

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

* * * * *

Senate Bill 543

* * * * *

House Judiciary Subcommittee on
Crime and Corrections

Room 60, East Wing
Harrisburg, Pennsylvania

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

--oOo--

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

KEY REPORTERS

1300 Garrison Drive, York, PA 17404
(717) 764-7801 Fax (717) 764-6367

1997-138

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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

	WITNESSES	PAGE
1		
2		
3	Opening remarks	
4	Honorable Jerry Birmelin	4
5	Honorable Jeffrey Piccola	5
6	Honorable Ronald Buxton	12
7	Eugene Pasci, President	25
8	PA League of Cities & Municipalities	
9	Christopher Moonis, Legislative Rep.	33
10	PA Association of Twp. Commissioners	
11	David Wise, President	58
12	Summit Terrace Neighborhood Ass'n	
13	Mark Mitman, Executive Director	69
14	Landlord Association of PA	
15	Stephen R. Reed, Mayor	91
16	City of Harrisburg	
17	Written testimony submitted by:	128
18	Jim Kennedy	
19		
20		
21		
22		
23		
24		
25		

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 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 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)

12 * * * *

13

14

15

16

17

18

19

20

21

22

23

24

25

C E R T I F I C A T E

1
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
19
20 

21
22 Karen J. Meister - Reporter
Notary Public

23 My commission
24 expires 10/19/00
25