recommendations

➤ **Demolition Funding**

During a committee tour of the City of Harrisburg with Mayor Eric Papenfuse in September of 2014, the Mayor's staff explicitly stated that demolition funding is the hardest funding to come by in the city's coffers. The sentiment is similar in Pittsburgh, Reading, York and several other cities who shared testimony with the committee.

Members of the committee introduced two pieces of legislation to address the situation of lacking local investment to be used for demolition and rehabilitation of blighted properties.

Specifically, Chairman Argall introduced Senate Bill 1427 along with Senators Brewster, Kitchen and Washington that would provide a local option for counties to raise additional demolition dollars. Details for the proposal are on page 18.

In Schuylkill County, a fourth class county, officials estimate Senate Bill 1427 would bring in \$150,000 annually for demolition purposes.

Providing counties with the option to levy the additional Recorder of Deeds Fee will provide flexibility and keep money within counties who adopt the increased fees.

In addition to Senate Bill 1427, several members of the committee introduced Senate Bill 1442, sponsored by Senators Brewster, Argall and Washington. The details of the legislation can be found on pages 18-19.

Brewster's legislation also provides a local option for counties. The concept is to provide a revenue source for counties who sell off these properties to private parties. The main concern is that with a tax on the sale price of the property, potential bidders may be more reluctant to purchase properties due to an increased cost. Another concern arose from groups seeking to clarify when the tax would apply – at the initial offering, or on the final award price.

The committee believes that it should be left to individual counties to determine when the tax applies and how much, up to 10 percent, in order to suit that county's needs. The funding is dedicated to both demolition and rehabilitation, which the committee supports based on testimony received from municipal and county officials during the public hearings.

➤ **Provide more tools for the toolbox**

An editorial in the Scranton Times Tribune said the Neighborhood Blight Revitalization and Reclamation Act of 2010 offered a "potent array of weapons to use against absentee landlords who abandoned their properties and responsibilities."

The hearing focused on Philadelphia's efforts to utilize Act 90 highlighted the need to not remain complacent in the "War on Blight." The committee applauds the efforts of Representative Masser with his efforts on House Bill 2120 of 2014. The law removes the corporate veil

shielding pawn landlords as well as allows for extradition of out-of-state property owners skirting their responsibilities and local fines.

The committee endorsed stronger measures to hold negligent property owners accountable by imposing stronger fines.

Senator Ward sponsored Senate Bill 1242 of 2014 that would impose stronger criminal penalties on property owners who continually violate municipal codes ordinances. The committee supports Senate Bill 1242, which would provide for a second degree misdemeanor charge and carry a minimum of 10 days of imprisonment, 6 months of probation and a \$1,000 fine after a repeat offense, the property is a threat to health and safety of others and there have been no efforts to remedy the situation.

For negligent property owners residing in Pennsylvania, the committee endorsed measures to strip a driver's license away from the most-serious code violators in the Commonwealth. Senate Bill 1420, sponsored by Senator Washington, focuses on possible remedies outside the realm of monetary or criminal charges on negligent property owners. More details about Senate Bill 1420 can be found on page 18.

➤ **“Fund the Fund”**

In 2010, the General Assembly established the Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) program, aimed at community redevelopment and rehabilitation along with providing access to affordable housing. The law (Act 105 of 2010) did not have a funding source tied to it at the time.

The passage of the Marcellus Shale Impact Fee in 2012 (Act 13) included a funding source for the PHARE program, providing resources in counties with active shale drilling. This provided funding for 36 of the Commonwealth's 67 counties, leaving nearly half of Pennsylvania underserved.

The committee endorsed Senators Vogel and Kitchen's proposal to establish a source to “fund the fund.” Senate Bill 1380 of 2014 would provide a source of unused revenue without raising the fee. The details of the bipartisan proposal can be found on pages 17-18.

➤ **Expedite foreclosure process**

The committee approved House Bill 2120, sponsored by Representative Masser (see page 16 for details). Masser's proposal was amended on the floor of the House of Representatives to expand the definition of property owner under the Neighborhood Blight Revitalization and Reclamation Act to include mortgage lenders. While the committee approved the House language, it was later removed in the Senate Appropriations Committee after concerns were raised. The opponents argued that oftentimes, when a foreclosed home is vacated, it is in a state of disrepair – leaving the cost to repair the home on the lender and not the former occupant.

Pennsylvania lags behind most states when it comes to the timeline of the foreclosure process, according to RealtyTrac. This is due in large part to the fact that Pennsylvania's foreclosure process goes through the judicial process; other states do not have this hurdle. According to the Federal Reserve Bank of Cleveland, Pennsylvania's average foreclosure process takes nearly two years.

An expedited foreclosure process to allow mortgage lenders to take control of a vacated property before it falls into a state of disrepair will be a key issue for the committee to consider in 2015.

➤ **Restore funding to Keystone Communities for Main Street and Elm Street programs**

A vibrant downtown makes for a healthier region. One of Pennsylvania's nationwide models has been its successful Main Street and Elm Street programs, which provide communities with a full-time facilitator to rehab and develop the downtown into a better place to live, work and raise a family. During the hearing in Jim Thorpe in May of 2013 with the Pennsylvania Downtown Center, advocates encouraged the support of additional funding for Main Street managers.

The Keystone Community line item for Fiscal Year 2014-15 in the state budget, which includes Main Street and Elm Street programs, was \$6,150,000, a decrease of \$5,150,000 from Fiscal Year 2013-14.

The committee recommends an increase in the line item to allow the state's overwhelmingly successful Main Street and Elm Street programs to continue to expand in downtowns all across the Commonwealth. The committee also recommends allowing the state's investment to be used towards the personnel costs of Main Street and Elm Street managers.

➤ **Increase openness and transparency of homeowner's/condominium associations**

Senator Folmer sponsored Senate Bill 1302 of 2013. The original intent of the bill was to increase quorum requirements of homeowner's associations (HOAs), along with holding the HOA board accountable.

The bill was amended in committee to allow for greater access and participation of members of HOAs, which was the crux of the issue. Since the original law was adopted in the mid-90s, the committee supports updating approved voting methods to allow members who may reside in their HOA to vote via absentee ballot, online, or other approved methods.