

HOUSE OF REPRESENTATIVES  
COMMONWEALTH OF PENNSYLVANIA

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Senate Bill 543

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House Judiciary Subcommittee on  
Crime and Corrections

Room 60, East Wing  
Harrisburg, Pennsylvania

Tuesday, December 16, 1997 - 1:00 p.m.

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BEFORE:

Honorable Jerry Birmelin, Majority Chairperson  
Honorable Al Masland  
Honorable Harold James, Minority Chairperson  
Honorable Kathy Manderino

IN ATTENDANCE:

Honorable Timothy Hennessey  
Honorable Robert Reber  
Honorable Chris Wogan  
Honorable Thomas Caltagirone  
Honorable Joseph Petrarca  
Honorable Don Walko

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ALSO PRESENT:

James Mann  
Majority Legislative Analyst

Judy Sedesse  
Majority Administrative Assistant

John Ryan, Esquire  
Minority Special Counsel

C O N T E N T S

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1                   CHAIRPERSON BIRMELIN: Good afternoon.  
2                   I want to welcome you this afternoon to the  
3                   House Judiciary Subcommittee on Crime and  
4                   Corrections hearing on Senate Bill 543. I'm  
5                   Representative Birmelin, Chairman of the  
6                   Subcommittee from Wayne and Pike County. To my  
7                   immediate left is Jim Mann, who is the Research  
8                   Analyst for the Judiciary Committee. I'll ask  
9                   the other members of the panel to introduce  
10                  themselves.

11                  REPRESENTATIVE MASLAND: Al Masland.  
12                  I'm the Representative from Cumberland and York  
13                  Counties.

14                  REPRESENTATIVE MANDERINO: Kathy  
15                  Manderino, Philadelphia County.

16                  REPRESENTATIVE REBER: Bob Reber,  
17                  Montgomery.

18                  CHAIRPERSON BIRMELIN: Thank you. As  
19                  other members come in, which frequently  
20                  happens, I'll try to introduce them as they  
21                  come in.

22                  The bill that we're having our  
23                  hearing on today, as I mentioned earlier, was  
24                  Senate Bill 543 which deals with providing for  
25                  the crime of Municipal Housing Code Avoidance.

1           It's prime sponsor is Senator Jeffrey Piccola,  
2           formerly a member of this distinguished body,  
3           but moving on to bigger and better things.  
4           He's with us this afternoon and, Senator  
5           Piccola, why don't you come up to the testimony  
6           table with all the microphones.

7                         SENATOR PICCOLA: With your  
8           permission I'd like Representative Buxton to  
9           join me.

10                        CHAIRPERSON BIRMELIN: That's fine.  
11           You will be accompanied by Representative  
12           Buxton who I was going to introduce subsequent  
13           to your testimony. We'll allow you to give  
14           yours first, if you would. As both of you  
15           know, when we have public hearings you have to  
16           sit and answer questions as well. Senator  
17           Piccola.

18                        SENATOR PICCOLA: I'm familiar with  
19           the drill, Mr. Chairman.

20                        CHAIRPERSON BIRMELIN: I know you  
21           are. You invented it, I think.

22                        SENATOR PICCOLA: I'm not sure I  
23           invented it. Mr. Chairman, and members of the  
24           committee: I want to thank you for allowing us  
25           to testify on Senate Bill 543 which is an

1 important piece of legislation which was  
2 introduced with five other bills to address the  
3 growing problems caused by absentee and slum  
4 landlords.

5 As I indicated, Representative Ron  
6 Buxton of Harrisburg is joining me this  
7 afternoon. He joined with Senator Brightbill,  
8 Senator Uliana, and Mayor Reed and I in a  
9 bipartisan effort to introduce this package of  
10 legislation about a year and a half ago.

11 Mr. Chairman, I'm very proud to  
12 represent the Capital City of Harrisburg, which  
13 is a city of the third class. There are a  
14 number of reasons why I have that pride. The  
15 beautiful State Capitol and the many  
16 attractions of the downtown area that draw  
17 thousands to Harrisburg each year are only part  
18 of the reason.

19 However, there are parts of  
20 Harrisburg and Pennsylvania's other third-class  
21 cities that are not as attractive as the  
22 environment surrounding this particular  
23 building. Unfortunately, you don't have to go  
24 very far from here to find blighted  
25 neighborhoods.

1                   In August of 1996, I joined with  
2                   Senator Brightbill, Senator Joseph Uliana,  
3                   Representative Buxton and Mayor Steve Reed in  
4                   front of a blighted property on the 1600 block  
5                   of Chestnut Street here in Harrisburg to  
6                   announce this package of bills. That block is  
7                   a microcosm of the deterioration facing our  
8                   cities and residents.

9                   On one side of that block,  
10                  principally owner-occupied and beautifully kept  
11                  homes where flowers bloom and children play.  
12                  On the other side are homes that have seen the  
13                  ravages of absentee landlords who have abused  
14                  state laws, not maintained their properties and  
15                  have not abided by local codes and ordinances.

16                  This problem is not just confined to  
17                  the inner city. An apartment complex in the  
18                  Italian Lake area of uptown Harrisburg has been  
19                  plagued by similar circumstances involving  
20                  landlords that do not live in the city, do not  
21                  live in Dauphin County, and some don't even  
22                  live in the United States.

23                  The first horror stories of this  
24                  account appeared in the media in February of  
25                  this year, but it has taken most of this year

1 and countless hours of diligent work to provide  
2 improvements to these apartments. One of the  
3 main reasons why it has taken this long for  
4 results is that, current state law is weak  
5 enough for slum landlords to profit more from  
6 breaking the law than to correct the code  
7 violations.

8 Senate Bill 543 creates the crime of  
9 Municipal Housing Code Avoidance. This  
10 criminal act is a last resort to impose jail  
11 time on offenders who repeatedly ignore the law  
12 and make no reasonable attempt to correct very  
13 serious violations. The crime of Municipal  
14 Housing Code Avoidance has been carefully  
15 designed to target the most egregious  
16 offenders; those that have been convicted at  
17 least four times for a violation of the same  
18 subsection of the Municipal Housing Code for  
19 the same property.

20 Furthermore, the continual and  
21 uncorrected violation must be found by the  
22 court to pose a threat to the public's health,  
23 safety or property, with no reasonable attempt  
24 having been made to correct the violation.

25 The bill has been said by some to be

1           too harsh. I would like to tell this  
2           subcommittee a story based in South Central  
3           Pennsylvania, but certainly not unique to this  
4           particular area. It is about one slumlord who  
5           owns property in Harrisburg but lives  
6           elsewhere. City officials issued four  
7           citations to him to correct violations at one  
8           of his properties. The structure was vacant,  
9           had excessive debris and attracted rats. The  
10          individual pleaded not guilty and a hearing  
11          followed. Minimum fines were assessed by the  
12          district justice and were paid, but the  
13          violations continued unabated. The city  
14          managed to bring the case to the common pleas  
15          level by way of a mandatory injunction and  
16          included another vacant property that had three  
17          violations in a similar scenario.

18                 The court ordered the owner to  
19          correct the violations at both properties; the  
20          owner failed to obey the order and another  
21          hearing was held. The owner was then held in  
22          contempt of court and given 90 days in prison.  
23          The violations were abated in 10 days by others  
24          while the individual was incarcerated.

25                         Violations on other properties

1 continue by this same owner who has been  
2 arrested since on outstanding warrants. His  
3 case is not unique to the City of Harrisburg or  
4 to any other city in Pennsylvania. We need  
5 stronger laws on the books to serve as a  
6 deterrent to this type of unacceptable  
7 behavior. It is not too harsh to impose  
8 significant penalties and jail time upon  
9 someone who repeatedly flouts the law and makes  
10 living conditions unsafe for his tenants and  
11 life unpleasant for those who must share the  
12 same neighborhood.

13 I have met with the organizations  
14 representing rental property owners, apartment  
15 owners, homeowners, realtors, builders and  
16 others. Through a series of meetings, all of  
17 the bills in this package, including Senate  
18 Bill 543, have been strengthened by  
19 improvements in the language. The target of  
20 the legislation is clear, and I find any  
21 outstanding arguments of opposition to be  
22 without merit. This bill and the others are  
23 fair and due process is built into the system  
24 if codes enforcement officers harass property  
25 owners or misuse the law.

1                   Not only can an individual plead  
2                   their case to a municipal codes officer, but  
3                   cases still need to come before a district  
4                   justice. And, if anything, I have heard the  
5                   complaint from municipal officials that many  
6                   district justices are too lenient in assessing  
7                   violations and fines.

8                   I believe Senate Bill 543, along with  
9                   the others in the package, have the necessary  
10                  safeguards to protect law-abiding landlords.  
11                  Responsible landlords have nothing to fear from  
12                  these bills, whose aim is to close loopholes in  
13                  state law, loopholes that people who have no  
14                  remorse have used again and again to contribute  
15                  to the destruction of neighborhoods.

16                  In fact, I am willing to argue that  
17                  responsible landlords have something to gain  
18                  from the passage of these bills; the fact that  
19                  adequate tools will now be available for  
20                  municipalities to crack down on the real  
21                  violators and take steps to revitalize  
22                  neighborhoods.

23                  I am certain that no one in this room  
24                  opposes affordable, safe housing for city  
25                  residents. I am also certain cities of this

1 Commonwealth will welcome additional remedies  
2 to help cure urban blight and encourage private  
3 home ownership and development. We owe it to  
4 our municipal officials to empower them in this  
5 fight. These bills will let them control their  
6 own destiny by giving them the tools necessary  
7 to enforce their ordinances to make  
8 neighborhoods safe places to raise families.

9 Thank you very much, Mr. Chairman.

10 CHAIRPERSON BIRMELIN: Before I ask  
11 Representative Buxton to give his testimony, we  
12 have been joined on the panel by Representative  
13 Dan Walko from Allegheny County.

14 Representative Buxton, do you have a  
15 prepared statement as well for the committee?  
16 You may give it at this time.

17 REPRESENTATIVE BUXTON: Chairman  
18 Birmelin, and members of the Subcommittee on  
19 Crime and Corrections: My name is Ronald  
20 Buxton and I am the State Representative  
21 representing the City of Harrisburg, the  
22 Borough of Steelton and the Third Ward of  
23 Swatara Township. I wish to thank the Chairman  
24 and members of the committee for moving to the  
25 forefront the housing code enforcement

1           legislation which, for those of us who  
2           represent urban areas, believe the time has  
3           come for the state legislature to address this  
4           critical issue.

5                       Prior to being elected to the House  
6           of Representatives in 1992, I was employed by  
7           the City of Harrisburg as the Deputy Director  
8           for Community Development and Codes  
9           Administrator. For seven years my  
10          responsibility, together with a staff of 22,  
11          was to enforce housing and building codes  
12          within the city. During this time our efforts  
13          to address many of the problems which plagued  
14          our neighborhoods due to the irresponsibility  
15          of absent owners was frustrating to say the  
16          least. Many times individuals would simply  
17          walk away from their responsibility with the  
18          resulting problems remaining for the  
19          municipality to address; or, eventual  
20          adjudication through a court system which does  
21          not place a high priority on this type of  
22          violation.

23                      I personally believe that the  
24          government should avoid interference in private  
25          property owner rights. However, when private

1 property owner neglect their responsibilities  
2 those residents who suffer have no other choice  
3 than to turn to their local government for  
4 action. If local government, particularly  
5 those in urban areas, are to respond to the  
6 needs of our citizens, they need the proper  
7 laws to address those health and safety  
8 concerns.

9 Today, under our current system it is  
10 just too easy for someone to walk away from  
11 housing code violations without the proper laws  
12 for local governments to either force abatement  
13 or recover public funds which have been  
14 advanced in that effort.

15 I wish to convey one story of many  
16 which could be recited during my tenure with  
17 the City of Harrisburg and how archaic our  
18 current laws are in addressing housing code  
19 violations. This story begins with a judicial  
20 real estate tax sale being held at the local  
21 courthouse one night where an individual  
22 decided to bid on properties because he  
23 witnessed a prominent local developer bidding  
24 on properties during the tax sale.

25 Upon acquiring three properties, the

1 individual soon discovered that the City of  
2 Harrisburg had condemned two of the properties  
3 for demolition. Having purchased these three  
4 properties sight unseen, I was shortly  
5 thereafter visited by the purchaser's attorney  
6 inquiring as to what the city could do to  
7 assist his client in the matter of the two  
8 condemnation orders. My response was that his  
9 client was now the new owner and the city was  
10 interested in the purchaser abating the  
11 violations. The attorney explained that his  
12 client didn't know what he was getting into and  
13 could not afford the demolition costs. This  
14 story epitomizes the ease by which individuals  
15 purchase property at county tax sales without  
16 ever providing proof of financial  
17 responsibility.

18 Senate Bill 543 would make it a crime  
19 should an owner avoid abatement of the  
20 Municipal Housing Code upon the fourth  
21 conviction for the same continuing violation.  
22 This proposal may appear to be extreme.  
23 However, to the people residing in a  
24 neighborhood where an absent owner refuses or  
25 otherwise ignores housing violations, this

1 proposal provides local government a real  
2 hammer to pursue those violators.

3 It must be understood that Senate  
4 Bill 543 would apply only to the most chronic  
5 of violators, individuals who just don't care  
6 about the conditions of their property. The  
7 full effect of the law must be provided to our  
8 local municipalities in dealing with absent  
9 owners.

10 In the limited time we have today, I  
11 will conclude by reminding the committee that  
12 Act 5 of 1996 gave authority for landlords to  
13 seek a wage attachment against tenants where  
14 the landlord received a judgment for damages  
15 caused by the tenant. I believe the  
16 legislature should insure that funds collected  
17 for those damages are used to bring the  
18 property into code compliance.

19 The legislature has given owners the  
20 tools to collect funds in the event that a  
21 tenant damages or otherwise destroys the  
22 property in which they reside. The least we  
23 can do is give our local governments the  
24 ability to hold the owners of blighted property  
25 responsible for their inactions. Thank you.

1                   CHAIRPERSON BIRMELIN: Thank you,  
2                   Representative Buxton. Senator Piccola, before  
3                   we turn the rest of your time over to questions  
4                   from the panel, I wanted to give you the  
5                   opportunity, if you would, to briefly describe  
6                   what the other bills are in this several-bill  
7                   package that you talked about that address  
8                   urban blight.

9                   SENATOR PICCOLA: There's a variety  
10                  of them. They deal with tax sales. They deal  
11                  with the improved enforcement of the municipal  
12                  codes so that the process by which the codes  
13                  enforcement officers are able to enforce  
14                  municipal codes is streamlined and closes some  
15                  loopholes there.

16                  The tax sale law in this state  
17                  actually encourages the absentee landlords from  
18                  improving property and allowing them to go to  
19                  sale so that they can come in and buy back the  
20                  property after they have been deteriorated and  
21                  wipe off all the liens. We are closing up a  
22                  lot of those kind of loopholes in these other  
23                  bills.

24                  We have to also -- Representative  
25                  Buxton reminds me that we allow the

1 municipalities to intervene in the tax sales as  
2 well when they feel that these kinds of  
3 properties are being bought back by the same  
4 people that have allowed them to deteriorate.

5 We've also had to amend various class  
6 city codes and the borough codes because they  
7 all have to be amended individually. There's a  
8 large number of bills in this package.

9 CHAIRPERSON BIRMELIN: Large as in  
10 how many?

11 SENATOR PICCOLA: Offhand I couldn't  
12 tell you. Probably a dozen.

13 REPRESENTATIVE BUXTON: I think it's  
14 a five-bill package.

15 CHAIRPERSON BIRMELIN: Is one of  
16 them, I think you referred to, Representative  
17 Buxton, about qualification of financial  
18 ability to pay for a property?

19 REPRESENTATIVE BUXTON: Yes. That's  
20 a bill where these local governments could step  
21 in at a county tax sale, particularly if  
22 somebody --

23 CHAIRPERSON BIRMELIN: Your testimony  
24 mentioned that, but I don't think that's the  
25 context of the bill in which we're speaking.

1 REPRESENTATIVE BUXTON: No.

2 CHAIRPERSON BIRMELIN: For the  
3 benefit of the committee, we'll allow our  
4 discussions to stray a little bit from the  
5 particulars of this bill within the time limits  
6 that we have, because we realize this is part  
7 of a much larger package. That's the reason  
8 why I asked you what the other ones were for.  
9 I wanted the committee to have the big picture  
10 here; not just this one particular bill which  
11 we are basically meeting on today.

12 SENATOR PICCOLA: The original  
13 package was I think five or six bills but we've  
14 expanded it because the first-class City of  
15 Philadelphia wanted some legislation, similar  
16 legislation as well the second-class City of  
17 Pittsburgh and the second-class A, I think, of  
18 Scranton is also included in some of those  
19 bills.

20 CHAIRPERSON BIRMELIN: In your  
21 testimony, Senator Piccola, your third  
22 paragraph specifically is related to Harrisburg  
23 being the third-class city and the fourth  
24 paragraph is Pennsylvania's 51 other  
25 third-class cities. Your legislation is not

1           restricted to third-class cities?

2                   SENATOR PICCOLA:   That's correct.

3                   CHAIRPERSON BIRMELIN:   Let me  
4           introduce two other members of the committee  
5           who have joined us.   Second from my right is  
6           Representative Tim Hennessey from Chester  
7           County and Representative Joseph Petrarca from  
8           Wayne County -- Westmoreland, okay.

9                   I'm going to give the members of the  
10          committee the opportunity to ask either of you  
11          questions.   I will ask the members of the  
12          committee to keep in mind that the questions  
13          should be fairly brief and to the point.   We  
14          have allotted approximately a half an hour for  
15          each of those who are on the testifying slots.  
16          We have expended all but five minutes of the  
17          time that Representative Buxton and Senator  
18          Piccola had.   Although, we certainly will  
19          extend the courtesy of a little extra time if  
20          questions are pertinent and you feel they must  
21          be asked.

22                   With that in mind, I will turn to my  
23          far left and ask Representative Reber if he has  
24          any questions?

25                   REPRESENTATIVE REBER:   No questions.

1                   CHAIRPERSON BIRMELIN: Representative  
2 Manderino.

3                   REPRESENTATIVE MANDERINO: No.

4                   CHAIRPERSON BIRMELIN: Representative  
5 Masland.

6                   REPRESENTATIVE MASLAND: Just one  
7 brief comment. I believe Chairman Birmelin  
8 really brought this out in his remarks before  
9 turning it over for questions. Obviously, this  
10 bill is not limited to third-class cities. It  
11 can deal with second-class townships and  
12 boroughs. Although your comments briefly  
13 mentioned the problem in the inner city, it's  
14 certainly not limited to those areas.

15                   I live in and represent the Borough  
16 of Carlisle. We have had some significant  
17 problems over the past few years with a few  
18 so-called absentee type landlord situations.  
19 It is a problem that I think you are trying to  
20 address and it goes well beyond those within  
21 the city limits. I appreciate that.

22                   I would just make one other comment.  
23 I think the key phrase when you describe the  
24 difference between the 1600 block, the key  
25 phrase there is owner occupied. When you have

1 the owner-occupied houses, the owner-occupied  
2 neighborhoods, those are the ones that are  
3 going to be kept up well and that people are  
4 going to enjoy driving by as opposed to roll up  
5 the windows and speed through. Thank you.

6 SENATOR PICCOLA: Thank you,  
7 Representative.

8 CHAIRPERSON BIRMELIN: Representative  
9 Walko.

10 REPRESENTATIVE WALKO: Thank you, Mr.  
11 Chairman. My question regarding Pittsburgh  
12 being included has been answered. That was my  
13 first question.

14 Secondly, I was wondering in your  
15 other bills if -- I do not understand how it  
16 goes into third-class cities like Harrisburg,  
17 but do citizens have a right to go into a  
18 magistrate's court or other court to enforce  
19 municipal ordinances?

20 SENATOR PICCOLA: I'm going to yield  
21 to Representative Buxton since he's a former  
22 codes enforcement officer and let him answer  
23 that question.

24 REPRESENTATIVE BUXTON: There's  
25 nothing in the law that I'm familiar with that

1 would provide for a citizens group to enforce a  
2 housing code. Obviously, there are other legal  
3 remedies that a citizens group might be able to  
4 take legally, but they would not be empowered  
5 to enforce any local housing codes. That would  
6 be up to the enforcing agency within that  
7 municipality.

8 REPRESENTATIVE WALKO: Do you think  
9 that would be beneficial, Representative  
10 Buxton, to, for example, the City of Harrisburg  
11 to allow neighborhood groups to have a standing  
12 to enforce those municipal codes?

13 REPRESENTATIVE BUXTON: As a matter  
14 of fact, the City of Harrisburg has recently  
15 embarked upon a citizens group to police  
16 neighborhoods for housing code violations. I  
17 believe you'll have a witness later today, Mr.  
18 Wise, that can even address that further  
19 because he's part of that, where they could  
20 have the authority to notify homeowners if they  
21 see certain visible violations on the exterior.

22 But, any course of action brought  
23 against that owner would have to come via the  
24 city's enforcement bureau, even though they are  
25 extending their eyes within the community by

1           empowering these neighborhood groups to now go  
2           out and look for housing code violations.

3                       Really, the emphasis on that is to  
4           try to stop neighborhoods from becoming  
5           blighted before they are in a condition beyond  
6           anyone's control.

7                       REPRESENTATIVE WALKO: Thank you very  
8           much. Thank you, Mr. Chairman.

9                       CHAIRPERSON BIRMELIN: Representative  
10          Hennessey.

11                      REPRESENTATIVE HENNESSEY: No.

12                      CHAIRPERSON BIRMELIN: Representative  
13          Petrarca.

14                      REPRESENTATIVE PETRARCA: No.

15                      CHAIRPERSON BIRMELIN: We want to  
16          thank you, gentlemen, for coming and for  
17          testifying. I'm sure it was helpful to the  
18          members to know the bigger picture as I  
19          indicated earlier. I'll tell you that last  
20          session the Republican House members conducted  
21          what were known as listening posts. Senator,  
22          I'm sure you are familiar with that. I don't  
23          know if the Representative is.

24                      One of the days that we did meet was  
25          dealing with this whole issue of urban blight

1 in the cities, we heard from several mayors,  
2 including Mayor Reed who is going to testify  
3 here later today, that's why I knew there was a  
4 bigger picture here. I appreciate the work  
5 that you and the other legislators have done in  
6 this area. I'm sure this is going to be a big  
7 help to our cities when any of these bills get  
8 passed.

9 We want to thank you for your  
10 testimony, and feel free to contact members of  
11 the committee about passing this particular  
12 legislation as it proceeds.

13 SENATOR PICCOLA: Mr. Chairman, for  
14 your benefit for the rest of the hearing, let  
15 me leave you with a copy of the other bills in  
16 our original package that deal with the issues  
17 we discussed earlier. You can use them at your  
18 leisure.

19 CHAIRPERSON BIRMELIN: Thank you,  
20 Senator. Our next testifier is Eugene Pasci.  
21 He's the President of the Pennsylvania League  
22 of Cities and Municipalities. We have two  
23 gentlemen. Which one of you is Mr. Pasci?  
24 Would you introduce the other gentleman?

25 MR. PASCI: Chris Moonis. He'll be

1 the next testifier. Chris serves as the  
2 Pennsylvania League of Cities and Townships.  
3 He's here to give me some support.

4 CHAIRPERSON BIRMELIN: I have here a  
5 statement, Mayor, that says you are the Mayor  
6 of the City of Farrell. It also says that you  
7 are coming before the Senate Judiciary  
8 Committee. I wanted to let you know if you  
9 thought you were doing that, you are in the  
10 wrong room.

11 MR. PASCI: When we showed up this  
12 afternoon we realized we were in the right  
13 room, but the information in the packet  
14 basically goes to the same. We're testifying  
15 to the right committee, but we had the wrong  
16 address.

17 CHAIRPERSON BIRMELIN: I just wanted  
18 to help you out here if you were headed in the  
19 wrong direction. Since we have the written  
20 testimony, I believe of Mr. Moonis also, I'm  
21 going to do it similar to the way the two  
22 previous testifiers did. We'll have each of  
23 you give your written testimony, and then we'll  
24 open it up for questions for both of you since  
25 you choose to sit here as a tag team.

1 MR. PASCI: It makes it a lot easier  
2 for me.

3 CHAIRPERSON BIRMELIN: Mayor Pasci,  
4 you may begin your testimony.

5 MR. PASCI: Thank you. Chairman  
6 Birmelin, let me apologize once again on the  
7 record for the error in the notification. We  
8 did intend to come before your committee and  
9 not the Senate Judiciary Committee.

10 Chairman Birmelin, honorable members  
11 of the House Judiciary Committee: For those of  
12 you who do not know me, I'm Eugene Pacci, Mayor  
13 of the City of Farrell, and currently presiding  
14 as the President of the Pennsylvania League of  
15 Cities and Municipalities. Seated next to me  
16 is Mr. Chris Moonis, Director of Legislative  
17 Affairs for the League. We are both honored to  
18 be a part of this critical issue and truly  
19 thankful to the Chairman and the members of  
20 this committee for the opportunity to present  
21 our views on this proposed legislation.

22 First, let me state for the record,  
23 the Pennsylvania League of Cities and  
24 Municipalities' Board of Directors strongly  
25 supports the total legislative package

1 introduced by Senator Piccola and Senator  
2 Brightbill, Senate Bills 538 through 543, as  
3 well as the legislative package introduced in  
4 the House of Representatives by Representative  
5 Buxton. The league believes this legislative  
6 package, as a whole, takes a significant step  
7 toward changing the landscape of our urban  
8 centers, and more importantly, providing safer  
9 dwellings for our citizens.

10 In particular, Senate Bill 543,  
11 Printer's No. 1412, places a statutory offense  
12 on slum landlords who continually neglect and  
13 willfully ignore housing and property  
14 maintenance codes. We applaud the will of this  
15 legislature to see this bill enacted sending a  
16 clear message to slum landlords who put profit  
17 over safety.

18 Since 1950, Pennsylvania's cities  
19 have lost on the average 30 percent of their  
20 population. In some cases such as Johnstown,  
21 Pittsburgh, McKeesport, New Castle and  
22 Scranton, and I may add my own City of Farrell,  
23 the loss is as high as 55 percent. During this  
24 time, the problems our urban communities are  
25 facing has steadily worsened. There is little

1 argument that our urban communities have become  
2 home to growing numbers of poor, homeless, and  
3 those individuals with special service needs.

4 The problems urban communities are  
5 facing today are not the result of  
6 mismanagement or poor leadership at the local  
7 level; rather, they are the result of years of  
8 neglect, disinvestment, and the dismissal for  
9 the greener developments of the suburbs.  
10 Today, urban communities are at a crossroads  
11 and their continued viability, and the  
12 viability of the entire region is threatened if  
13 we do not develop systems which address the  
14 problems associated with blight in these  
15 vitally important areas.

16 Today before you is an essential  
17 component part that can help deliver a positive  
18 response to the ever-growing problems of urban  
19 blight. For too long, local government has not  
20 had the essential tools to eradicate urban  
21 blight, and in particular, blight directly  
22 caused by the slum landlord. More importantly,  
23 this legislation takes the necessary steps to  
24 ensure the health and safety of residents and  
25 addresses stricter accountability for slum

1 landlords to obey laws for the betterment and  
2 resurgence against our communities or face the  
3 crime of Municipal Housing Code Avoidance.

4 Contrary to other groups, we do not  
5 believe this legislation impairs or impedes in  
6 any way the business success of the good and  
7 law-abiding landlords across this Commonwealth.  
8 Again, this legislation is designed to toughen  
9 penalties against those landlords who have  
10 continually ignored the codes established by  
11 the municipalities; codes that are reasonably  
12 compiled with by all others, and codes that are  
13 in place to protect the health and safety of  
14 our citizenry.

15 Allow me to take this issue one step  
16 further by citing an excerpt from a report to  
17 the Pennsylvania General Assembly entitled  
18 Urban Opportunities - Eradicating Blight and  
19 Expediting Economic Development in Pennsylvania  
20 in the 21st Century, resulting from House  
21 Resolution 91. The committee found:

22 Local efforts to eliminate blight  
23 through code enforcement activities are often  
24 thwarted by the judicial process. Many times a  
25 property owner is repeatedly cited by local

1 officials and brought to housing court or  
2 before a local magistrate for building code  
3 violations or for failure to maintain a vacant  
4 property. These violators can constantly delay  
5 addressing the problems by simply applying for  
6 a building permit, letting the permit expire  
7 without taking any action, and then repeating  
8 the process. There needs to be a limit on the  
9 number of times a repeat violator can be cited  
10 without making the required improvements to the  
11 property or else risk losing their rights of  
12 interest in the property.

13 Moreover, placing a misdemeanor  
14 provision in Title 18 of the Pennsylvania  
15 Consolidated Statutes will put some strength in  
16 the statute, allowing municipalities to make  
17 sure these slum landlords are either correcting  
18 housing code violations or facing criminal  
19 proceedings.

20 This is but one example of why the  
21 system needs to be tightened to give local  
22 officials the resources to take charge of the  
23 problem and fix it. I am here today to assure  
24 the committee that the mayors and councils of  
25 our urban communities across this great

1 Commonwealth are ready and able to use this  
2 legislation to begin this process by  
3 eradicating urban blight.

4 Senate Bill 543 clearly places this  
5 criminal offense on only those landlords who,  
6 after accumulating four or more convictions,  
7 repeatedly and continually allow the  
8 accumulation of uncorrected violations on the  
9 same subsection of the Municipal Housing Code  
10 for the same property.

11 Moreover, this bill provides that  
12 violations must pose a threat to the public's  
13 health, safety and/or property and may only be  
14 imposed when clearly no attempt has been made  
15 by the person to correct the violation. Only  
16 after all these guidelines have been thwarted  
17 by the landlord can he or she be reasonably  
18 presumed to have committed the crime of  
19 Municipal Housing Code Avoidance.

20 Let me say in closing, although the  
21 decline of our urban communities cannot be  
22 attributed to the actions of slum landlords  
23 alone, it is a major contributing factor. I  
24 respectfully request that it is time to take  
25 action. This piece of legislation takes a

1 major step to ensure the health and safety of  
2 residents and address accountability to those  
3 persons who cannot obey laws for the betterment  
4 of our constituents and our communities.

5 Thank you for your time and  
6 attention. At this time I'll turn it over to  
7 Mr. Moonis. Thank you very much.

8 CHAIRPERSON BIRMELIN: Mr. Moonis,  
9 you may present your testimony.

10 MR. MOONIS: Thank you, Mr. Chairman.  
11 Before I read my written testimony, I also  
12 would like to apologize for getting the right  
13 committee but the wrong body. I'm obviously  
14 seated in front of very esteemed House members.  
15 I apologize in advance.

16 Good afternoon, Chairman Birmelin,  
17 and members of the House Judiciary  
18 Subcommittee. I am Christopher Moonis,  
19 Legislative Representative for the Pennsylvania  
20 State Association of Township Commissioners,  
21 representing the first-class townships of this  
22 Commonwealth. Thank you for the opportunity to  
23 present testimony on this very important piece  
24 of legislation, Senate Bill 543.

25 As many of you are aware, PSATC's

1 membership includes many urban townships that  
2 also feel the impact of blight in their  
3 communities. In fact, most first-class  
4 township communities, to some degree or  
5 another, have the pressure of fighting the  
6 current system when dealing with the properties  
7 in the hands of the slum landlords.

8 I believe it's important to note that  
9 the Township Commissioners' Executive Committee  
10 has unanimously supported the package of  
11 legislation, Senate Bills 538 through 543. We  
12 applaud the sponsorship of Senator Piccola,  
13 Senator Brightbill and Representative Buxton  
14 and others, and look forward to assisting the  
15 Senate and House in any way to see that Senate  
16 Bill 543 is enacted into law, along with the  
17 other component parts of the slum landlord  
18 package.

19 Most of the concerns our officials  
20 have expressed deal primarily with the current  
21 statutory provisions afforded to the slum  
22 landlord. Pennsylvania's laws make it  
23 perfectly legal to purchase blighted and  
24 abandoned real estate, only to have the  
25 slumlords work the system in their favor,

1           avoiding compliance and continue to utilize the  
2           cycle for as long as they want. These laws  
3           work in opposition to any economic development  
4           initiatives or revitalization efforts in a  
5           community because elsewhere in the township  
6           slumlords are free to continue the cycle of  
7           blight. The current statutory allowances work  
8           against most every municipality in the  
9           Commonwealth.

10                   It is not uncommon, when reviewing  
11           the title holders of currently blighted  
12           properties in our communities, to have the same  
13           title holder show up over and over on different  
14           parcels of blighted property every few years.  
15           Typically, properties are purchased at a county  
16           sheriff's sale for a fraction of the cost;  
17           liens, taxes and other debts are legally  
18           removed and properties are held for a few years  
19           while no taxes are typically paid, and owners  
20           allow the property to work its way into the  
21           county repository, at which point the process  
22           starts over again.

23                   This legislative package, as a whole,  
24           makes reasonable changes to current laws and  
25           code to give tenants the assurance that the

1 property they live in are in compliance with  
2 widely accepted and standardized codes. It is  
3 ultimately the responsibility of the local  
4 government to protect the health and safety of  
5 its citizens. We are confident Senate Bill 543  
6 will be a major relief to our local elected  
7 government officials, finally putting some  
8 teeth into statute to deal with urban blight  
9 and those landlords who have no concern for the  
10 citizens and the community as a whole.

11 We know many of our townships border  
12 cities and experience the direct effects of  
13 urban blight in their regions. In today's  
14 global economy, municipalities cannot survive  
15 within their traditional boundaries. We must  
16 look at urban blight as regional blight. In  
17 that vein, the Pennsylvania State Association  
18 of Township Commissioners fully supports  
19 passage of Senate Bill 543 and urge this  
20 committee to move the bill to the House floor.

21 We, therefore, respectfully request  
22 the House, as a whole, to embrace Senate Bill  
23 543 and the General Assembly embrace the entire  
24 legislative package and see to it that this  
25 package becomes law. Not only is the overall

1 economic condition of a region dependent upon  
2 eliminating urban blight, the health and safety  
3 of our citizens should demand it.

4 Thank you, and I, along with Mayor  
5 Pasci, look forward to answering your  
6 questions.

7 CHAIRPERSON BIRMELIN: Either of you  
8 gentlemen can answer this question that I have.  
9 That is, you said the names of these absentee  
10 landlords show up over and over on these  
11 blighted properties. What is their motivation  
12 in buying these properties?

13 MR. MOONIS: I can't speak for them,  
14 but I can presume that their motivation is  
15 profit. It's the fact that they can buy a  
16 piece of property at a fraction of its value  
17 because it's getting the property through a  
18 sheriff's sale at usually a fraction of the  
19 cost of the property. Then turning around and  
20 putting renters in it, putting --

21 CHAIRPERSON BIRMELIN: These are  
22 rentals?

23 MR. MOONIS: A large part of the  
24 blighted properties that are occupied are  
25 tenants living in the properties that are owned

1 by either landlords locally that don't have any  
2 concern or by absentee landlords that may not  
3 even be in this Commonwealth.

4 CHAIRPERSON BIRMELIN: The cycle then  
5 of citing these people, having them ignore the  
6 citations and/or get building permits, which I  
7 assume the district justice then says that's  
8 their good faith effort to address the problem.  
9 And then not doing it results in further  
10 citations which, again, apparently these slum  
11 landlords find some way to circumvent. There  
12 is no way for you to break the cycle under  
13 current law?

14 MR. PASCI: Right. I know in my  
15 town, sir, there's this one house in particular  
16 sits between -- on a rather nice street and  
17 there's an absentee landlord who lives in Ohio.  
18 He continually comes in. Every time we post  
19 the house for demolition he comes in to get a  
20 building permit. We've gone through it like  
21 for the last five years, constantly. The  
22 neighbors think the mayor and council and the  
23 health and code officers are ignoring the  
24 situation.

25 That's the cycle. He's able to come

1 in. I want to get a building permit; this is  
2 what I'm going to do. He has six to nine  
3 months by our laws to bring the house up to  
4 code. He does nothing and the process starts  
5 all over with sending the notices and  
6 continuing. It's really frustrating for the  
7 people that are trying to keep up their homes  
8 in the entire community.

9 CHAIRPERSON BIRMELIN: It's your  
10 feeling then, if this bill, Senate Bill 543,  
11 were to become law and they got to that point  
12 where it's their fourth violation, that the  
13 fact they are now facing criminal penalties  
14 would make the difference in that person's  
15 desire to fix the property?

16 MR. PASCI: To either leave the  
17 property go, whether it's a tax sale or from  
18 just the citing of it as a blighted property  
19 and taking it out with demolition funds, which  
20 most cities use their money to take out. We  
21 just lien the property in the end and the value  
22 of those properties are really a negative value  
23 after you take the taxes that are delinquent,  
24 the demolition costs. The properties that you  
25 are dealing with basically have a negative

1 value. They are more cost to anyone else than  
2 to do anything with.

3 MR. MOONIS: Mr. Chairman, I'd like  
4 to further point out, the whole package is  
5 designed to work together. This is one  
6 component part. This is making a criminal  
7 offense, a misdemeanor for this blatant  
8 disregard for the violations, absolute blatant.  
9 After a fourth conviction of the same section  
10 of the code on the same property, this is a  
11 blatant disregard for the housing code and for  
12 the safety of the citizens and tenants and the  
13 community. This is one part of an overall  
14 package.

15 Some of the other measures that are  
16 in the House now that you have before you from  
17 Senator Piccola show that there are changes to  
18 the third-class city code, there's changes to  
19 the tax sale law. All these different  
20 component parts are just going to strengthen  
21 the overall inability for these landlords to  
22 continue this process. It's an important part.

23 CHAIRPERSON BIRMELIN: At this point  
24 I'll ask the members of the panel if they have  
25 any questions for either of these gentlemen.

1 I'll begin with Representative Petrarca.

2 REPRESENTATIVE PETRARCA: Thank you,  
3 Mr. Chairman. One question. Is there any  
4 recourse now if these things are happening in  
5 Farrell or any township or borough,  
6 municipality, what have you in Pennsylvania?  
7 What can you do now to tackle this problem?

8 MR. PASCI: An example, if a slum  
9 landlord has a property that he has left  
10 abandoned, we have to send him notification by  
11 certified mail to either bring the house up to  
12 code or we're going to post it and we're going  
13 to demolish it. Those are the alternatives  
14 that we have for slum landlords. Then we just  
15 lien the property.

16 Then again, he can come in and he can  
17 apply for a building permit and the system  
18 doesn't give him -- there's no restrictions  
19 from what our solicitors told us. This is an  
20 ongoing thing. As long as he says he's going  
21 to do it, you have to give him a fair and  
22 decent chance to do it.

23 And people, as the testimony stated  
24 and the Senator stated earlier, this would not  
25 hurt a person who takes good care of their

1 property and maintains their property, but  
2 there's so many communities in my town that  
3 they are paying three, \$400 and that's a lot of  
4 money in Farrell to pay for rent on basically  
5 slum properties; whereas, if they found another  
6 home where somebody built it up --

7 I mean, we have taken houses off the  
8 demolition list to give to other property  
9 owners, tenant -- or landlords to fix up, to  
10 put those on because we know this is a good  
11 landlord who takes pride in his property and  
12 works with the people. There are things where  
13 communities are working with others, with good  
14 landlords, but this is when we deal with these  
15 kind of people that really don't care is a very  
16 difficult problem.

17 REPRESENTATIVE PETRARCA: Anything  
18 different in the townships?

19 MR. MOONIS: The cycle is the same.  
20 It's an ongoing, let's buy the property. Let's  
21 not do anything. Let's get cited. Let's let  
22 it go in the repository and let's buy another  
23 piece in the meantime so we can do it in  
24 another parcel.

25 We're really limited to what a

1 township or city or borough can do other than  
2 to lien property and try and make it as  
3 difficult as they can on that landlord to make  
4 them want to leave the area and move to another  
5 place. Unfortunately, where they move to is  
6 another urbanized area usually in the State of  
7 Pennsylvania.

8 CHAIRPERSON BIRMELIN: Representative  
9 Hennessey.

10 REPRESENTATIVE HENNESSEY: No  
11 questions.

12 CHAIRPERSON BIRMELIN: Representative  
13 Walko.

14 REPRESENTATIVE WALKO: I have a  
15 question for Mayor Pasci. Thank you, Mr.  
16 Chairman. Do you find in the City of Farrell  
17 that a number of problems arise with regard to  
18 property owned by estates and sort of tie it up  
19 in the quagmire of the administration of an  
20 estate which might have little or no assets?

21 MR. PASCI: That's a big problem as  
22 well, but what has happened is, the estates in  
23 Farrell have sold to landlords who buy --  
24 Farrell being a steel town, it's really  
25 suffering right now. As a matter of fact, it

1           was your first distressed community in the  
2           State of Pennsylvania. The older area of our  
3           town, landlords have bought it and are renting  
4           the properties out.

5                       As you have mentioned, the estates  
6           are selling them off for less than a thousand  
7           dollars these properties and the landlords are  
8           coming in, they're fixing them up to minimum,  
9           minimum codes, putting people in. Once they  
10          get in, they even ignore the city codes of  
11          having inspections in the future. But, the  
12          estates are a major problem as well.

13                      REPRESENTATIVE WALKO: Mayor, one  
14          suggestion which had been made. I believe  
15          there is legislation being drafted which would  
16          allow for receiverships while the property is  
17          tied up in an estate so the community group  
18          would get the possession and control over the  
19          property.

20                      One other question. I represent an  
21          urban district on the north side of Pittsburgh,  
22          Lawrenceville. I literally have vacant houses  
23          with trees growing out of them. I had one that  
24          languished with a tree growing right out of the  
25          middle. No one was living there, but

1           nonetheless, with a community of row homes  
2           that's rather disconcerting to the community.

3                     The property was owned by a wealthy  
4           individual who lived in a wealthy suburban  
5           community who had other properties that were  
6           similar. I was wondering if you think it would  
7           be helpful in Farrell if these debts and fines  
8           were marked as personal rather than simply  
9           liens on the property?

10                    MR. PASCI: That would be -- because  
11           a lien on the property really does nothing.  
12           Our solicitor says they just build up. And as  
13           long as they stay on that one property -- But  
14           when you can go after that person or other  
15           properties to make them pay, you can do a whole  
16           lot.

17                    The City of Sharon right alongside of  
18           us, they did post some slum landlord signs. I  
19           think the idea came from a Buffalo area, and I  
20           think the City of Pittsburgh someone tried it  
21           and the courts threw that out down in  
22           Pittsburgh or challenged it. It's a major  
23           problem even trying to embarrass the people  
24           like that.

25                    REPRESENTATIVE WALKO: Thank you very

1 much, Mr. Chairman. Thank you, Mayor.

2 CHAIRPERSON BIRMELIN: Representative  
3 Masland.

4 REPRESENTATIVE MASLAND: Thank you,  
5 Mr. Chairman. I want to commend you for  
6 recognizing the fact and emphasizing the fact  
7 that this is just part of a package of bills.  
8 They all need to be implemented to try to  
9 address the problem. Also, I think Mr Moonis  
10 will recognize that this is a regional issue.

11 MR. MOONIS: Absolutely.

12 REPRESENTATIVE MASLAND: There are  
13 probably some people that are listening in on  
14 this discussion and thinking, at least those in  
15 Central Pennsylvania, well, okay, that's a  
16 problem in Harrisburg, Lancaster, York, maybe  
17 Carlisle, but it's really not a problem that  
18 affects us; but it does.

19 If you think of the fact that blight  
20 is eventually going to lead to flight, that's  
21 going to put the pressure on the open space  
22 that we want to try to preserve. Really, it is  
23 all related. It's not a simple a matter of  
24 sitting back and saying, well, I live in a  
25 second-class township, and we don't have a

1 severe blight problem here. It is something  
2 that is related, and I think it's something  
3 that we need to address as part of the overall  
4 regional issue. Thanks for emphasizing that.  
5 Thank you, Mr. Chairman.

6 CHAIRPERSON BIRMELIN: Representative  
7 Manderino.

8 REPRESENTATIVE MANDERINO: Thank you,  
9 Mr. Chairman. As I listened to the earlier  
10 panel and yourself, we've talked about  
11 slumlords. At different times we've talked  
12 about landlords, used that term in the context  
13 of landlords who have occupied properties for  
14 which they are collecting a rental income. And  
15 then other times we've used that term to talk  
16 about a vacant abandoned property that somebody  
17 has walked away from responsibility on.

18 Should it matter in your mind when  
19 we're talking about implementing a criminal  
20 statute which category somebody falls into in  
21 that regard?

22 MR. MOONIS: In general terms, no, it  
23 shouldn't matter. But, we want to emphasize  
24 that not only is it the image of blight, but  
25 it's the safety matter that's connected to

1           blighted property. If there are tenants in an  
2           unsafe structure or a structure that has  
3           potential to collapse or what have you, or has  
4           different various code violations, that's  
5           almost more important than an unoccupied piece,  
6           a parcel of property.

7                     If there's somebody in that home or  
8           apartment building, there's a safety concern  
9           there. If I had to put a higher priority, I  
10          would say an occupied parcel, but in addition,  
11          if it's just a vacant property, sure, blight is  
12          blight from a general term.

13                    MR. PASCI: If I may, the City of  
14          Farrell and I'm sure many other cities and  
15          townships and boroughs as well, when there is a  
16          slum landlord and it's occupied, we have gone  
17          to the extent of having a service agency or  
18          local agency like the Urban League or an action  
19          agency have a rent withholding program to make  
20          sure that that landlord does bring that house  
21          up to code.

22                    What we find out, in fact is, after  
23          he uses that money to bring the house up to  
24          code, he also raises their rent so much that  
25          then they can't afford to live there. It

1 creates a real problem for that person. A lot  
2 of people are afraid to institute that because  
3 that happens; that they raise their rent after  
4 he's been cited. In Farrell we do that. It's  
5 a major issue. I think a lot of other  
6 communities do that as well.

7 We care about that family for the  
8 health and safety of them, but then in the  
9 abandoned properties, it's just that people  
10 that are struggling to try to keep their homes  
11 up, we look at that and say, they're just  
12 totally abusing the law and the system to keep  
13 their hands on that property so that every year  
14 they can write off the taxes and help them on  
15 their tax purposes.

16 REPRESENTATIVE MANDERINO: The reason  
17 I ask that question, this is definitely a  
18 problem that my community faces and I am  
19 anxious -- or I'm looking forward to reading  
20 the whole package of bills. I realize this one  
21 bill is in front of us because it has a crime  
22 penalty impact. Here's the part of that that  
23 bothers me.

24 The cities that are suffering the  
25 most are like your city and my City of

1 Philadelphia, Pittsburgh, Johnstown,  
2 McKeesport, New Castle and Scranton who you  
3 have indicated in your testimony are cities  
4 that have lost 25, and 30, and 50 percent more  
5 of their population. I sit here and I wonder,  
6 should we be --

7 When we're talking about making  
8 something a crime, shouldn't we be worrying  
9 about whether it's somebody -- the violator is  
10 somebody who is making money at the expense of  
11 their tenants and the general public versus  
12 railroad, widow Jones, whose husband owned a  
13 couple of properties down the street and nobody  
14 wants them and they're vacant and nobody can  
15 afford to keep them up? She lives on a widow  
16 pension of \$385 a month. I'm going to make her  
17 a criminal too because she's poor and can't  
18 keep those properties up.

19 That's the part of the equation that  
20 I see is a factor in our communities that have  
21 really lost population and really lost  
22 economic -- The steel mill in Farrell, the  
23 steel mill in Monessen where I grew closed and  
24 the population went from 18,000 to 8,000.  
25 There's lots of old sections in town with

1 closed-up properties of people who either don't  
2 live there anymore or live somewhere else but  
3 can't afford them.

4 That's why I say, should we be  
5 worrying about that distinction when we're  
6 talking about making somebody a criminal?

7 MR. PASCI: Most of the time what  
8 will happen when you deal with the senior  
9 citizen or the widow on a pension who basically  
10 had a rental property either in their back lot  
11 or alongside of them that they owned and the  
12 house is just totally -- they can't manage it  
13 to bring it up to code. Those are the people  
14 that will be willing to come in and say,  
15 there's no value to this property. Can the  
16 city now come in and tear it down? The city  
17 comes in and tears it down and it's no cost to  
18 that widow. She has that.

19 Most of those people are the kind of  
20 people that are fine, upstanding and they come  
21 in on the first day of March when they get  
22 their tax card. They are in there paying their  
23 taxes that day too. That's the first thing  
24 they care about. They'll eat the dog food and  
25 the cat food to pay taxes first. We have

1 options for them if they want to use that.

2 I don't think they would end up in  
3 the criminal aspect where a gentleman that owns  
4 property in my town and Ohio and another one in  
5 New Jersey; that absentee landlords who maybe  
6 once a year comes in to talk things over with  
7 the supervisor of their rental units and they  
8 take the money and they run. There's a  
9 difference.

10 I understand what you're saying. I  
11 think we try to address that to help those kind  
12 of people with needs like that that don't have  
13 the ability to pay to help them out with their  
14 properties.

15 MR. MOONIS: I'd like to follow-up,  
16 Representative, that I concur with Mayor  
17 Pasci's remarks. Also, the view of this bill  
18 is constructed so that -- we're talking about  
19 four violations. They have to be continual on  
20 the same property, on the same subsection, same  
21 property, and that element has to pose a direct  
22 threat to the public's health, safety and  
23 welfare.

24 With all due respect to a senior  
25 citizen who might be in that venue, the safety

1 of the public at whole may supersede that  
2 particular issue. Most of the cities that we  
3 talk with and boroughs and townships, they're  
4 there to help those folks. We're talking about  
5 those chronic landlords that just don't care.

6 REPRESENTATIVE MANDERINO: I guess  
7 what I'm saying, maybe there's some safeguard  
8 in current law that I'm not familiar with. If  
9 I'm going back to the example that I made up  
10 that you both used, if I am that widow and I  
11 could have that abandoned property next door  
12 and so it could, because I have neighbors  
13 across the street who are complaining about it,  
14 get four violations for the same thing; if I  
15 walked into any city hall in Pennsylvania, any  
16 township hall in Pennsylvania and said I can't  
17 keep up this property; here city, borough,  
18 municipality, will you take it off my hands so  
19 I don't have liability for it? Does everyone  
20 say, okay, we'll take it? Here it is. Or will  
21 most of them say, because we don't have the  
22 capacity as a municipality to do that, we're  
23 really sorry. We don't have the capacity to do  
24 that. It's your problem. Now here's your  
25 fifth citation and your ticket to jail.

1 MR. PASCI: Once again, I believe  
2 most cities deal with it the way the City of  
3 Farrell does. It's not necessary for that  
4 widow to come in and give us her deed if she  
5 chooses not to. But, if the house is in such a  
6 bad condition, what the City of Farrell has  
7 done and other communities have done is letting  
8 them sign a waiver permitting the city to  
9 demolish that property. She still has  
10 ownership to that land. It goes into her  
11 estate when she passes on. Not that it's worth  
12 very much money or value, but it gives her the  
13 satisfaction. We have worked with those kind  
14 of --

15 In Farrell we would even do that to  
16 the worst of the slum landlord, but they just  
17 absolutely -- You know, they want to beat the  
18 law, beat the system, beat us up.

19 MR. MOONIS: I'll put my League hat  
20 on for a moment. I can't absolutely say that  
21 every city would welcome these properties  
22 because they may not have the resources to do  
23 that. But, there are other areas. If there's  
24 a redevelopment authority in the municipality,  
25 they can try and use different funding streams

1 to get that property over to the redevelopment  
2 authority. I can't unequivocally say yes,  
3 we'll take all your property and put it under  
4 the city guide.

5 I'd like to think they'd like to if  
6 they have the resources, but no.

7 REPRESENTATIVE MANDERINO: Mayor, you  
8 hinted at the whole time -- I guess Senator  
9 Piccola mentioned in his testimony how we gave  
10 wage garnishment to landlords whose tenants  
11 weren't paying the rent. From that get-go it  
12 started me thinking, why aren't we just giving  
13 rental attachment to the municipalities of the  
14 folks who are doing this. You kind of hinted  
15 at that.

16 I can think of a few problems that  
17 might create, putting government in the  
18 position of then being a landlord. Were you  
19 part of this group that put together this  
20 package of bills, maybe Chris, and was that  
21 even discussed, that notion?

22 MR. MOONIS: The genesis for this  
23 approach to the package of legislation came  
24 directly out of Mayor Reed's office, working  
25 directly with Senator Piccola and Brightbill.

1 We were thrown into that mix early enough. I  
2 don't know if that particular issue was brought  
3 up, but I'm glad you raised it because maybe  
4 we'll go back and think about it.

5 REPRESENTATIVE MANDERINO: My last  
6 question, if you'll indulge me, this is, Mayor  
7 Pasci, on page 3 of your testimony. It could  
8 just be my lack of knowledge. I'm about the  
9 fourth line from the bottom. I'm going up  
10 actually to about the sixth line above so I can  
11 read the whole sentence.

12 There needs to be a limit on the  
13 number of times a repeat violator can be cited  
14 without making the required improvements to the  
15 property, or else risk losing their rights of  
16 interest in the property. You were quoting an  
17 urban report of this House. But, the or else  
18 risk losing their rights of interest in the  
19 property, is that something -- that to me just  
20 sounds better than making somebody a criminal.  
21 I'd rather have a legal way to have them  
22 forfeit their interest in this property. And  
23 does that exist now, do you know or would we  
24 need another bill to somehow make that happen?  
25 Or, did people determine constitutionally we

1           could never make that happen, so it was a nice  
2           thought but it won't work?

3                       MR. PASCI: I'll yield to Chris.

4                       REPRESENTATIVE MANDERINO: Chris is  
5           looking for someone else to yield to.

6                       MR. MOONIS: I know there is a bill  
7           introduced that there's a provision about it.  
8           I apologize, I don't know the number off the  
9           top of my head. There's a bill that if you  
10          disregard violations, a penalty starts kicking  
11          out. I think it's a thousand dollars for each  
12          violation. It goes up to a maximum of --

13                      They get about 90 or 120 days to  
14          correct this. Once that happens, they either  
15          give the property over to the municipality or  
16          they pay the fine. I think the fine can be as  
17          high as sixty or \$90,000.00. So, that's the  
18          trigger. You keep having violation --

19                      You have a violation I think after 30  
20          days. Then after the 90th day, it starts  
21          kicking in at a thousand dollars a day up until  
22          120 or something like that. In essence, what's  
23          happening is, it's going to force someone who  
24          has this amount of fines, sixty or \$90,000 in  
25          fines to just forfeit the property over to the

1           municipality. There is a bill out there that  
2           does address that.

3                       We thought it was a great bill. We  
4           wanted a small amendatory language that would  
5           say, as long as the municipality agrees to  
6           accept the property, because in case, now you  
7           have 300 properties in the City of Pittsburgh  
8           being turned over without the City of  
9           Pittsburgh having any idea if they can even  
10          handle them. It's a great idea.

11                      I would venture a guess that the  
12          League and the township commissioners would  
13          support a concept like that, as long as the  
14          municipality had a mutual agreement to accept  
15          the property because we need to have the  
16          wherewithal which addresses your earlier  
17          concern; have the wherewithal to handle those  
18          properties.

19                      REPRESENTATIVE MANDERINO: Thank you.  
20          Thank you, Mr. Chairman.

21                      CHAIRPERSON BIRMELIN: We have also  
22          been joined by Representative Chris Wogan from  
23          Philadelphia. At this time we will ask him if  
24          he has any questions?

25                      REPRESENTATIVE WOGAN: I do not.

1 Thank you, Mr. Subcommittee Chairman.

2 CHAIRPERSON BIRMELIN: Thank you,  
3 gentlemen, for appearing here today. We  
4 appreciate your testimony.

5 MR. MOONIS: Thank you.

6 CHAIRPERSON BIRMELIN: Our next  
7 testifier is David Wise. He's President of the  
8 Summit Terrace Neighborhood Association. Mr.  
9 Wise, we do have copies of your testimony  
10 already before us so you may begin to give your  
11 testimony whenever you are ready.

12 MR. WISE: Thank you, Mr. Chairman,  
13 for this opportunity to appear before your  
14 committee in support of this bill now before us  
15 and all the other bills through 543 that are  
16 pending on the issue of dilapidated housing in  
17 our inner city neighborhoods.

18 I don't think there's any denying the  
19 fact that most of our inner city neighborhoods  
20 are plagued with blighted, dilapidated  
21 properties. People of all economic levels are  
22 leaving the city, leaving the inner city  
23 totally to the poor. There has been a  
24 breakdown in public safety, whereby, criminal  
25 activity has become the primary occupation;

1           thereby, causing an erosion of investments and  
2           tax base within the city.

3                       Let me make it clear from the outset,  
4           Mr. Chairman, that I'm not here blaming the  
5           rental housing industry for all of these  
6           problems. I was pleased to hear from Senator  
7           Piccola's testimony that he's had a positive  
8           response from the rental housing industry over  
9           this issue.

10                      My organization, the Summit Terrace  
11           Neighborhood Association, has reached out to  
12           the capital area rental property owners to join  
13           in collaboration with us and other groups to  
14           improve the housing conditions in our inner  
15           city neighborhoods. One of those initiatives  
16           has been the creation of an architectural  
17           conservation overly district. This initiative  
18           can be a win-win initiative for all the parties  
19           involved.

20                      There was one other question that was  
21           asked by Mr. Buxton as to what other  
22           initiatives are taking place in the  
23           neighborhoods in order to improve on the  
24           problem of dilapidated housing and code  
25           violations. In the City of Harrisburg they

1           have deputized citizens as code inspectors.  
2           I'm one of them. I'm a deputy code inspector.  
3           I go around my neighborhood and I introduce  
4           myself as your friendly code inspector. That  
5           way we have kind of a relationship with each  
6           other; whereby, the city inspector does not  
7           necessarily have.

8                         If we want residents to have pride in  
9           their neighborhoods, we need to make them  
10          livable. It is often said that home ownership  
11          is the glue that holds neighborhoods together.  
12          That is our belief also, Mr. Chairman. The  
13          problem with renters is that most are short-  
14          term leaseholders who do not have the stake in  
15          the neighborhood as long-term leaseholders  
16          have.

17                        The Rental Property Homeowners  
18          Association have complained about too much  
19          government intervention. Yet, they have failed  
20          to recognize and take into account that there  
21          are slum landlords that take advantage of the  
22          law as it is currently written and continue to  
23          pollute our neighborhoods with blighted  
24          properties, thereby, tarnishing the image of  
25          their own industry. As long as this business

1 practice is allowed to continue without the  
2 rental industry being willing to take action to  
3 control the slum landlords, there will be more  
4 government regulations. It is the role of the  
5 government to stand in the well to protect the  
6 poor and the powerless against the powerful.  
7 Slum landlords must be held responsible for  
8 their action to the same degree of the law as  
9 any other property owners.

10 Let me say in closing, Mr. Chairman,  
11 because I want to be brief, my mayor is going  
12 to be speaking after me. I want to give him as  
13 much time as he needs to make his presentation.

14 We hope that your committee will take  
15 a comprehensive approach to this problem by  
16 considering this bill as a companion bill to  
17 all other bills pending on this issue. Passage  
18 of these bills will help to close some of the  
19 loopholes in the law that allow slum landlords  
20 to continue to pollute our neighborhoods with  
21 dilapidated property at taxpayers' expense.

22 Again, thank you for allowing me to  
23 come and testify. I'll be willing to answer  
24 any questions if you have any.

25 CHAIRPERSON BIRMELIN: Thank you, Mr.

1 Wise. I appreciate you coming and for your  
2 testimony. I'll turn it over to members of the  
3 panel now if they have any questions. We'll  
4 begin with Representative Masland.

5 REPRESENTATIVE MASLAND: I have no  
6 questions, thanks.

7 CHAIRPERSON BIRMELIN: Representative  
8 Manderino.

9 REPRESENTATIVE MANDERINO: Just one.  
10 Thank you, Mr. Wise. In your capacity as  
11 you've been going out as the friendly code  
12 enforcer, what are you seeing? What violations  
13 are you seeing? Who are the violators? Are we  
14 talking predominately occupied properties where  
15 you're meeting the renter but the owner is  
16 nowhere to be found? Are we talking vacant  
17 properties of somebody who couldn't afford  
18 economically to keep them up? What's been your  
19 experience?

20 MR. WISE: My experience has been  
21 that it is primarily the absentee property  
22 owner. An absentee property owner does not  
23 have the same stake in the area as even  
24 sometimes long-term renters have. It is  
25 primarily the absentee property owners that are

1 the greatest violators in terms of dilapidated  
2 properties. Most occupied homeowners and  
3 long-term renters take some pride in the --

4 The long-term renters are not  
5 responsible for the repairs of the property,  
6 but at least they keep the neighborhood clean  
7 and they're concerned about crime and all the  
8 other things that go into making a neighborhood  
9 sound, decent and livable.

10 REPRESENTATIVE MANDERINO: If there  
11 are absentee landlords, maybe I'm not picturing  
12 it properly. I picture you kind of going door  
13 to door. That's the impression you gave me.

14 MR. WISE: You asked me specifically  
15 about --

16 REPRESENTATIVE MANDERINO: No. I'm  
17 just saying you never meet these absentee  
18 landlords, is that --

19 MR. WISE: No, no.

20 REPRESENTATIVE MANDERINO: Do you try  
21 to take it to the next step and find them, or  
22 you don't get that far?

23 MR. WISE: Yes. I take it to the  
24 next step by referring the matter to the city.  
25 There's a process. I'm at the level of the

1 community leader and try to keep somewhat of a  
2 community relationship with the property owner.  
3 We have one process, one thing -- What we do is  
4 hang a little thing on the doorknob introducing  
5 myself, who I am so everybody will know who I  
6 am when I'm passing through the community and  
7 letting them know what my interest is and that  
8 they have high grass, for instance, or they  
9 have trash in their backyards, and we expect  
10 they take care of this within a certain period  
11 of time. If they don't take care of that  
12 violation within a period of time, then I refer  
13 the matter to the city authorities.

14 REPRESENTATIVE MANDERINO: Thank you.  
15 Thank you, Mr. Chairman.

16 CHAIRPERSON BIRMELIN: Representative  
17 Walko.

18 REPRESENTATIVE WALKO: Thank you, Mr.  
19 Chairman. Mr. Wise, I was curious what  
20 community is -- Where is Summit Terrace?

21 MR. WISE: I'm glad you asked that  
22 question. It's about a five-minute walk; maybe  
23 15 minutes at the most from here. You can go  
24 right across the State Street Bridge and maybe  
25 one block or two blocks across the State Street

1 Bridge before you get to 13th Street. Right to  
2 your right you will look up and you will see a  
3 sign there that says, Welcome to the Summit  
4 Terrace Neighborhood. We have a new housing  
5 development taking place within that  
6 neighborhood. Senator Piccola and others have  
7 been involved in that construction. We take  
8 pride in what we've done in that neighborhood.

9 On your lunch period take a walk  
10 across the bridge and you will see that  
11 neighborhood right to your right before you get  
12 to 13th Street.

13 REPRESENTATIVE WALKO: I'll check  
14 that out, Mr. Wise. Also commendations to you  
15 for your efforts in the community. I was  
16 wondering, do you feel that the City of  
17 Harrisburg -- You are a deputy code inspector.  
18 You bring your complaints to the inspectors  
19 employed by the City of Harrisburg. You cannot  
20 go to the magistrate with the code violations  
21 yourself. Does the City of Harrisburg have the  
22 capacity to handle all the complaints?

23 MR. WISE: I do have an advantage as  
24 being the president of a neighborhood-based  
25 organization and a recognized neighborhood-

1 based organization that oftentimes, when the  
2 inspector does have to go before the  
3 magistrate, if there's a violation in my  
4 neighborhood, I go along with him as  
5 representing the neighborhood and that does  
6 have an influence on the magistrate.

7 REPRESENTATIVE WALKO: Do you feel  
8 that the city can keep up with the number of  
9 the problems through their inspectors?

10 MR. WISE: You have to create, I  
11 think, some pride within the individuals  
12 themselves. I mean, the neighborhood, the  
13 individual residents within that neighborhood  
14 that it is their neighborhood and it's  
15 primarily their responsibility to keep the  
16 neighborhood clean and not create these  
17 violations.

18 Otherwise, I mean, there would be so  
19 many violations until the city would not be  
20 able to keep up with it. The answer to the  
21 question is, this is a collaborative effort on  
22 the part of a lot of people and a lot of  
23 groups. This is the kind of thing that I try  
24 to stress, and we try to stress that this is a  
25 large problem.

1                   One of the other things that was  
2                   mentioned was this thing about regionalism. It  
3                   even goes that far. It's even a regional  
4                   problem rather than a neighborhood problem  
5                   because we have to try to eliminate this thing  
6                   to a spall. What's happening is, we've created  
7                   a situation of where people don't want to live  
8                   in the inner city any longer, and I'm saying  
9                   that even poor people don't want to live there.  
10                  The only reason why they are there is because  
11                  they can't go anywhere else. We have to do  
12                  something about creating a situation whereby we  
13                  have people with a desire to live in these  
14                  inner cities.

15                  REPRESENTATIVE WALKO: Thank you very  
16                  much, Mr. Wise.

17                  CHAIRPERSON BIRMELIN: Representative  
18                  Petrarca.

19                  REPRESENTATIVE PETRARCA: No, thank  
20                  you.

21                  CHAIRPERSON BIRMELIN: Mr. Wise, we  
22                  want to thank you for your testimony here  
23                  today. We appreciate the five minutes that it  
24                  took to walk here or drive here.

25                  I'm going to ask Mr. Mark Mitman if

1 he would come. We was scheduled for 3:30.  
2 We'll have him give his testimony. We'll give  
3 Mayor Reed, when he gets here, his time slot.  
4 Thank you, Mr. Mitman.

5 Before you begin your testimony, I  
6 want to introduce Representative Harold James  
7 who has joined us. He's to my far left. He is  
8 the Democratic Subcommittee Chairman of this  
9 committee as well. Mr. Mitman, we encourage  
10 you to give your testimony at this time.

11 MR. MITMAN: I would like to start by  
12 thanking the subcommittee for extending this  
13 invitation to testify and by telling you a  
14 little bit about myself and the organization  
15 that I represent, the Landlord Association of  
16 Pennsylvania. My name is Mark Mitman and I've  
17 worked in and around my family's rental  
18 properties most of my adult life.

19 When my father took ill and required  
20 a heart transplant operation, I took over the  
21 direct management of his rental investments.  
22 Once I became active in the everyday operations  
23 of dealing with tenants and the landlord-tenant  
24 legal system, I quickly came to the realization  
25 that our laws in Pennsylvania are rather

1 hostile to the small businessman known as the  
2 landlord.

3 But the problem for landlords is not  
4 only the system. There are very few resources  
5 available to landlords to assist them in the  
6 self-management of their small businesses.  
7 This is the reason why I founded the Landlord  
8 Association in 1995.

9 The association's goal is to provide  
10 as many free resources to Pennsylvania's  
11 landlords as possible. We provide a wide  
12 variety of tenant screening services to aid in  
13 the selection of better renters, such as  
14 eviction searches, credit reports, criminal  
15 checks and so forth. We also offer educational  
16 support to Pennsylvania landlords in the form  
17 of newsletters, seminars and free telephone  
18 advice.

19 The more a landlord knows about his  
20 rights, as well as the rights of the tenants,  
21 the more effective he will be at running a  
22 successful rental business. Lastly, we provide  
23 our members with resources with which they will  
24 be able to better manage their rentals. I'm  
25 referring to such things as rental agreements,

1 applications, legal notices, and so forth.

2 As I said previously, the association  
3 was founded in 1995. Since its conception  
4 roughly two years ago, we have grown to over  
5 700 members. Our membership reflects all  
6 segments of the rental industry. We have many  
7 small mom-and-pop landlords with only one or  
8 two units. We have the investor landlords who  
9 own dozens of properties. We have real estate  
10 and management companies as members, and we  
11 have several local housing authorities, the  
12 largest of which is the Housing Authority of  
13 the City of Pittsburgh with its 10,000 plus  
14 units. The association has been growing  
15 steadily, adding dozens of new members each  
16 month. The association is readily becoming a  
17 major voice for rental property owners in our  
18 state.

19 The overall legal climate that  
20 landlords must cope with in Pennsylvania can  
21 best be described as frustrating. If the  
22 landlord acts professionally and businesslike,  
23 he can typically count on winning at the local  
24 district justice's office. However, while he  
25 may win the battle in court, he will certainly

1           lose the war. The eviction process is still  
2           long and costly for the landlord, particularly  
3           the average landlord who only owns three or  
4           four rental units and depends on every dime of  
5           every rental payment to cover the bills and  
6           maintain the property.

7                       Even after the victory in court, the  
8           mom-and-pop landlord is often held hostage by  
9           the fact that the tenant can freely destroy the  
10          property without any substantial repercussions.  
11          The bottom line is that the overwhelming  
12          majority of landlords provide decent and safe  
13          housing to tenants and must be held to that  
14          standard; however, the reckless tenant who  
15          inflicts financial chaos onto an owner of a  
16          rental property ultimately has no  
17          accountability under the present system.

18                      There have been some serious efforts  
19          to rectify the inequities of the present  
20          landlord-tenant laws. Most notably are three  
21          pieces of legislation introduced in 1995. The  
22          state legislature finally began to move its  
23          wheels to remedy some of the most disturbing  
24          areas of Pennsylvania's landlord-tenant law;  
25          obviously, from a landlord's perspective. I'm

1 referring to Act 33 of 1995 which requires a  
2 tenant to pay an escrow during an appeal  
3 process; Act 36 of 1995 which provides for a  
4 more expeditious removal of the tenants who  
5 have been breached the conditions of their  
6 lease; and Act 5 of 1996 which provides for the  
7 garnishment of wages to recover losses due to  
8 physical damage of a rental unit.

9 These pieces of legislation have been  
10 positively received by Pennsylvania landlords  
11 as a first small step towards reaching true  
12 legal equality and equity between a landlord  
13 and a tenant. Large areas of Pennsylvania's  
14 landlord-tenant law still need dire  
15 improvement.

16 This current session has seen  
17 numerous pieces of legislation that require  
18 landlords to live up to their end of a rental  
19 agreement. The slumlord bills, as they're  
20 known, allow for punishments for landlords who  
21 disregard the health and safety of their  
22 tenants and who take advantage of the system  
23 for their own financial gain. Overall, I would  
24 say that this is the proper expectation to have  
25 of a landlord. By entering into a rental

1           agreement -- By entering into a rental  
2           agreement -- It's not just me, is it? I think  
3           they cut off the bottom line of each page.

4                        However, I still find it more than a  
5           little ironic that landlords can face steep  
6           penalties for not playing by the rules while  
7           their tenant counterparts are permitted to run  
8           reckless through the system without any  
9           responsibility for their actions.

10                      In 1996 there were \$61.5 million  
11           worth of claims filed by landlords against  
12           tenants in Pennsylvania's district magistrate  
13           offices. That works out to be about \$173,000 a  
14           day. One has to wonder how better maintained  
15           Pennsylvania's rental housing stock would be  
16           today if that money would have made it into the  
17           property owners' hands. The average judgment  
18           entered against a tenant was \$913.00.

19                      Under current Pennsylvania law, there  
20           isn't a whole lot a landlord can do with the  
21           judgment. It's pretty much accepted, albeit  
22           unwillingly, as a business loss. There is  
23           little to no hope that any of the money will  
24           ever be recovered by the landlord. Some of  
25           that \$173 (sic) a day is from unpaid rent.

1           Some of that \$173,000 a day is to recover  
2           expenses for undue damages done to the property  
3           so that the rental unit can be made marketable  
4           again. Many landlords see this lost money as a  
5           theft of services and believe that there should  
6           be criminal ramifications for using the  
7           property without paying the rent.

8                       The answer that landlords get time  
9           and time again from lawyers, magistrates, and  
10          from my office is that, it is a civil matter;  
11          not a criminal matter. The lease agreement  
12          between a landlord and a tenant is a civil  
13          contract. Therefore, even if a tenant consumes  
14          the product; that is, lives in the rental unit,  
15          and then breaches the lease by not paying the  
16          rent, it is not a criminal act and cannot be  
17          treated as such.

18                      I believe the reverse ought to be  
19          true as well. If a landlord does not fulfill  
20          his obligation to provide a minimally safe and  
21          healthy rental unit, he is at fault. If the  
22          problem persists, he needs to be fined and  
23          aggressively fined if it continues. Safety  
24          standards must be enforced for the welfare of  
25          the occupants, neighbors and community.

1                   However, by criminalizing the action,  
2                   or nonaction as it were, you will be changing  
3                   the rules, rules which are fundamental to the  
4                   understanding of civil contracts. What's being  
5                   proposed by the legislation before you is the  
6                   criminalization of the breaking of a contract,  
7                   the breaking of the contract between a landlord  
8                   who has agreed to provide safe housing and a  
9                   tenant who has agreed to pay the rent. By  
10                   weighting only one side of this civil agreement  
11                   with criminal implications for noncompliance,  
12                   the whole balance of what a contract is  
13                   supposed to be is disrupted.

14                   When a municipality establishes  
15                   health and safety codes, they are helping to  
16                   define the term of the contract. They are  
17                   helping to determine what safe and habitable  
18                   living environment mean. But, by allowing the  
19                   violation of these definitions to become  
20                   criminal, the state will be adding undue  
21                   impetus to one part of the contract's position.  
22                   There must be a balance in the contract between  
23                   the property owner and the public interest.

24                   So, in practical terms, what does  
25                   this mean? If a tenant who habitually violates

1 the agreement does so without consequences and  
2 the landlord who habitually violates the  
3 agreement becomes a criminal, then there is  
4 certainly no balance. I see two obvious  
5 consequences of blending criminal consequences  
6 into a civil contract, neither of which have  
7 the desired effect of reducing the presence of  
8 slumlords or blighted properties.

9 First, by advocating government  
10 intervention with past penalties for not  
11 complying with a code, the government is  
12 playing the game of trying to choose which side  
13 of the contract it wants to bolster. Once the  
14 door has been fully opened, I wonder what other  
15 civil agreements will fall prey to criminal  
16 enforcement.

17 The second consequence I foresee is  
18 the accelerated flight of mom-and-pop landlords  
19 from the rental industry. There is a large  
20 frustration on the part of Pennsylvania  
21 landlords with the current legal system, so  
22 much that many landlords have decided that they  
23 are in a losing battle and flee the business.  
24 It's these mom-and-pop landlords who own most  
25 of the rental properties and who typically keep

1 the properties in the best condition. If they  
2 abdicate their role because they perceive a  
3 system that is continually weighted against  
4 them, it's the slumlords who will benefit by  
5 buying up more and more urban properties. I'm  
6 not implying that they will be driven out  
7 because they are at risk of becoming a  
8 criminal, but rather because the operating  
9 environment is so hostile to being a landlord  
10 in Pennsylvania.

11 There's one last idea that I'd like  
12 to unpack quickly. If a slumlord violates the  
13 local housing codes, pays the fines, and  
14 continues to violate the code, then the problem  
15 is not that the act isn't criminal; the problem  
16 is that, the fines aren't severe enough or  
17 aren't being levied appropriately. It's basic  
18 economics. Increase the fines to a point where  
19 the slumlord must act in some manner, and don't  
20 change the elements of a civil contract.

21 Many of the companion pieces of  
22 legislation that accompany this bill address  
23 that issue and will, hopefully, make it  
24 financially unrealistic for a slumlord to avoid  
25 complying with safety standards.

1 I obviously believe that extending a  
2 contract breach into this criminal arena is  
3 inappropriate, but I would expect others to at  
4 least believe it's premature considering these  
5 other pieces of proposed legislation.

6 To summarize my position, I believe  
7 that the goal of this legislation is right on  
8 track. We need to minimize, if not eliminate,  
9 those landlords who prey on our poor urban  
10 districts. Our communities should not have to  
11 tolerate blighted properties that continue to  
12 violate safety standards. However, the means  
13 by which this is attempted with this particular  
14 legislation is not appropriate.

15 Slumlords should be aggressively  
16 fined for continual violations. A slumlord's  
17 largest motivation is monetary; therefore, to  
18 be effective, go after his pocketbook with  
19 stiff financial penalties for repeated  
20 avoidance. Lien the property or condemn the  
21 property if it's that unsafe. Don't change the  
22 whole dynamics of what it means to have a civil  
23 agreement. It will affect more than just the  
24 slumlords in question.

25 The state might want to consider

1 passing landlord friendly laws that will impact  
2 entire neighborhoods. Laws such as forcing  
3 tenants to bear financial responsibility for  
4 their actions and commitments by permitting  
5 wage attachment of a judgment-debtor, passing  
6 tax credits to those who rent to low-income  
7 tenants and for investing in and rehabilitating  
8 blighted properties. Much more can be gained  
9 by our local communities if we encourage those  
10 who know how to manage their rental properties  
11 correctly. Empowering the mom-and-pop  
12 landlords empowers whole communities to improve  
13 themselves.

14 Thank you for your attention. I have  
15 greatly enjoyed this opportunity to present my  
16 views to you. If I can ever be of assistance  
17 to your office or to your constituents as they  
18 pertain to landlord-tenant questions, I would  
19 welcome the opportunity. I hope you were able  
20 to fill in the blanks.

21 CHAIRPERSON BIRMELIN: I was going to  
22 ask you if Mr. Moonis had prepared your  
23 testimony. I thought maybe I better not. I  
24 have a couple questions for you.

25 In your next to last page, last

1 paragraph, you said laws such as forcing  
2 tenants to bear financial responsibility for  
3 their action by permitting wage attachment of a  
4 judgment-debtor. That would be, obviously, in  
5 addition to wage attachment law which we  
6 currently have for the payment of rent itself?  
7 Is that what you are saying?

8 MR. MITMAN: Are you referring to  
9 Act 5?

10 CHAIRPERSON BIRMELIN: I'm saying  
11 this would be in addition to that is what  
12 you're saying. You want wage garnishment for  
13 judgments?

14 MR. MITMAN: Yes, sir. What I'm  
15 suggesting and what has been proposed earlier  
16 this session, didn't go anywhere, but what I'm  
17 proposing is something that's common in most  
18 states. If a creditor obtains a judgment  
19 against a debtor; in this case, if a landlord  
20 obtains judgment against a tenant who hasn't  
21 paid their rents or is in arrears for rental  
22 payments, what I'm suggesting is that their  
23 wages or their salaries be attached so that the  
24 judgment can be satisfied.

25 CHAIRPERSON BIRMELIN: I thought

1           that's what you were saying. I just wanted to  
2           make sure. Let me take you back a few pages to  
3           a statement that you made when you said, what's  
4           being proposed by the legislation before you is  
5           the criminalization of the breaking of a  
6           contract.

7                     MR. MITMAN: Yes, sir.

8                     CHAIRPERSON BIRMELIN: That's not how  
9           I see it. I look at the legislation in front  
10          of me that says, if you do not respond to  
11          municipal ordinances to the point of having  
12          been in violation of four or more, then you are  
13          going to be hit with these criminal penalties.  
14          Nowhere do I see in that legislation the  
15          contractual civil relationship between a  
16          landlord and a tenant.

17                    What I see is the, and I believe in  
18          most cases, reasonable requirements of a  
19          municipality that properties be kept in a  
20          certain safe, healthy condition, so that, I  
21          don't view this legislation as the breaking of  
22          a contract or criminalizing the breaking of a  
23          contract. I view it as the repeated breaking  
24          of an ordinance of a municipality.

25                    MR. MITMAN: I understand what you're

1           saying. To a certain level I do agree with  
2           what you're saying. The position that I come  
3           from is that, what a landlord's duty is to the  
4           community and to his renters is to provide  
5           minimally safe and decent housing, that's up to  
6           code. If he doesn't fulfill that obligation,  
7           he's in breach of a contract. He's in breach  
8           of the contract between him and his renters in  
9           most instances.

10                   CHAIRPERSON BIRMELIN: But that's not  
11           what this legislation --

12                   MR. MITMAN: What this legislation is  
13           doing is, if he continually breaches the civil  
14           contract, what's occurring then is, it becomes  
15           a criminal action.

16                   CHAIRPERSON BIRMELIN: But he's also  
17           broken a municipal ordinance which is law.

18                   MR. MITMAN: This is true. I believe  
19           that's addressed, though, in the form of fines  
20           or liening the property or possibly having the  
21           property forfeited in certain proposals.

22                   CHAIRPERSON BIRMELIN: You weren't  
23           here for the presentation that Senator Piccola  
24           and Representative Buxton made, I don't  
25           believe, but their point being that these are

1 perpetual offenders who have found ways to  
2 circumvent the law. Even when they are cited,  
3 even though they are breaking criminal statute  
4 basically, local ordinances, that's what  
5 they're attacking.

6 I'm going to ask the rest of the  
7 panel if they have any questions for you. I'll  
8 begin with Representative Harold James, my  
9 counterpart on the Democratic side.

10 REPRESENTATIVE JAMES: Thank you, Mr.  
11 Chairman. I have no questions at this time.

12 CHAIRPERSON BIRMELIN: We have also  
13 been joined by the Chairman of the committee on  
14 the Democratic side, Chairman Tom Caltagirone.  
15 Do you have any questions?

16 REPRESENTATIVE CALTAGIRONE: Thank  
17 you, Mr. Chairman. You represent the Landlord  
18 Association of Pennsylvania?

19 MR. MITMAN: That's correct.

20 REPRESENTATIVE CALTAGIRONE: How many  
21 members?

22 MR. MITMAN: Seven hundred.

23 REPRESENTATIVE CALTAGIRONE: What  
24 areas of the state are your largest numbers?

25 MR. MITMAN: The largest numbers come

1 from Lehigh Valley-Allentown area simply  
2 because that's where we're located. Most  
3 people tend to feel more comfortable dealing  
4 with a hometown organization. The other  
5 largest concentration comes from the Pittsburgh  
6 area. They are represented in almost in every  
7 town.

8 REPRESENTATIVE CALTAGIRONE: Are  
9 there local organizations? We have Reading  
10 Real Estate Investors. Are they part of this  
11 group?

12 MR. MITMAN: No, sir. We're  
13 independent from I believe just about every  
14 other local housing rental property owners'  
15 association. We have no affiliations.

16 REPRESENTATIVE CALTAGIRONE: I  
17 apologize for being late. You are in favor of  
18 the legislation, your organization, with some  
19 changes?

20 MR. MITMAN: With this particular  
21 legislation, no. I'm in favor of the idea of  
22 going after slumlords because I think they hurt  
23 the community in more ways than one. I don't  
24 know if it's appropriate to criminalize, in my  
25 opinion, the breach of a contract is the way I

1 see it.

2 REPRESENTATIVE CALTAGIRONE: Would  
3 you be in favor, and I'm stealing Kathy's  
4 thoughts here, of withholding rent; a  
5 governmental agency or an entity withholding  
6 the rent and applying it towards the, whatever  
7 the way that would take legally, using that  
8 money to fix the property?

9 MR. MITMAN: If the property is a  
10 continual violation to the point where liens --  
11 or trying to seize the property is ineffectual,  
12 I would expect the tenant not to pay the rent  
13 or to pay into some holding account.

14 REPRESENTATIVE CALTAGIRONE: What  
15 about garnishing the landlords' wages himself  
16 or herself?

17 MR. MITMAN: I wouldn't see a basis  
18 for that. If they're not paying the rent, that  
19 to me -- If they are not going to pay the rent  
20 to the landlord, they are, in essence,  
21 garnishing his wages. They're paying it to a  
22 withholding company, or I'm not exactly sure  
23 where you're dealing with.

24 REPRESENTATIVE CALTAGIRONE: The  
25 point being, I'm up here 21 years. I have

1 served as Subcommittee Chair of Third-Class  
2 Cities. We held 48 hearings in one year. I  
3 think this young lady who is taking notes today  
4 served as part of that group when we explored  
5 the whole state under Chairman Dave Richardson.

6 One thing that we did get educated on  
7 when we went to 48 third-class cities -- We  
8 were in Philadelphia, Pittsburgh and Scranton.  
9 It's interesting that we all seem to have one  
10 thing in common. That's where there are  
11 landlords that are just milking all the money  
12 they can out of a property without any -- total  
13 disregard for the neighborhood, the city or  
14 anybody that's involved in trying --  
15 neighborhood groups trying to uplift these  
16 neighborhoods. They just keeping taking out  
17 like a sponge, taking out.

18 Sure, they can lien the properties,  
19 but many, many cases what happens is, it's a  
20 minutia. There's nothing there. Most of those  
21 properties are so run down there's nothing left  
22 to them, basically, because nothing was put  
23 back into them.

24 What I'm suggesting, to teach them a  
25 lesson that we're going to hurt them in their

1 pocketbooks once and for all, if they think  
2 they can come into our cities to use it as a  
3 playground just to milk all the substance out  
4 of our cities, then we're going to hit them  
5 where it hurts.

6 They made the profits off of those  
7 properties. It's not normally that they have  
8 one or two. They usually have a number of  
9 properties in these areas. They have run down  
10 entire neighborhoods and basically destroyed  
11 those areas. Maybe we ought to go after  
12 whatever holdings and money, monetary value  
13 that they are holding, whether it be stocks or  
14 bonds or earnings, whatever, just to get back  
15 what we feel they have taken out of our  
16 communities.

17 MR. MITMAN: I understand those  
18 concerns. I'm in accord with those concerns.  
19 I don't know if going after personal assets is  
20 something that would be effective or wouldn't  
21 be effective. I'm not really prepared to  
22 answer that.

23 I would be open to the concept of  
24 going beyond just that one property in  
25 question, for instance, if they have blocks of

1 properties or something like that. It's a  
2 uniform problem; not just a single building out  
3 in one corner of the city. If they're  
4 deteriorating the whole city, that's obviously  
5 something that's a problem. It should be  
6 something that all the properties should be at  
7 risk.

8 REPRESENTATIVE CALTAGIRONE: Don't  
9 misunderstand me. There are some very good  
10 landlords.

11 MR. MITMAN: Most landlords are very  
12 good landlords. There's a few in every city;  
13 more than a few in some of the larger cities  
14 that destroy. I have gone on tours where I  
15 have seen slums. There's rats living in the  
16 buildings. There's no heat, no running water  
17 in some instances, or poor heat or poor running  
18 water. It's atrocious. Some of the conditions  
19 should not be tolerated.

20 I think most landlords would be the  
21 first to say that shouldn't be tolerated. Most  
22 landlords spend the time, money and energy  
23 making sure that there are habitable and safe  
24 and decent houses for people to live in for all  
25 spectrums of the income ladder.

1                   REPRESENTATIVE CALTAGIRONE: I might  
2                   add to the list, this is not only cities. Many  
3                   of the suburbanites who were coming in and  
4                   testifying at those hearings which we had years  
5                   ago were complaining just as bitterly about  
6                   those investors who were going into their  
7                   areas, out in suburbs and buying properties and  
8                   doing the same thing in those areas that they  
9                   had done in center city areas. Thank you.

10                   Thank you, Mr. Chairman.

11                   CHAIRPERSON BIRMELIN: Representative  
12                   Petrarca.

13                   REPRESENTATIVE PETRARCA: No  
14                   questions.

15                   CHAIRPERSON BIRMELIN: Representative  
16                   Walko.

17                   REPRESENTATIVE WALKO: No questions.

18                   CHAIRPERSON BIRMELIN: Representative  
19                   Manderino.

20                   REPRESENTATIVE MANDERINO: No  
21                   questions.

22                   CHAIRPERSON BIRMELIN: I want to  
23                   thank you for your testimony.

24                   MR. MITMAN: Thank you.

25                   CHAIRPERSON BIRMELIN: Thank you for

1 taking the time to be with us today. I'm glad  
2 we could work you into the schedule.

3 The next person scheduled to testify  
4 is the Mayor of the City of Harrisburg, Steven  
5 Reed. He had told us he would be here just  
6 about at three o'clock. It's a quarter of now.  
7 We are going to recess briefly. I'll encourage  
8 the members to stick around for a few minutes  
9 if you would. I'd like the Mayor to have as  
10 good an audience as he can when he gets here.  
11 We're going to recess for just a few minutes  
12 until the Mayor comes.

13 (Short recess occurred at 2:45 p.m. ;  
14 at or about 3 o'clock p.m., the hearing  
15 reconvened)

16 CHAIRPERSON BIRMELIN: Mayor Reed is  
17 with us. I want to thank you for coming. You  
18 are probably going to be in shock to find out a  
19 scheduled public hearing that you're at is  
20 running ahead of schedule. We have heard the  
21 last witness who was scheduled after you and  
22 still had a ten-minute recess. It probably  
23 wasn't like that when you were here.

24 MAYOR REED: It was not. Far more  
25 verbose at those times.

1                   CHAIRPERSON BIRMELIN: We are much  
2 more efficient these days. We do want to  
3 encourage you to give your testimony and you  
4 don't have anything in writing. You will  
5 provide it for us later?

6                   MAYOR REED: Yes.

7                   CHAIRPERSON BIRMELIN: We appreciate  
8 that. We do not always have every member of  
9 the committee here. When they are not in  
10 attendance we send them copies of the  
11 testimonies for their own information.

12                  MAYOR REED: My critics will want  
13 copies too.

14                  CHAIRPERSON BIRMELIN: Also, we have  
15 a stenographer who keeps track of that. For  
16 the benefit of the rest of the panel and those  
17 who are gathered here today, I had the  
18 opportunity to talk with the mayor, I think it  
19 was a little over a year ago when the  
20 Republican House members had what were known as  
21 listening posts which dealt with certain issues  
22 in the Commonwealth.

23                  The mayor and some other local mayors  
24 came from different portions of Pennsylvania to  
25 discuss not only what we have before us as

1           Senator Piccola's bill but this whole area of  
2           what are we going to do about solving the  
3           problems of urban blight and the problems we  
4           face in Pennsylvania in some of our cities.

5                     For your information, mayor, we have  
6           gone a little bit astray from the particular  
7           bill that's before us. I would encourage you  
8           to feel free to do so as well. I know you are  
9           instrumental in some of the legislation as  
10          Senator Piccola has indicated earlier before  
11          you got here. We encourage you to give your  
12          testimony. With that in mind, I'll turn the  
13          microphone over to you.

14                    MAYOR REED: Thank you very much.  
15          Mr. Chairman, and members of the House  
16          Judiciary Committee and Subcommittee on Crime  
17          and Corrections, good afternoon. Thank you for  
18          conducting this hearing on this legislation,  
19          the passage of which we are here to  
20          unhesitantly endorse.

21                    This legislation has initiated the  
22          first serious look in half a century at one of  
23          the most insidious problems affecting  
24          communities in this state. The issue before  
25          this panel is not the question of unwarranted

1 governmental interference in the ability to own  
2 or to use private property. What is at stake,  
3 and therefore at hand, is whether anyone has  
4 the right to abuse real estate in ways that  
5 risk lives, destroys neighborhoods, decimates  
6 the equity and property values of others,  
7 drives up the cost for insurance and  
8 maintenance for neighborhood private  
9 properties, creates extraordinary costs and  
10 burdens on the taxpayers and then get away with  
11 it, with the ability to do it time after time  
12 again.

13 Archaic and outdated state laws have  
14 made Pennsylvania a haven for absentee  
15 ownership scams and abuses. In Pennsylvania it  
16 is essentially legal to buy, blight and abandon  
17 real estate, and we even provide the means  
18 under state law by which the property owner can  
19 walk away without ever paying a dime in  
20 maintenance, taxes and utilities. As  
21 incredible as this circumstance may sound, it  
22 is the reality that many communities contend  
23 with on a daily basis.

24 How it usually works is this: A  
25 slumlord acquires one or more properties. If

1 any of them are single-family homes, they will  
2 be carved into multi-unit apartments to  
3 maximize the income value; thus, permanently  
4 changing the dynamics, the demographics and the  
5 density of that block, also freezing or  
6 reducing property values and creating  
7 never-ending, on-street parking congestion.

8 The slumlord usually has no real  
9 intention of ever keeping the property for a  
10 long period of time. Instead, he will rent it,  
11 collect the income and do little or nothing to  
12 maintain the premises. He will also pay little  
13 or no real estate taxes, and as much as  
14 possible, will never pay utilities.

15 After three years of unpaid real  
16 estate taxes, state law provides that the  
17 county should place the title for sale at the  
18 county tax auction. If the slumlord thinks  
19 that that property still has some income  
20 potential, he will pay only the first year of  
21 the three years of unpaid delinquent taxes to  
22 delay the title going to auction for at least  
23 another year.

24 At the county tax sale, all the  
25 unpaid taxes, all the other liens will go with

1 the title to anyone who is the highest bidder  
2 and purchases the title. Because of this,  
3 these titles are often in fact not sold. After  
4 the auction, the unsold real estate is then  
5 available to anyone who walks in off the  
6 street. For a nominal sum, the title can be  
7 purchased, and for a fourteen dollar filing  
8 fee, all the unpaid taxes and all the other  
9 liens get legally wiped off the books under  
10 state law.

11 The previous owner in this current  
12 system, therefore in either scenario, walks  
13 away free and clear, and is free also to  
14 continue this cycle time after time. This scam  
15 is perfectly legal in Pennsylvania, and we are  
16 known for it nationwide.

17 Meanwhile, under state law, anyone  
18 who has purchased the property can get its real  
19 estate tax assessment reduced to the nominal  
20 sum that was paid to acquire it. Thus,  
21 everyone but the absentee owner is a loser.  
22 Present state law is written to keep the  
23 irresponsible absentee owner in business at  
24 enormous expense and loss to the public and  
25 private sectors.

1           The same persons whose properties we  
2           see going for sale at the county tax sale can  
3           and routinely do buy other properties from the  
4           county at the same tax sales or after the tax  
5           sales, and thus, this cycle gets to be repeated  
6           over and over. There are persons who have  
7           literally made a living doing this for decades  
8           and there is nothing in present law that stops  
9           them.

10           There are many other slumlord  
11           practices. One is called block-busting where  
12           the absentee owner buys one or several  
13           properties even at market value in a stable  
14           neighborhood. Through a systematic  
15           deterioration and abuse of these sites over  
16           several years, property values fall and the  
17           door is wide open for the takeover of other  
18           buildings at bargain prices. It's a reverse  
19           gentrification.

20           In five to ten years it is inevitable  
21           that this block too will join the list of  
22           abandoned sites who titles are showing up with  
23           regularity at the county tax sale. Within one  
24           mile of where you are seated I can show you the  
25           various stages of that process taking place as

1 we speak.

2 These practices are very real and  
3 they are extensive. Nearby responsible  
4 property owners lose the equity in their homes  
5 and businesses. Insurance rates increase or  
6 become entirely unavailable. Real estate  
7 appraisers reduce property values. Mortgage  
8 companies and lenders no longer will approve  
9 loans. The slumlord now rules this  
10 neighborhood. When he finally abandons it,  
11 there is nothing left but an empty shell of  
12 what was once an occupied and stable area.

13 Our federal, state and local  
14 governments have for years expended millions of  
15 dollars to revitalize such areas. There have  
16 never been and there never will be enough in  
17 the way of public resources to adequately  
18 address the impact and blight caused by  
19 slumlords and blight, and public funds have  
20 never been able to keep pace with the  
21 destructive spread of the vicious cycle of  
22 blighting and abandonment.

23 As a state, we have really never  
24 addressed the causes of this cycle. This  
25 legislation would be our first step in doing

1 so.

2 When this and related legislation was  
3 introduced, a variety of legitimate landlords  
4 expressed to us and to the sponsors their  
5 support because they thought it was overdue  
6 that the laws be strengthened in Pennsylvania  
7 to deal with irresponsible absentee owners.  
8 They felt that the slumlords who engage in  
9 these practices give all landlords a bad name  
10 when, in fact, the majority of landlords  
11 conduct their business responsibly and  
12 properly.

13 Yet, despite this, several property  
14 owner groups officially oppose this  
15 legislation. One even offered an amendment  
16 that would provide that if a property owner  
17 decided not to repair a blighted property after  
18 one year, he or she could then turn the title  
19 over to the municipal government and make it  
20 the taxpayers' obligation. Half the cities and  
21 older towns in this state would be bankrupted  
22 in two years under such a scenario, and it  
23 would be a slumlord's dream to have such a  
24 benefit defined in law.

25 A defense of the status quo applies

1 in the face of reason, logic and decades of  
2 adverse experience with the present flawed  
3 system. If we are genuinely serious about  
4 preserving neighborhoods and building  
5 communities, of providing decent housing and  
6 protecting the equity of homeowners and  
7 investors that we want to see be successful in  
8 our neighborhoods and towns, then legislation  
9 such as this needs to become law. Those who  
10 argue against such measures as this will  
11 include in their argument that they have had  
12 bad experiences with some of their tenants. We  
13 know that to some extent this is true.

14 The General Assembly has strengthened  
15 the laws during the current session to give  
16 landlords the ability to recoup their losses  
17 and costs associated with delinquent or abusive  
18 tenants. As a municipal government, we support  
19 the eviction of abusive tenants and holding  
20 them accountable. This issue is distinctly  
21 separate from whether landlords should have the  
22 legal ability to abandon real estate at the  
23 expense of neighborhood, community and  
24 taxpayer, and we must be certain, therefore,  
25 not to confuse these two matters as a cause and

1 effect for they are not.

2 The consequences of slumlord conduct  
3 are profound. The costs to the taxpayers are  
4 massive. Make no mistake about it, the  
5 legislation now before you, if adopted as  
6 amended, would be the first major step  
7 undertaken to address slumlord problems this  
8 century. It will help to place responsibility  
9 and accountability where it belongs and will  
10 help to interrupt the deteriorative cycle and  
11 practices that are now routinely conducted  
12 across the state.

13 This legislation is not a panacea,  
14 but it and its companion bills which are not  
15 yet before this body will provide new tools to  
16 deal with this insidious issue. I have not the  
17 slightest doubt that a public opinion survey of  
18 citizens would be nearly unanimous in favor of  
19 taking the legislative actions that are now  
20 proposed.

21 We thank you for your courage and  
22 vision, Mr. Chairman, and members of this  
23 committee. I urge this committee and the full  
24 General Assembly to make history by the passage  
25 of this bill. I thank you.

1                   CHAIRPERSON BIRMELIN: Thank you,  
2                   Mayor. One question. This is something I  
3                   hadn't realized, but early on in your statement  
4                   you said that when they buy a property at a  
5                   sheriff's sale, that they then can get the  
6                   property assessment lowered to the purchase  
7                   price at the sheriff's sales. Is that correct?

8                   MAYOR REED: It happens every day.  
9                   Yes, absolutely.

10                  CHAIRPERSON BIRMELIN: I was not  
11                  aware of that. That must be a tremendous hit  
12                  then for the municipality to take when you  
13                  normally might have a 50,000 dollar property  
14                  and it sells at a sheriff's sale for 10,000 and  
15                  then they get reassessed at that value.

16                  MAYOR REED: It's usually not  
17                  \$10,000, Mr. Chairman. What happens is, most  
18                  of the blighted properties whose titles go to  
19                  the county tax auction, they are placed for  
20                  sale at the auction but nobody bids on them.

21                  While you can bid a nominal sum, \$500  
22                  let's say for the title, with the title will go  
23                  all the unpaid taxes and all the liens. So, in  
24                  fact, it's a very expensive title so nobody  
25                  will touch it. So, the overwhelming majority

1 of properties that go up for sale at the tax  
2 sale never are sold at the sheriff's sale,  
3 county tax sale.

4 Then they go into the county's  
5 repository. You and I, anybody, including the  
6 slumlords, and those are usually the people who  
7 do, go to the courthouse and pick out titles  
8 that you want, offer a hundred bucks apiece and  
9 they'll sell it to you. For a fourteen dollar  
10 filing fee, all the unpaid taxes, all the  
11 unpaid utilities and other liens on that title  
12 by state law are then stricken from the books,  
13 gone forever. It's a clean, clear title.

14 Then you walk from one desk to the  
15 other desk, the tax assessment desk in the same  
16 courthouse and say, I paid \$100 for the  
17 property at 2147 North Seventh Street,  
18 Harrisburg, Pennsylvania. Here is the receipt  
19 verifying that I purchased it from the county  
20 for this sum. The real estate assessment  
21 automatically drops to a hundred dollars. It  
22 happens all the time.

23 This is a scam that when you  
24 understand how it completely works is almost  
25 mind-boggling. You have to scratch your head

1 and you say, how did this happen? It happened  
2 because a bunch of well-intentioned laws that  
3 were adopted apparently during the Depression  
4 era to keep people from losing the homes that  
5 they owned, those laws have since become a  
6 device by which slumlords get into business,  
7 stay in business and maintain a profitability  
8 at enormous expense to everybody else. It is a  
9 scam. Make no doubt about it; make no mistake  
10 about it.

11 We have property owners who routinely  
12 come in from, particularly, New York and New  
13 Jersey and they like Pennsylvania. They freely  
14 acknowledge this. This is not exactly a  
15 secret. They will freely acknowledge that the  
16 majority of their, quote, investments are in  
17 the Commonwealth of Pennsylvania because we are  
18 a pro-absentee owner friendly state. That's a  
19 phrase that ought to scare us.

20 What it really means is, they know  
21 that under our statutes they can engage in  
22 these practices. They can buy blighted and  
23 abandoned real estate and get away with it  
24 without paying a dime.

25 CHAIRPERSON BIRMELIN: Thank you for

1           that clarification as shocking as it is. I'd  
2           like to turn over this portion of our  
3           questioning to members of the panel. I'll call  
4           on Representative Walko first.

5                         REPRESENTATIVE WALKO: Thank you, Mr.  
6           Chairman. Mayor, does one of the bills address  
7           this cycle problem?

8                         MAYOR REED: Not entirely. Senator  
9           Piccola and Senator Brightbill from the Senate  
10          side, Representative Buxton and others on the  
11          House side, felt that these should be the first  
12          major steps that we take and we support that.

13                        Does it entirely interrupt the  
14          deteriorative cycle that I have described? No.  
15          Does it give us the ability as a municipal  
16          government and as a Commonwealth to put some  
17          serious heat on those who routinely buy blight  
18          and abandoned real estate? The answer to that  
19          is yes.

20                        What we have to be careful with here  
21          is, if we wrote legislation so stringent that  
22          you would stop the slumlord from being able to  
23          buy and sell or to acquire real estate, we may  
24          unwittingly also be damaging and hurting the  
25          interest of legitimate property owners.

1                   We are trying to strike a balance.  
2                   We want to encourage investors. Let me make it  
3                   very clear. We are not anti-landlord. We're  
4                   not anti-absentee owner. We are not  
5                   anti-investor. Those who are legitimate we  
6                   want to preserve and protect. Those who are  
7                   not we want to be able to nail with as heavy a  
8                   hammer as legislatively you allow us. We think  
9                   these bills do that to a large extent.

10                   REPRESENTATIVE WALKO: By way of  
11                   background for me regarding abandoned  
12                   properties that are owned, perhaps, by estates  
13                   or landlords that walked away from them,  
14                   property owners, I guess then there's some  
15                   process whereby Harrisburg would demolish the  
16                   property and then assess the costs perhaps as a  
17                   lien against the landlord?

18                   MAYOR REED: It becomes a lien on the  
19                   title, which is a joke because it's  
20                   uncollectable. We file it just in case we  
21                   might get lucky in the one out of a hundred  
22                   cases. That's no exaggeration. It's about one  
23                   out of every hundred that we collect.

24                   REPRESENTATIVE WALKO: I actually had  
25                   a bill being drafted in the Urban Affairs

1 Committee which would make that assessment or  
2 lien in personam, a debt. Is that something  
3 you would support?

4 MAYOR REED: Yes. Right now the  
5 extent to which we can go is to place the lien  
6 on the title. In most cases it's uncollectable  
7 for a variety of reasons. That title is  
8 probably going to the county tax sale in due  
9 time. It won't be sold at the county tax sale,  
10 but it will get sold out of the county's  
11 repository thereafter. That means it's wiped  
12 off the books legally.

13 The taxpayers are taking it in the  
14 neck. It's very expensive to do a demolition.  
15 We have done extensive demolition work in this  
16 city; millions and millions of dollars worth.  
17 Our rate of return and collectability on monies  
18 filed by lien is two or three percent, at most.

19 REPRESENTATIVE WALKO: One testifier  
20 earlier had indicated, and I was personally  
21 familiar with this problem, where an estate  
22 acquires title to a property and the owners  
23 are, perhaps, out of state or all dead. Is  
24 that a big problem in Harrisburg?

25 MAYOR REED: No. We do have

1 instances, I can think of some cases right now  
2 as a fact, where we do have persons deceased  
3 and there's an estate that is the owner of the  
4 property, which does sometimes create  
5 difficulties in finding the person responsible  
6 for making property code corrections if any are  
7 required. That's is, however, generally not  
8 the rule.

9 Our slumlords are very much alive.  
10 If I were to stereotype them based on common  
11 characteristics, they live outside of the City  
12 of Harrisburg, own in excess of 15 properties;  
13 all or nearly all of which will be in chronic  
14 continuous violation of various building codes  
15 and in various stages of the blighting and  
16 abandoned process that I have described.

17 They will frequently -- In fact, I  
18 can't think of any exception to this over the  
19 last 30 years, those who start off small, 10,  
20 15 blighted properties, all of which get  
21 abandoned within three to five years, increase  
22 the number of property holdings that they have.  
23 We have some now that own literally hundreds of  
24 parcels of real estate. They started off  
25 small, 10 or 15. In their 30 years of business

1           have paid next to nothing in utilities,  
2           maintenance costs and taxes.

3                     You have to ask yourself, what other  
4           business do you know of in the Commonwealth of  
5           Pennsylvania where you can start off small and  
6           continue to grow and never pay taxes and never  
7           pay utilities; never pay maintenance costs;  
8           avoid compliance with the Municipal Housing  
9           Code, and you keep getting more profitable and  
10          bigger as you go? What kind of business is  
11          this?

12                    REPRESENTATIVE WALKO: Mr. Wise, the  
13          President of the Summit Terrace Neighborhood  
14          Association, had earlier indicated he was a  
15          volunteer deputy code inspector. I was  
16          wondering, I represent parts of the City of  
17          Pittsburgh. One of the things that the housing  
18          code magistrate in Pittsburgh and the city  
19          council supports is giving the citizens and  
20          neighborhood groups a private right of action  
21          to enforce building codes of the municipality.  
22          Would that have any impact in Harrisburg?  
23          Would it be helpful?

24                    MAYOR REED: Yes, it would. We would  
25          have no difficulty in supporting such either as

1 universal statutory language in the state or  
2 language specific to the third-class city code,  
3 and in your case the second-class city code.

4 What we have done in Harrisburg is  
5 create a citizen inspection program. We have  
6 trained citizens--they are all volunteers--to  
7 do what are essentially primary exterior code  
8 enforcement review. We empower them to serve  
9 notices on offending property owners. That has  
10 been very successful. The program has been in  
11 existence now only about a year, but it's been  
12 thus far very successful.

13 If they get involved in the more  
14 complicated type of code enforcement issue  
15 where you need some degree of technical or  
16 specialized knowledge, that's where the city  
17 code inspector comes in. Or, if after friendly  
18 reminders and notices from the citizen  
19 inspector the property owner ignores the matter  
20 at hand, then we get brought in. And the  
21 citizen inspector, incidentally, serves as a  
22 pretty good witness before our magistrates.

23 REPRESENTATIVE WALKO: Thank you, Mr  
24 Chairman. Thank you, Mayor.

25 CHAIRPERSON BIRMELIN: Additionally,

1 I would say that Mr. Wise did say very clearly  
2 that he was friendly. I want to emphasize  
3 that.

4 MAYOR REED: I will under oath affirm  
5 that that is so.

6 CHAIRPERSON BIRMELIN: Representative  
7 Caltagirone.

8 REPRESENTATIVE CALTAGIRONE: Thank  
9 you, Mr. Chairman. Welcome, fellow member.  
10 Some of the junior members of the panel won't  
11 remember when you served with us, but some of  
12 us are left, Mayor Reed.

13 MAYOR REED: A long time ago;  
14 centuries ago it seems.

15 REPRESENTATIVE CALTAGIRONE: You've  
16 just recently been reelected to your fourth  
17 term I understand.

18 MAYOR REED: Fifth.

19 REPRESENTATIVE CALTAGIRONE: Fifth  
20 term.

21 MAYOR REED: That's what all my  
22 critics thought too.

23 REPRESENTATIVE CALTAGIRONE: You have  
24 a history of experience in seeing the  
25 transformation of what's taken place in

1 Harrisburg. As you know, I represent Reading  
2 and other members various sections of the  
3 state, Pittsburgh and other cities. We all  
4 suffer the same problem.

5 What I was curious about, Mayor Reed,  
6 the code inspection department, and we go  
7 through this in Reading many times also,  
8 they're not overly staffed; overly worked, a  
9 lot of complaints. On those particular areas,  
10 and I was curious according to the law, when  
11 the complaints come in and the code inspectors  
12 do go out and find numerous violations in these  
13 particular properties, part of the problem with  
14 the system is that the appeals and the hearing  
15 process seems to delay the kind of action that  
16 many of us in the city would like to see done  
17 in an expeditious manner.

18 MAYOR REED: Yes. We're a due  
19 process oriented state. Our Constitution lends  
20 itself to that and the case law created by the  
21 Appellate Courts. Notably, the Pennsylvania  
22 Supreme Court over the years has certainly  
23 affirmed that. Legislation that tends to deny  
24 or to reduce the extended due process in what  
25 are in this case criminal proceedings, code

1 enforcement citation that goes to the hearing  
2 and arrest warrant state is a criminal  
3 proceeding; albeit it a summary one.

4 It would be difficult, I think, to  
5 sustain on appeal before our Appellate Courts a  
6 mitigation of the due process within the  
7 criminal justice system. That isn't our  
8 biggest problem. We do have some cases that  
9 are yet appealed, but our record of success at  
10 the county court level on code enforcement  
11 appeals has been excellent.

12 In fact, off the top of my head I  
13 can't think of any cases that we lost. We tend  
14 to find the county court judges to be far more  
15 punitive in enforcing the codes against  
16 recalcitrant slumlords than are the district  
17 justices. In fact, by far there's a great  
18 contrast. The county judges tend not to play  
19 games with slumlords. They tend to see right  
20 through the scam and are inclined to hold  
21 slumlords in contempt of court when orders of  
22 the court affirming code enforcement violation  
23 and corrections are ignored by those landlords.  
24 In fact, we have had some landlords placed in  
25 jail for contempt of court because of that.

1           The appeals process for us is not an  
2           issue. It may be in other places, but it is  
3           not here. Our difficulties are that there is  
4           the ability to delay through seeking  
5           continuances or through simply not showing up,  
6           to delay action or prevent action on code  
7           enforcement cases.

8           Case in point would be, and I hate to  
9           say this because I know I'm on TV here and I'm  
10          almost giving a how-to-scam-the-system lecture  
11          at the moment. If you are a slumlord, a  
12          regular slumlord who deals with the system all  
13          the time, you already know this. That in  
14          Harrisburg, and I suspect many other  
15          communities, if you want to continue to be in  
16          violation of the housing codes and get away  
17          with it, simply ignore the citations; simply  
18          don't go to the district justice's office,  
19          because there is a better than 50/50 chance  
20          that that case will eventually fall through the  
21          cracks. The district justices in this city are  
22          overwhelmed with work. Code enforcement cases  
23          unfortunately are not a high priority.

24          Not to divert onto that discussion, I  
25          would note our circumstances in Harrisburg is

1 somewhat unique because we are the State  
2 Capital and we are also the county seat. Our  
3 district justices get all the state's and the  
4 county's cases. In fact, the magisterial  
5 district in which you are sitting right now is  
6 the largest in the entire Commonwealth of  
7 Pennsylvania. All of the cases filed by state  
8 agencies, irrespective of the address of the  
9 defendant or the location of the case, they're  
10 all filed here. We're inundated in the  
11 judicial system at the magisterial level in the  
12 City of Harrisburg. We have tens of thousands  
13 of other kinds of cases. Code enforcement  
14 cases, frankly in some instances, are simply  
15 not even heard. A slumlord knows that if you  
16 want to avoid compliance or even having a  
17 hearing on the matter, do nothing.

18 Now, eventually, their citation will  
19 go to an arrest warrant stage, and we'll pick  
20 them up and bring them in. Then they have to  
21 post bail. But the ability to get that  
22 slumlord before a magistrate for a hearing is  
23 pretty tough.

24 That's the area where I would reduce  
25 the, quote, due process steps. I don't think I

1 would eliminate their ability to appeal a  
2 decision rendered at the magisterial level. I  
3 don't think the Constitution could anyway.

4 REPRESENTATIVE CALTAGIRONE: The  
5 quality of life issues that we have in our  
6 communities across this Commonwealth,  
7 especially in cities, beg for some type of  
8 solution. Having spent 21 years in this city  
9 during my time in the legislature, I have seen  
10 the evolution take place especially since you  
11 have been mayor. It's a compliment and  
12 testament to the fine job that you have done,  
13 Steve. I mean that sincerely.

14 MAYOR REED: Thank you.

15 REPRESENTATIVE CALTAGIRONE: I have  
16 seen the worst of Harrisburg 21 years ago and I  
17 have seen how you have been moving it forward.  
18 Isn't it also frustrating knowing what you just  
19 testified to, that no matter how much time and  
20 money and government thinks that we can always  
21 solve our problems by throwing more and more  
22 money into the issue, we don't have enough  
23 tools to work with at the local level, such as  
24 this legislation would provide, and other bills  
25 that we need in order to start to turn the

1 corner. If we don't do these things, the  
2 bottom line is, we won't have cities of any  
3 degree to recognize. I don't think people in  
4 different districts or in this Commonwealth can  
5 really appreciate what we have to face and deal  
6 with in our urban areas.

7 MAYOR REED: I agree with what you've  
8 said and I thank you for the compliments as  
9 well. Harrisburg was listed as the second  
10 worst and the second most distressed city in  
11 the United States by 1981 under the federal  
12 government's distress criteria. One out of  
13 every seven properties was vacant in this city  
14 which was the highest vacant property rate of  
15 any municipality in Pennsylvania. That didn't  
16 happen overnight, but the dominant development  
17 force in the Capital City of Pennsylvania 15  
18 years ago were slumlords and no one else, to  
19 the point that we were essentially a red-lined  
20 community.

21 I mean, banks and mortgage companies  
22 would not approve even commercial loans let  
23 alone residential in this city. The  
24 pervasiveness and extent of blight and  
25 abandonment perpetrated on Harrisburg by the

1 slumlords reached profound and epidemic levels.  
2 We have been successful in reducing their role  
3 here. It is impossible under state statute to  
4 eliminate their role. So, they are a constant  
5 factor and, therefore, a constant aggravation  
6 that produces for us a constant struggle in  
7 Harrisburg as we work to further the progress  
8 that has been made. This really gets down to  
9 another issue.

10 You mentioned the role of government.  
11 Government cannot be all things to all people.  
12 The mistake in Washington the last 35 years has  
13 been to suggest that we could. The public  
14 sector would somehow be ultimate arbiter of  
15 truth and effectiveness and action in solving  
16 each and every issue that would ever arise in  
17 our society. That was a mistake.

18 What government can do is, by  
19 containing, or better yet eliminating the  
20 ability of the slumlords to operate, you then  
21 create an environment that is more inducive  
22 (sic) for the private sector; for mortgage  
23 companies and banks and savings and loans and  
24 legitimate builders and developers to come into  
25 neighborhoods. We as a government are never

1 going to have enough public funds to come in  
2 and undo all the damage done by slumlords.

3 What we should do and what is our  
4 obligation to do is not to use more public  
5 funds to deal with this. We need to deal with  
6 its root cause. Deal with the slumlords. Put  
7 them out of business. Make it impossible for  
8 them to ply their nefarious business. And then  
9 you will see the private sector and private  
10 citizens and private businesses coming in to  
11 take our place. That is the ideal scenario and  
12 circumstance. And, properly enforced, this  
13 legislation I think is a help in that  
14 direction. It's not a panacea. It doesn't do  
15 everything, but it's clearly a step in that  
16 direction.

17 The last point I would say, while we  
18 have spoken in your question and my response  
19 about cities, this is not a City of Harrisburg  
20 or City Pittsburgh or City of Johnstown issue.  
21 If you go to most of the older towns and older  
22 developed boroughs and townships in the state,  
23 you are going to find to varying degrees the  
24 exact same issue about which we're speaking.

25 You see it more pronounced, more

1           proliferated if you would in terms of scale in  
2           your cities because they're larger communities.  
3           But, you can go to every older town and borough  
4           and township in this state and you're going to  
5           find, not only the same circumstances which the  
6           smaller local governments -- this is virtually  
7           beyond their capacity to address, but you're  
8           going to find in many cases the same names.  
9           The same names of slumlords that I'm dealing  
10          with are the same names that show up in  
11          Steelton Borough next door, in Highspire, in  
12          Middletown, Millersburg, and Cleona and  
13          Lebanon; same names. Why? Because it's the  
14          same state. It's the same state laws.

15                   Not to digress on this point, but  
16          what triggered some of this legislation that  
17          you are here to discuss today was Senator  
18          Brightbill's wife's experience because she's  
19          now handling some code related matters for the  
20          City of Lebanon, kept running across the same  
21          slumlord's name all the time. The slumlord  
22          doesn't live in that city. He lives in  
23          Annville/Cleona. His name Paul Peffley. Get  
24          that on the camera. Paul Peffley,  
25          P-E-F-F-L-E-Y. Mr. Peffley is well known in



1 Manderino.

2 REPRESENTATIVE MANDERINO: Thank you.  
3 Thank you for coming, Mayor Reed. We're at a  
4 bit of a handicap because, at least myself,  
5 prior to coming to this hearing today I wasn't  
6 aware that this was just one of a package of  
7 bills. So I am only guessing from what I have  
8 pieced together, from what other people have  
9 said, what is in the rest of the package. I'm  
10 also just assuming because I only have this one  
11 bill, this is the one piece that deals with a  
12 criminal sanction or penalty and the rest all  
13 goes to civil issues.

14 MAYOR REED: For the most part,  
15 that's true.

16 REPRESENTATIVE MANDERINO: A lot of  
17 what you spoke about needing to be corrected  
18 was on the civil end.

19 MAYOR REED: Well, it's both.

20 REPRESENTATIVE MANDERINO: That's  
21 what I want to get to. Let's assume we're able  
22 to fix everything else that you alluded to and  
23 that's addressed by the other four or five  
24 packages in this bill. Tell me why you feel we  
25 would need this criminalization part of the

1 package too?

2 MAYOR REED: It's criminal now. If  
3 you have an unaddressed housing or building or  
4 sanitation or electric or public code violation  
5 today; if you ignore that and a citation is  
6 subsequently issued by the municipal government  
7 it is a criminal and summary citation. It's  
8 criminal now.

9 If that citation is ignored, which is  
10 the way it is in, I'd say probably 99 percent  
11 of the cases, it then becomes after 20 days an  
12 arrest warrant that is issued by the district  
13 justice and, therefore, servable by any officer  
14 of the law or any peace officer.

15 Then you get arrested, you get  
16 brought before a district justice and  
17 presumably have to post bond to assure your  
18 appearance at subsequent preliminary hearing on  
19 the citations. It's a criminal proceeding  
20 today. We would strongly suggest that that not  
21 change.

22 This legislation strengthens the  
23 criminal law provisions and penalties for those  
24 who are chronic abusive violators who,  
25 essentially, by their conduct have destroyed or

1 are destroying neighborhoods in our respective  
2 communities. I would very strongly urge that  
3 it remain a criminal proceeding.

4 Would I like to see the rest of the  
5 legislation passed? Yes. If you want to  
6 consider all of those as amendments as  
7 insertion into this bill before you, that would  
8 be fine with me too. I'm not sure you can do  
9 that. I think you have to amend separate  
10 sections of the state statutes. I think the  
11 legislation before you -- I tried to in my  
12 testimony give you the broad basis on which all  
13 of these bills have been introduced, including  
14 the one before you, and to give you as much a  
15 basis and rationale for its adoption as  
16 possible.

17 REPRESENTATIVE MANDERINO: Thank you  
18 because I learned something from your testimony  
19 because it wasn't clear to me how this  
20 particular bill was written. It looks like  
21 it's written to create a new crime and not as  
22 an enhancement of penalties like maybe raising  
23 from a summary to a misdemeanor or something  
24 like that, an already existing crime.

25 MAYOR REED: Correct.

1                   REPRESENTATIVE MANDERINO: That  
2                   helped clarify it. My only concern about  
3                   everything that I have heard so far today, and  
4                   I think you are probably -- I have asked others  
5                   but I'm very interested in your reaction  
6                   because I would suspect you share being an  
7                   elected public official the same concern that  
8                   I do.

9                   That's a concern between getting to  
10                  the abusers of the process who are abusing it  
11                  for profit motive in a systematic and business  
12                  way versus what I see also, at least in my City  
13                  of Philadelphia, sometimes those aren't the  
14                  only people with blighted and abandoned  
15                  properties in my communities. The other half  
16                  of the equation are poor people who couldn't  
17                  afford the property and whatever. They lost  
18                  their job. They lost the house. I mean, they  
19                  technically still have the house, but they lost  
20                  the ability to maintain it.

21                  What do you feel is built into this  
22                  process? Is it the safeguard of there having  
23                  to be a fourth and subsequent violation? I can  
24                  see, again, the little old lady whose husband  
25                  is deceased for 20 years who had two little

1 rental properties around the corner and the  
2 neighbors complain about that. This sounds  
3 like some call I get in my district office  
4 every day because the rats and pigeons are at  
5 that property. No one has been there to  
6 maintain that property ever since her husband  
7 died. She could also get four violations for  
8 the same thing because she never has the  
9 ability to fix it. Do we have to worry about  
10 distinguishing between that widow and what  
11 we're doing with the criminal aspect of the law  
12 versus -- that widow versus a profiteering  
13 landholder?

14 MAYOR REED: The language of the  
15 legislation before you is written in such a way  
16 as to address those who are chronic and repeat  
17 violators of the law. I would think as a  
18 practical matter, as the chief executive  
19 officer of a government that has full-time  
20 Civil Service employed codes inspectors, that  
21 the prospect of an 80-year old woman whose  
22 husband is deceased and who literally cannot  
23 afford to take care of the house that she and  
24 her husband once lived in and is now in  
25 violation of code, I see no prospect for this

1 law to be applied to those persons. And, in  
2 those municipalities where an inspector may be  
3 inclined to abuse discretion, I think you will  
4 find the courts dismissing it with relative  
5 ease.

6 Further, as a practical matter, if  
7 you want to establish credibility with the  
8 magistrates and the county judges, you're going  
9 to have to show a proper exercise of discretion  
10 and judgment in the use of these new powers if  
11 these provisions become new state law. Where  
12 they get abused is when you'll have citizen  
13 groups, senior citizen groups, property owner  
14 groups and others up here demanding a change in  
15 the law.

16 REPRESENTATIVE MANDERINO: Thank you.  
17 Thank you, Mr. Chairman.

18 CHAIRPERSON BIRMELIN: That concludes  
19 all of those who were scheduled to testify  
20 today. We thank all of you who are here and  
21 are still seated here. We thank you for your  
22 participation. As well, Mayor, we thank you  
23 for your remarks. As indicated earlier, we'll  
24 appreciate having them in printed form. They  
25 were very succinct and to the point and would

1 be helpful for the other members of the panel.

2 MAYOR REED: I thank you. I banged  
3 these out right before coming up. I will have  
4 them put into proper form and send you 40  
5 copies.

6 CHAIRPERSON BIRMELIN: You did real  
7 well for banging them out. At this point in  
8 time I just want to remind the members of the  
9 committee that we are meeting tomorrow at 9:30.  
10 We have a public hearing in the Minority Caucus  
11 Room beginning at 9:30.

12 Written testimony was submitted by  
13 Jim Kennedy and contained herein:

14 "Thank you for allowing me to testify  
15 before your committee today. My name is Jim  
16 Kennedy. I own a single-family dwelling in the  
17 City of Harrisburg. If you ask the mayor and  
18 his full-time codes inspectors, I live in a  
19 two-unit dwelling in the 1900 block of Derry  
20 Street. I'll explain that bit of lunacy in a  
21 minute.

22 As I watched Mayor Reed testify  
23 before this committee I was socked by his gall.  
24 He would have you believe that Harrisburg's  
25 woes are all the result of a group of terrorist

1 property owners who blight entire  
2 neighborhoods. Mayor Reed has deliberately  
3 mislead you at best, or more probably, has  
4 simply lied about who is responsible. After  
5 I've listed a few of the causes for our present  
6 situation, I am sure that the idea of giving  
7 these terrorists more power will make you  
8 shiver the way it does for me.

9 "Harrisburg requires that all  
10 property sold within its city limits be  
11 inspected by their codes enforcement officers  
12 prior to the sale. The inspection notes lists  
13 three levels of violation with a Class "A"  
14 violation being the most severe. You should  
15 know that their inspectors write all violations  
16 as Class "A". Such violations listed in the  
17 report when I purchased my property included  
18 peeling paint on cutters and downspouts, and  
19 small cracks in the plaster walls in the  
20 downstairs bay room.

21 "These inspections are not about  
22 safety. They are simply an attempt by the city  
23 to extort money from the property owners.  
24 These new owners are given the choice of facing  
25 the civil and criminal actions described by

1 Mayor Reed, or pay fees to the city for  
2 permission to repair these Class "A" safety  
3 violations.

4 "The mayor has worked to have huge  
5 slum areas of our city declared as national  
6 historic areas. Such a designation places  
7 severe limits on the nature and kind of repairs  
8 that can be made to a property and doubles or  
9 triples the cost of cooperating with their  
10 codes enforcement directives. Given the  
11 character of their likely tenants, and the  
12 regulatory environment, it's a money pit that  
13 few intelligent people would knowingly choose  
14 to become involved with.

15 "The mayor has worked to increase the  
16 numbers of multifamily low-income units in our  
17 city to the point that single-family homeowners  
18 like myself are almost an anomaly. He has  
19 encouraged the conversion of warehouse into  
20 huge low-income apartments which concentrates  
21 large numbers of poorly educated, low-income or  
22 welfare families into many parts of our city.  
23 They have no stake in preserving our quality of  
24 life and place a heavy burden on those of us  
25 who pay taxes in this city. They are amazingly

1 efficient at bearing children out of wedlock;  
2 children who eventually overwhelm our schools  
3 and our resources.

4 "The result; I pay more taxes for my  
5 little row home on the edge of the slums than  
6 my best friend who lives in a 110,000 dollar,  
7 three-bedroom ranch in the suburbs of  
8 Harrisburg. The average length of time that  
9 homes remain on the market in his area is about  
10 60 days. I've had my home on the market for  
11 over a year; asking price \$49,000.00.

12 "The codes enforcement people in  
13 Harrisburg indiscriminately use harassment and  
14 intimidation to get their way, up to and  
15 including breaking the law or ignoring court  
16 orders. In 1989 I owned two rental properties  
17 in Harrisburg, one on Liberty Street and the  
18 other on Second Street across from the  
19 Governor's mansion. The latter forced me into  
20 bankruptcy when the heating system failed after  
21 a prolonged eviction battle with a deadbeat  
22 tenant who operated an unlicensed boarding  
23 house on the premises.

24 "The court was to take custody of the  
25 house. I was required to give notice to all

1 persons on the property to vacate before the  
2 trustee took possession. The codes enforcement  
3 offices threatened to cite me for not giving  
4 the tenants 30 days notice. They also ordered  
5 me to provide heating oil for the tenants. I  
6 had no money, and given the pending bankruptcy,  
7 I would have to commit fraud to comply with  
8 their order. I pointed this out to them. They  
9 never issued a citation, but they never  
10 rescinded the order.

11 "Additionally, after the court  
12 relieved me of all responsibility for the debt  
13 and ordered all collection against me halted,  
14 the City of Harrisburg ignored the court order  
15 and continued to send tax bills and threatening  
16 notices to me and recording tax liens against  
17 my wife and I for the next several years. They  
18 did not care about the law; only the money held  
19 their focus. And these are the people you want  
20 to give more power?

21 "Additionally, my family has lived at  
22 our current address since 1988. During that  
23 time the City of Harrisburg has charged me  
24 double for sewer and garbage removal. They  
25 claim that my home is a two-unit dwelling, in

1           spite of the fact that only my family has lived  
2           there for nearly 10 years. They refuse to  
3           change the designation unless I allow them to  
4           inspect my home. My home was an abandoned  
5           shell when I moved into it. I've spent  
6           thousands to repair the damaged or worn-out  
7           systems in my home. I'm proud of my home, but  
8           given my previous experience with their codes  
9           inspectors, I will not voluntarily allow any  
10          city official to enter my home.

11                 "I could go on for hours; instead,  
12                 I'll list a few other actions by our mayor that  
13                 cause people to abandon this city. The mayor  
14                 has given tax incentives to businesses to move  
15                 out of my neighborhood and into downtown. Penn  
16                 National Insurance were good neighbors, and  
17                 their employees brought needed commerce to the  
18                 businesses in our area. Now we are surrounded  
19                 with empty buildings and my taxes will go up.

20                 "The city has created an artificial  
21                 market for junk art by requiring that such  
22                 eyesores be made a part of all new buildings in  
23                 downtown. Does anyone honestly believe that  
24                 the piece of scrape consisting of tens of  
25                 thousands of dollars erected in front of the

1 DEP building is art?

2 "The mayor's other pet projects  
3 include a museum for stolen Civil War  
4 artifacts, a multimillion dollar playground in  
5 the middle of a flood zone, also known as City  
6 Island; a huge new high school that's not  
7 needed, and no one like myself who will have to  
8 pay the bills wants.

9 "And for all of that, I can't even  
10 get the city to unclog the street drain that  
11 each year backs water onto my property, or cut  
12 back the tree that threatens to sever my gas  
13 and water lines. They planted that tree in the  
14 sidewalk cut (sic) about the time I was born.  
15 I complained about it over five years ago to no  
16 avail.

17 "This year the proposed budget for  
18 Harrisburg will exceed \$85 million. Why? You  
19 cannot convince me that it's reasonable when my  
20 son's second grade teacher needs my wife to  
21 make copies for her job because she doesn't  
22 have adequate access to a copy machine. Where  
23 will the \$85 million come from?

24 "These questions and the answers to  
25 them are the reasons that businesses like

1           Sears, Ryder's Trucks, and others have  
2           abandoned Harrisburg. If you pass into law  
3           anything that gives these people more power,  
4           the trends I've described will accelerate.  
5           Fewer homeowners will move into the city and  
6           those like me that are still here will leave."

7                           Jim Kennedy.

8                           CHAIRPERSON BIRMELIN: We'll adjourn  
9           today's hearing and pick up again tomorrow.

10                           (At or about 3:40 p.m. the hearing  
11           concluded)

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## C E R T I F I C A T E

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2  
3 I, Karen J. Meister, Reporter, Notary  
4 Public, duly commissioned and qualified in and  
5 for the County of York, Commonwealth of  
6 Pennsylvania, hereby certify that the foregoing  
7 is a true and accurate transcript of my  
8 stenotype notes taken by me and subsequently  
9 reduced to computer printout under my  
10 supervision, and that this copy is a correct  
11 record of the same.

12 This certification does not apply to  
13 any reproduction of the same by any means  
14 unless under my direct control and/or  
15 supervision.

16 Dated this 7th day of January, 1998.  
17  
18  
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21 

22 Karen J. Meister - Reporter  
23 Notary Public

24 My commission  
25 expires 10/19/00