

TRANSCRIPT OF PROCEEDINGS

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COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
HOUSE COMMERCE COMMITTEE

MON VALLEY CAREER & TECHNOLOGY CENTER
5 GUTTMAN BOULEVARD
CHARLEROI, PENNSYLVANIA

THURSDAY, APRIL 8, 2010

PUBLIC HEARING - NEIGHBORHOOD BLIGHT

BEFORE:

Representative Peter J. Daley, Majority Chairman

Representative John Evans

Representative R. Ted Harhai

Robb Miller, Majority Executive Director

Destiny Zeiders, Democrat Analyst

Sandy Altland, Committee Legislative Assistant

Ron Luci

Donna Nicholson

Barbara Dearolph

Reported by: Lisa Ann Bauer, RPR, CRR, CMRS

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P R O C E E D I N G S

(1:07 o'clock p.m.)

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3 CHAIRMAN DALEY: This House Commerce
4 Committee will come to order.

5 This is the second hearing we had today at
6 this site. The first House Commerce Committee was on
7 economic development. That was the fifth hearing that
8 I've held around the state as the Democratic Majority
9 Chairman. We've been to Beaver Valley, we've been to
10 Lawrence County, Windber, Williamsport, Philadelphia,
11 and then here. Our next hearing is on April 22nd in
12 Philadelphia again. We're going to be probably
13 heading up into the Poconos. We had a hearing that
14 was canceled due to that big snowstorm we had.

15 We're trying to reevaluate, very succinctly,
16 the way we do economic development in Pennsylvania.
17 That was the purpose of that hearing, and we're going
18 to come up with some recommendations. If you were
19 here this morning, we had some really great input. If
20 you weren't, you'll be able to get it online. What
21 our committee is doing is we're developing a database
22 on all this information. Anybody that provides
23 written testimony, once we have our stenographic
24 record, we're going to be able to provide that online
25 off of our website in Harrisburg so everybody can

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1 access everything that anyone has said at any of these
2 hearings, including this one today.

3 This is the first hearing of its kind in
4 Pennsylvania. The purpose of this hearing is to
5 discuss neighborhood blight, and we've been working on
6 some legislation, and I know Chris Haines and I have
7 talked about the need for this type of legislation.
8 Chris, of course, is actually from the Valley.

9 Do you live in the Valley, Chris?

10 MS. HAINES: I live in Pittsburgh.

11 CHAIRMAN DALEY: You're from here now.

12 And it's an issue that, as local elected officials --
13 I know that as a former local elected official, that
14 is one of the major problems that we face and how
15 acute it has become in the last several years.

16 We have put together a panel of individuals,
17 local government and county government officials here,
18 as well as regional and statewide perspective.

19 So our local government group, we have Mark
20 Alterici, who is the president of the Charleroi
21 Borough Council, Mayor John Lignelli from Donora,
22 Mayor Lee Hall from North Charleroi, and we have
23 Bracken Burns also on our list as a county
24 commissioner, and Ed Lyons, who is the mayor of North
25 Belle Vernon.

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1 And, Ed, the gentleman you have with you?

2 MR. LYONS: John Garber. He is our code
3 enforcement officer.

4 CHAIRMAN DALEY: We have a couple code
5 enforcement officers here today. California, my home
6 town, doesn't have one right now.

7 How do you want to do this? Chubby, you said
8 that you wanted to go?

9 MR. LIGNELLI: No, that's fine. I can
10 wait for Mark.

11 MR. ALTERICI: You're more than welcome
12 to go first. You have seniority on ME. You're more
13 than welcome to go first. Go ahead.

14 MR. LIGNELLI: First of all, I would like
15 to welcome the people that came here from Harrisburg.
16 I want to welcome you to the garden spot of the state
17 of Pennsylvania. But I think that this would have
18 been more beneficial if we would have taken you people
19 out to visit some of these sites that we are talking
20 about. There are some of them that's in very bad
21 shape. But then we will try to put our point across
22 and I will also, at the conclusion, try to make a
23 recommendation to see what we can do about it.

24 First of all, Donora has a serious problem
25 with the sales of homes and properties which are sold

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1 through the free-and-clear sales known as the
2 repository sale. Most of these sales are executed
3 over the internet and people buying these properties
4 are buying them sight unseen. Donora has people from
5 all over the country buying these properties in the
6 borough with the expectation that the property will be
7 of a substantial value due to the recent construction
8 of casinos in our area, and that is far from being the
9 truth.

10 Once the property is purchased, the Borough of
11 Donora has a difficult time contacting the owners
12 concerning building code enforcement, because once
13 they buy them and there is a violation, then we try to
14 contact them. There is no way in the world that you
15 can get ahold of them.

16 After the new owners visit the repository sale
17 property, they realize that the value of the property
18 is very minimal and it is in a state of being
19 condemned. They refuse to repair the newly purchased
20 property and default on the property tax obligations
21 that they have. After a few years of delinquent
22 property taxes, the property is once again put up for
23 repository sale and the entire circle repeats itself
24 when the next unwary buyer purchases the same property
25 over the internet.

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1 I would like to see legislation passed that
2 would curtail these practices.

3 I agree that the new property owner should be
4 given a reasonable amount of time to bring their
5 properties up to Pennsylvania's building and housing
6 codes, but after allowing a reasonable amount of time,
7 these properties only slide into a deeper state of
8 disrepair. If the owner ignores their legal
9 obligation to bring the property up to code, then they
10 should not be allowed to continue this practice of
11 purchasing repository sales -- because once they buy
12 and then they do not meet their obligation, they
13 should not be allowed to purchase property anywhere
14 else in the state of Pennsylvania again, and that
15 would protect us -- abandoning their new acquisitions,
16 and forfeiting them for delinquent taxes so the next
17 repository sale cycle may begin.

18 Numerous times the Borough of Donora has had
19 to demolish and remove properties which would become
20 public safety hazards, and the Borough's expense has
21 to begin -- we have to start finding money. In fact,
22 we have a serious problem in Donora right now that I
23 wish this panel, before they would go back, would come
24 to Donora so you can see.

25 We have an historical society building and in

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1 this past heavy snow that we had, the complete roof
2 fell in and part of the building went and demolished
3 the house next to it. So then on the back end of that
4 building -- it's a five-story building, but if you
5 look up, it looks like it's a mile high. And then
6 there is a railroad track maybe about ten yards from
7 this particular building and then there is a lot of
8 coal being hauled over those rails going to these
9 power plants, and so with the vibration of the trains
10 going by, I fear that that wall may come down and
11 cover those tracks, and then I think that the complete
12 borough is going to be in some serious financial
13 problems if they have to shut down a power plant for
14 something like that. But this is one building I hope
15 you guys would come and see exactly what I'm talking
16 about. It would make you shiver whenever you look at
17 it.

18 But not at the expense of property owners,
19 because it is difficult to prosecute. This is what
20 I'm saying, how hard it is to get these people that's
21 living out of state because they're not going to send
22 someone down. So people say, go ahead and tear it
23 down and put a lien against them. So then it's
24 worthless to put a lien against property that has no
25 value.

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1 Again, after a few years of delinquent taxes,
2 the property reverts back to the repository sale and
3 the Borough of Donora must allocate funds for the
4 demolition and removal. It is a poor cycle which has
5 financially burdened the Borough of Donora, along with
6 other municipalities across the state.

7 The cycle must be broken. Let's take
8 affirmative action and reasonable legislation to
9 ensure the public safety and to alleviate the
10 financial burden many municipalities of the
11 Commonwealth has.

12 But while I was sitting here, I was thinking
13 about maybe whenever these people purchase this
14 property, if we could give them some kind of an
15 incentive on a tax break if they would fix the
16 property up, and then if you allow them some sort of
17 tax break, give them an incentive. At the same time,
18 they are gaining and the municipality will gain and
19 then we will get this property reassessed and back on
20 the tax rolls.

21 Because if there is no incentive for these
22 people and then once they come out and actually see
23 what they paid for, they are gone, but some kind of a
24 tax break would give them an incentive, would benefit
25 them, would benefit the municipality.

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1 Again, I want to thank you gentlemen for
2 coming. And my good friend Ted Harhai, how are you?

3 REPRESENTATIVE HARHAI: Doing great.
4 Good to see you.

5 CHAIRMAN DALEY: Any questions for Mayor
6 Lignelli? Because I know Chubby has to leave.

7 MR. LIGNELLI: I can spend five or ten
8 minutes.

9 MR. LUCI: Do you want to share the cost
10 of tearing down the building for the Borough right
11 now?

12 MR. LIGNELLI: That we could tear the
13 building down for about \$60,000. So then we had the
14 county commissioner, Bracken Burns, I called him
15 immediately and he was graceful enough to come up with
16 two other gentlemen and then we spent about four hours
17 together that day seeing ways that we could alleviate
18 a serious problem.

19 So then first it was around \$60,000. So we
20 was going to try to share the funds with the
21 Redevelopment Authority, but then we didn't have any
22 funds available, but they was going to allow us to
23 take it out of the Community Block Grant money that we
24 would be coming -- which we will have coming in the
25 coming years. But then once they found out there was

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1 asbestos in the building, then they found out the cost
2 is going from 200,000 to 250,000.

3 So now the Redevelopment Authority is trying
4 to get a much larger commitment from us, but then at
5 the present time, we have just bought a new ladder
6 truck. I am also a member of the Donora Fire
7 Department. I've been a member for the last 52 years,
8 and so we were in dire need of buying a new ladder
9 truck, so what we did was we bought a demonstrator,
10 one that was never used, but the company made it and
11 they was going around and demonstrating it to fire
12 departments, but it was never used to fight a fire.

13 But then we thought, well, then, how are we
14 going to purchase this truck? It was a \$750,000
15 truck, and so they said they would sell it to us for
16 500,000. So I got the council to agree to use the
17 Community Block Grant money, which it qualifies for,
18 and we were going to obligate \$40,000 each year over
19 five years, which made it \$200,000. So with that, our
20 fire department was able to go to First Federal and
21 they gave us the balance of the money to buy the
22 truck, but that was a truck that we really needed,
23 because we have some high buildings in town with
24 senior citizens living in it.

25 So after obligating stuff like that, then it

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1 was pretty hard for us to obligate very much more, so
2 we thought that we would obligate maybe 10- or \$15,000
3 a year over a few years, but then it looks like it's
4 not going to fly, but then we have a serious problem
5 that has to be addressed, because once that thing
6 comes down, if it covers the railroad track, it's
7 going to be an embarrassment to a lot of people.

8 Thank you very much. If there is any money
9 out in the state, bring it out here. We need it.

10 CHAIRMAN DALEY: Let me just tell you
11 that we'll look and see, but the other mayors that are
12 here, you didn't hear that, because I know they'll be
13 asking for money, too. But that's okay.

14 Chubby, we will absolutely look to see if
15 there is any -- there is a couple programs that may be
16 available. We'll find out.

17 MR. LIGNELLI: See, at first, once they
18 found out that there was asbestos in there, they says
19 it's going to take 45 days before they can even
20 attempt to remove that asbestos. So then I could not
21 buy that. I says, that's impossible that there would
22 be a law on the books that would say nothing is going
23 to change. And so then I says, give me a contact
24 person. So I spent four hours on the telephone until
25 I got the right person that would understand what our

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1 problem was, and so then he called me back and he
2 says, we are lifting all restrictions. Tear the
3 building down as soon as you can. It's a money
4 problem now.

5 CHAIRMAN DALEY: Thank you, Chubby.

6 I'd like to acknowledge the presence of
7 Representative Ted Harhai from across the river and
8 Representative John Evans, who traveled quite a
9 distance to be here today, and we appreciate him
10 coming.

11 REPRESENTATIVE EVANS: Thank you.

12 CHAIRMAN DALEY: Next testifier, Mark.

13 MR. ALTERICI: Hi, I'm Mark Alterici,
14 President of the Charleroi Borough Council. I also
15 have Michele Mackey, our code enforcement officer,
16 with me.

17 CHAIRMAN DALEY: Could you spell her
18 name, Michele Mackey? We want it for the
19 stenographer.

20 MS. MACKEY: M-a-c-k-e-y.

21 MR. ALTERICI: Also, I'm going to get to
22 at one point Doug from the MVI. I'm going to put him
23 on the spot, because he's helped us with some
24 properties we've tried to buy, and Doug doesn't know
25 it, but I'm going to have him make a few comments,

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1 also. Doug, I'm going to have you make a few
2 comments, also, some specifics he can help with.

3 I first want to echo -- or first thank you for
4 inviting us and listening to what we have to say.
5 We're all in the same position here. We do run into a
6 problem. It is a money issue. I can only echo
7 everything Mayor Lignelli said. He is a hundred
8 percent right.

9 A few things to kind of add onto, just to give
10 you an idea what we're looking at: Since the year
11 2000, Charleroi Borough has approximately 50
12 properties that would be in the demo. Average two to
13 three years it takes to get a property demoed after
14 you go through the lien process, which is entirely too
15 long. There is no reason for that. Even when we do
16 have the money in place, which we use our CDBG money,
17 we still have to wait two to three years. That's just
18 unnecessary. It should not happen.

19 Right at the moment, we have approximately ten
20 properties since 2005, all but 2007, that we cannot
21 demo, even though they need to be demoed because they
22 have not been able to get the liens cleared. It's too
23 easy for these people to come in, buy the property,
24 and like the Mayor said, realize what they bought and
25 walk away. They are in another state somewhere. Now

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1 we have to try and track them down. We get stuck
2 holding the bag because they realize they bought
3 garbage, and we're stuck cleaning up their garbage,
4 quite frankly. There is no other way to put it.

5 We had a very similar situation as Donora a
6 few years ago. Ron and I have talked about this at
7 length. We have a property in town. We had a,
8 approximately ten years, building in the middle
9 downtown. It was a three-story building. The roof
10 was half gone, two of the floors were collapsed, and
11 we had a fight with the lien problem. But we also had
12 a separate issue that has really been a major problem
13 with us. Charleroi is declared an historic district.
14 I think the number is approximately 18 properties in
15 our town are declared historic. Believe me, I am as
16 much in favor of history as anyone around. I own a
17 building, that's one of the oldest movie theaters in
18 the country, I have rehabbed, so I'm not against
19 history, but sometimes common sense has to come into
20 play. And right now, common sense doesn't always come
21 into play in something like that.

22 We had to fight for years to get the
23 historical society to agree to go ahead and demo the
24 building. And the only reason we finally got that
25 done is that the fire department also got involved, as

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1 well as Representative Daley, stressing the hazards.
2 And the fire department stepped in. There was a major
3 rain, the fire department showed up to clean up some
4 things in the area, and the fire chief told us if
5 there is a problem with this building, something like
6 this again, I'm not sending my men because it's a
7 hazard. He had to worry about the building coming
8 down on his men.

9 So these kind of things should not happen.
10 Mayor Lignelli should not have to worry about waiting
11 45 days because of an asbestos problem. We shouldn't
12 have to wait years to tear something down like that.
13 It's totally unnecessary. That's my main thing there.

14 Just to give you an idea, also, with
15 Charleroi, we have 16 ordered to tear down. Three
16 we're going to be voting on tonight, but with the
17 money we do use, you see with that many properties,
18 there is no way we can tear them down fast enough.
19 I'm sure if any of you sitting here had one of these
20 houses sitting next to you, you wouldn't be real happy
21 if your council president calls you or code
22 enforcement officer calls you and says, well, I'm
23 sorry. We don't have enough money. It's going to be
24 two to three years you have to live next to this place
25 that's abandoned. We have to bait them for rats. No

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1 one is going to be happy with that kind of situation,
2 and we're all left in a really awkward situation
3 because of it.

4 That was the main thing I think I wanted to
5 get on.

6 Michele, do you have anything more to add?

7 MS. MACKEY: It's just the maintenance
8 that we have to deal with on these properties that are
9 abandoned. The people that own these properties
10 aren't coming in and taking care of them and then the
11 borough is saddled with having to hire someone to cut
12 the grass minimally so we don't have rats and rodents
13 and snakes going into the adjacent properties, because
14 our properties are, the majority, 40 feet wide. So
15 everybody is right on top of each other. So if you
16 have a property like this next door to you, it has to
17 be maintained or it's going to affect your home.

18 That's it.

19 MR. ALTERICI: The reason I wanted to
20 have Doug speak, Doug is involved with the Mon Valley
21 Initiative, the MVI. I'm also on the board of the
22 Charleroi CDC. Most of you are probably familiar with
23 the CDCs and the MVIs, but one of the projects the
24 MVIs do is we take delapidated properties, try and buy
25 them, rehab them, and give people a chance to buy

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1 those properties.

2 We've had numerous properties -- Doug, I can
3 get you to explain this a little better. We've had
4 several, because we went through a process recently
5 where money was available for us to look at doing that
6 with. One of the problems we ran into was even though
7 these properties were abandoned, we ran into a problem
8 not being able to purchase them and rehab them because
9 of the liens.

10 Here, you can explain it a little bit, Doug.

11 MR. VAN HAITZMA: Sure. The Mon Valley
12 Initiative is a coalition of ten communities, and
13 Charleroi CDC is one of our member communities. And
14 we had gotten earlier this year some Neighborhood
15 Stabilization program funding for Charleroi which
16 allowed us to purchase, renovate, and then sell five
17 properties that had gone through foreclosure.

18 Early in the process, we had identified
19 several properties that were excellent candidates that
20 are strategic, would have made great impacts, but
21 right before we were able to purchase them, and
22 out-of-state investor from New York came in and just
23 picked them all up, sight unseen. And through the
24 repository sale, they picked them up for 150 bucks.
25 He's done nothing with them.

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1 So that left us scrambling to try and find
2 other properties to meet our tight deadlines. And
3 we're able to do that, but, again, it's a system that
4 just really seems to be broken. We could have had
5 such a great impact by getting a couple of these
6 strategic properties, but the fact that somebody can
7 just kind of sweep in, pick them up for 150 bucks
8 without any chance of reviewing who this person was I
9 think is a real problem in the way it's structured.

10 Mark?

11 CHAIRMAN DALEY: Doug, we're going to
12 have you testify in a couple seconds, as you know.

13 MR. VAN HAITSMAN: Yes.

14 MR. ALTERICCI: That was really all I have
15 at this point in time. Like I say, I'm just hoping
16 that -- I can't stress this enough. Any of you that
17 do know me know I'm all about common sense, and there
18 is just too much common sense that doesn't come into
19 play here. That's really what we need to look at.
20 Cut out a lot of this B.S. Let's really get simple.

21 MR. LUCI: Mark, how much did it end up
22 costing to get that building?

23 MR. ALTERICCI: Michele, do you remember
24 the number on that one? Was it the 84,000?

25 MS. MACKEY: I think it was 128,000.

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1 MR. ALTERICI: Yes, that's right.

2 128,000 to tear that building down.

3 MR. LUCI: Where did all that money come
4 from?

5 MR. ALTERICI: That was money from the
6 CDBG money we get from the county. We actually try to
7 spread it out to do multiple properties every year.
8 Because of how much that cost, we kind of had to put
9 other properties on the back burner and kind of lumped
10 it all into one.

11 MR. LUCI: So you just postponed
12 inevitable on the other side.

13 MR. ALTERICI: That's correct, that's
14 correct.

15 CHAIRMAN DALEY: Any other questions?

16 (No response.)

17 CHAIRMAN DALEY: We're going to have Lee
18 Hall, Mayor of North Charleroi.

19 MR. ALTERICI: Thank you very much.

20 CHAIRMAN DALEY: Thank you, Mark.

21 MR. HALL: First I'd like to thank you
22 for inviting me here. I'm not going to say too much
23 different from what others have said, because we're
24 all in the same situation. I'm the mayor of North
25 Charleroi, a small borough in the far eastern corner

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1 of Washington County. I used to say I could go across
2 the bridge. Can't go across the bridge.

3 REPRESENTATIVE HARHAI: Common sense is
4 coming into play, because we're going to move on that
5 bridge by this summer.

6 CHAIRMAN DALEY: Actually, you can go
7 across that bridge, if you want to, though.

8 MR. HALL: If you want to walk across it.
9 I did the other day. Well, when it was flooding, I
10 walked out on the bridge to see how the water was and
11 see if we needed to evacuate anybody or not, but we
12 were okay. And then the other part of that was once I
13 crossed the bridge, if I went down the river two
14 miles, I was in Fayette County. But none of those
15 happen anymore because I can't cross that bridge, but,
16 anyhow, that's another story.

17 We're bordered by Charleroi, Carroll Township,
18 and Fallowfield Township. We have a population of
19 1400 people. Much of our population is elderly, many
20 living on fixed incomes. Twenty-four percent are over
21 the age of 65. Another 22 percent are between 45 and
22 64. We have 706 housing units with 22 percent having
23 someone 65 years of age or older living alone.

24 The median household income is \$29,135 per
25 annum, compared to the average of Pennsylvania being

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1 50,713. Ten point three percent of those residents
2 under the age of 18 and 11.5 percent of those over age
3 65 live below the poverty level.

4 The total area of our borough is three-tenths
5 of a square mile, which would translate, if we had a
6 square mile, to 5,362 people per square mile. The
7 median price of a housing unit or condo, which I don't
8 think we have any, is \$77,754, compared to the median
9 price in Pennsylvania being \$164,700.

10 The problem that occurs, much as the other two
11 gentlemen that spoke before me, with the aging
12 population, by the time a house that has one of those
13 people that's 65 or over and they are forced to vacate
14 the house for some reason or other, the house is
15 usually not in the best of shape. Now it's taken over
16 by relatives who may be far gone from the area and
17 they are not interested in it, so they just leave the
18 house sit there. So we're stuck with a house that
19 nobody lives in, and by the time we can do anything
20 with it, which is, you've heard here, a period of two
21 to three years, things just happen to get more and
22 more deteriorated.

23 By this time, the house can no longer be
24 refurbished. The house needs to be demolished. So
25 now it comes to the Borough. Where do we get the

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1 money to demolish these houses? We're very limited.
2 We have a lot of streets that need paved. We're going
3 to be faced with the same thing Charleroi had a couple
4 years ago with the stormwater separation, and if we
5 spend money to tear down old houses and then we
6 acquire property that we don't really want or need,
7 now we're spending money there that we could use to
8 make things better for our citizens.

9 But probably the thing that bothers me the
10 most, when we have a council meeting, normally the
11 biggest complaints we have are because there is a
12 property next to them or near them which weeds are
13 growing up, the gutters are falling off the house, the
14 windows are broken, and this brings down their
15 property value. And I understand that. That
16 certainly does do that, but we're stuck, okay?

17 So, finally, when it comes worse to worse, we
18 only have two borough employees, so we send them out
19 to try to clean the place up and put a lien on the
20 property. We know we're not going to get a dime off
21 of that, because by the time that property ever goes,
22 we're so far down on the list for liens that, you
23 know, any value the property had is long gone before
24 it ever gets to us.

25 So now we're stuck with that, plus we used our

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1 manpower that could be doing something constructive
2 for the Borough to do something that we have to do
3 just to try to keep the Borough there. And the
4 legislation coming up, this is a step in the right
5 direction, but I'm feeling the same thing that these
6 gentlemen have, this takes way too long.

7 Even if we have a person who we can locate, we
8 have a property there, now we cite them because they
9 haven't cut the grass, they haven't kept it in good
10 repair. We issue a citation. Now, they either get a
11 small fine or they come and they clean it up. Now,
12 three weeks down the road, we have the same situation
13 again and now we have to start all over again, and I
14 just think something needs to be done where once a
15 property owner is cited, when they are cited again,
16 things should take effect immediately, not wait
17 another 30 days or 25 days or something like that.
18 Something so that we can really help the residents
19 there that are trying to take care of things to make
20 the place -- to make it a nice, liveable area.

21 So that's about it. Everything else has been
22 said, so thank you very much.

23 CHAIRMAN DALEY: Thank you, Mayor Hall.
24 Any questions for the Mayor?

25 (No response.)

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1 CHAIRMAN DALEY: The next person to
2 testify will be -- I'm interjecting you right here
3 between Bracken and Lee -- Ed Lyons.

4 MR. LYONS: I don't want to testify.

5 CHAIRMAN DALEY: Then we'll go right to
6 Bracken.

7 MR. BURNS: Thank you very much. My name
8 is Bracken Burns. I am a Washington County
9 Commissioner and I am also the co-chair of the
10 Sustainable Communities Development Network, which is
11 a function of Sustainable Pittsburgh, and the former
12 vice chair of the County Commissioners Association
13 Task Force on Sustainability.

14 I mention that not to pat myself on the back,
15 but to point out that I have spent more than a little
16 bit of time studying the question of sustainability in
17 Pennsylvania, and most specifically, in southwestern
18 Pennsylvania, and the one thing that I have found
19 rises to the surface in virtually every discussion
20 that we have is the issue of blight and abandonment.

21 Blight and abandonment, as you know, are the
22 classic symptoms of an unsustainable community and
23 they, in and of themselves, create ills, but they also
24 exacerbate and accelerate other problems in the
25 community. For instance, a loss of tax revenue. It's

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1 interesting, and I don't know whether it struck
2 anybody the way it struck me, but we've heard two
3 mayors and one council president sit here talking
4 about their main mission in life or their main work
5 project is tearing down buildings. And I understand
6 that and I appreciate it and they are doing the only
7 job that they can to protect their communities, but
8 how ironic that the folks charged with running these
9 communities are literally taking them apart,
10 eliminating the very tax base that is the lifeblood of
11 these communities. So there is something highly
12 ironic about that.

13 There is something highly ironic that the
14 majority of the Community Development Block Grant --
15 and I would reemphasize the first two words, Community
16 Development -- is being used to take communities apart
17 to tear down houses and vacant buildings, et cetera,
18 et cetera.

19 So what we see is a loss of tax revenue, a
20 very serious problem to the poorer communities. We
21 see a degradation of property values. A study in
22 Philadelphia that was conducted recently shows that
23 the presence of a blighted building on a street causes
24 a reduction in property value of approximately \$7,000
25 per unit. This is real money when it comes to selling

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1 that home. It's real money when those homes are
2 reassessed and the taxes are assigned to that
3 property, et cetera. We also see an increase in crime
4 in areas where blight and abandonment are prevalent.

5 And last, but certainly not least, we have a
6 decrease in wellness. Wellness is one of those
7 esoteric terms that nobody likes to hear about, but it
8 really is, in my mind, a sense of well being. It's a
9 sense that you're in a community where it is safe,
10 where it is good, where you want to be, and no one --
11 I repeat, no one -- should have to live in an
12 environment where they don't feel safe and in a state
13 of wellness.

14 Studies have shown that by merely clearing a
15 lot of debris or eliminating a delapidated house and
16 planting a few trees that the neighborhood, the
17 property values in that immediate neighborhood
18 increase by 30 percent. Thirty percent by eliminating
19 blight and abandonment and throwing in a tree or a
20 bush or a park, et cetera. That's huge, and that says
21 nothing about the wellness issue that I talked about
22 or the crime issues or the other issues that are
23 linked.

24 Blight and abandonment have been likened to
25 cancer, because they are, in fact, a cancer on a

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1 neighborhood. They are a cancer on a community. They
2 very much like cancer, sap the lifeblood right out of
3 a community. They also spread to healthy neighbors,
4 much like cancer does, and, finally, if left
5 unchecked, blight and abandonment, like cancer, will
6 kill the host. We can't allow that to happen.

7 The problem in southwestern Pennsylvania, I
8 would suggest, is exacerbated by a number of
9 additional factors. First of all, we have a shrinking
10 population. The population in southwestern
11 Pennsylvania, as most everybody knows, has decreased
12 by 14 percent since 1970. We have an aging
13 population. Folks are getting older, less able to
14 maintain their homes, less able to deal with
15 neighborhood decay, having less funds available to
16 them for home maintenance, et cetera.

17 We have an aging housing stock in our
18 communities which, again, just feeds this particular
19 problem. Yet, we have an unbridled increase in the
20 number of housing units in southwestern Pennsylvania.
21 I would share with you the fact that between 1982 and
22 1997, a period of only 15 years, the Pittsburgh region
23 developed -- and I use that word advisedly --
24 developed 42.6 percent as much land as it had in the
25 first two centuries of us living in this region. And

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1 that was at a time while the population of
2 southwestern Pennsylvania was shrinking by 14 percent.
3 That's crazy. Fewer people, more homes. Go figure.

4 And the irony of that is if you understand --
5 and I trust everybody in this room does -- the laws of
6 supply and demand, you realize that as we provide more
7 and more housing units and fewer and fewer people to
8 demand them that the cost of these homes continues to
9 depreciate at an accelerating rate.

10 Pennsylvania's problem consists in part, also,
11 with complex and archaic tax laws that make public
12 officials such as the ones we've heard from today, it
13 makes their job very difficult as they attempt to
14 grapple with this problem.

15 And last, but not least, we have a lack of
16 clear leadership. Whose problem is this anyway? Is
17 it the homeowner, is it the next-door neighbor, is it
18 the community, is it the municipality and the school
19 district, who admittedly have more than a passing
20 interest because of the loss of tax revenues. But is
21 it, in fact, the mission of a school district to go
22 out and eliminate blighted neighborhoods so they can
23 improve their tax base? I don't think so.

24 The staff of most of these local boroughs and
25 townships are so small that they certainly don't have

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1 the capacity to address this problem. Is it the
2 problem of the neighborhood? Well, you could argue
3 that it is, but where is the authority vested in the
4 next-door neighbor to do something about a vacant lot
5 or an abandoned property next door? It could be
6 assigned to the county, but the county has numerous
7 communities -- any county does -- that have blight and
8 abandoned properties, limited staff, and, again,
9 limited authority to act.

10 Economic development agencies and community
11 development organizations have more than a passing
12 interest but, again, not the capacity or the staff to
13 address it.

14 The state, I would suggest respectfully, has
15 the capacity, and I appreciate the fact that you are
16 today working on this issue, but has the capacity to
17 streamline and update laws which impede remediation.

18 Recent studies by Sustainable Pittsburgh tell
19 us that there are 70,000 abandoned homes in the
20 ten-county region in southwestern Pennsylvania, and
21 other studies tell us that there are more than 300,000
22 abandoned and blighted properties in Pennsylvania.
23 Locally, that's 6 percent of our housing stock that is
24 blighted or abandoned.

25 Blight is hard to quantify. You know, what

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1 might need a coat of paint to you may not need a coat
2 of paint to me, et cetera, et cetera, but not many
3 sites where there is abandonment do you not have
4 adjoining properties that are blighted. So we see the
5 cyclical nature of it.

6 The cost is considerable, the cost in terms of
7 lost tax revenues. You know, we continue, as I had
8 mentioned earlier, we continue to be faced by mayors
9 and council members coming to the county and wanting
10 to use their Community Development Block Grant money
11 to tear down the housing stock that really is their
12 communities, and with it, they eliminate that tax
13 base. And that accelerates over time, and eventually
14 you reach a point where a community is no longer
15 sustainable. They don't have enough tax base to pay
16 the bills to get the job done day to day.

17 I'm winding up now, for those who are
18 wondering when this guy is going to quit. I'm down to
19 solutions, the final section.

20 There are plenty of ideas as to how you
21 address this, but there are many, many complexities
22 that face us. Neighborhood gardens, rehabilitation,
23 small parks instead of a delapidated home, a trail
24 through an urban area. Grant the ownership of that
25 property to a neighbor so that it's back on the tax

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1 rolls and so that it's maintained. But the problem
2 with all of these is that there is limited ability to
3 act due to the complexity of ownership, tax laws,
4 liability laws, et cetera.

5 In closing, let me simply say that although
6 the complexity of tax and real estate law is beyond my
7 expertise, I would like to say that I salute and
8 endorse any effort toward unraveling the red tape that
9 surrounds these properties that are sapping the life
10 out of our most vulnerable communities.

11 Additionally, I'd like to salute any effort
12 that facilitates holding negligent property owners
13 responsible for the blight that they have inflicted
14 upon their neighborhoods.

15 Thank you for the opportunity to be heard
16 today.

17 CHAIRMAN DALEY: Questions from members
18 of the panel? John?

19 REPRESENTATIVE EVANS: Thank you,
20 Mr. Chairman. More of a comment, rather than a
21 question. I just want to salute Chairman Daley for
22 taking up this issue. This is not an issue that is a
23 partisan issue, by any stretch. I think there is
24 widespread support in the legislature to update these
25 laws that need to be looked at. This is something

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1 that affects all 67 counties of Pennsylvania.

2 We all have communities in our districts that
3 have these blighted properties. I know I have them in
4 my district. We have issues with out-of-town
5 ownership. We have issues with people who get on the
6 internet and can purchase these properties, as was
7 mentioned, for very small amounts of money. It's
8 almost like speculating on the stock market when
9 somebody can come in and buy a property, speculating
10 that it might be worth something some day. That does
11 a disservice to the community, it does a disservice to
12 the neighborhoods when these out-of-town owners refuse
13 to do any type of maintenance at all.

14 So, you know, I think that the Chairman's
15 efforts, and those of us in the legislature, I think
16 our charge is to, as you say, cut through a lot of
17 this red tape in the regulations and come up with a
18 more streamlined process for 2010. A lot of these
19 laws were written decades go.

20 MR. BURNS: 1910.

21 REPRESENTATIVE EVANS: Almost a century
22 ago.

23 So that being said, I just want to salute
24 Chairman Daley for taking this issue up and having
25 this hearing today on this very important issue that

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1 affects us all.

2 CHAIRMAN DALEY: Thank you,
3 Representative.

4 Representative Harhai?

5 REPRESENTATIVE HARHAI: Just a couple of
6 comments. Your comments are well taken, Commissioner.
7 Having been a former mayor in the City of Monessen, we
8 endured the nightmare that these mayors and president
9 of council have endured or are enduring now. We
10 endured that forever, tearing things down. We were
11 staying one step ahead of the blight, which wasn't a
12 large step.

13 MR. BURNS: One step behind the rats.

14 REPRESENTATIVE HARHAI: Right. We had
15 people from abandoned homeowners to out-of-town
16 landlords. And you name it, we had it. And we spent
17 probably 75 percent of our funding tearing down these
18 delapidated structures. At the same time, it's not a
19 bittersweet thing. It's a bad feeling, because you're
20 eroding your tax base.

21 Look at the City of Monessen, a town that had
22 probably about 25- to 30,000 people in the '50s that's
23 down to about 8500 people. Count the number of homes.
24 We're near election time, so we can count the people
25 that vote and don't vote anymore. They are not there.

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1 And what happens is the older people die off, the
2 younger people come back, they empty the homes, they
3 empty the bank accounts, and they leave and we're
4 stuck.

5 And my mayor from North Belle Vernon is here,
6 and we've talked about this on numerous occasions.
7 And it's a lovely community, and, still, he battles
8 the same thing.

9 Your point is well taken. I think we need to
10 update the laws, make them more current, obviously,
11 and I commend Chairman Daley for having the hearings
12 to hear the stories. We can't bellow out the story
13 enough and beat the drum enough, because it's ten
14 years ago when I lived in Monessen, and not much has
15 changed. And I think the mayors have gotten in with
16 the same anticipation that I did. We cleaned up this
17 and this and do that. We did the park thing and we
18 did have people buy properties, torn-down properties,
19 but neighborhoods still continue to dwindle and be
20 decimated.

21 So I think we'll do the best we can, and I
22 know Chairman Daley has got a couple of bills that he
23 has talked about that's getting on the books now, but
24 I will wholeheartedly endorse that, because I know
25 whence they come.

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1 Thank you again.

2 CHAIRMAN DALEY: We are working on the
3 legislation. We don't have a bill number yet. Do we
4 have a draft of the bill?

5 MR. MILLER: The draft is in your packet,
6 and there is also a two- or three-page brief about
7 what this draft would do.

8 Bracken, I was very pleased that you touched
9 on the issues that the state has faced in this region,
10 in particular with regard to development. It's
11 quite -- it is quite something when you think about
12 how much development has occurred, and not just in
13 this region, but statewide. We were, just a few years
14 ago, No. 2 in the country as far as housing
15 development, even though our population was either
16 stable or falling.

17 So I guess my question to you would be, can
18 you -- have you ever thought about ways to incentivize
19 the rebuilding of property in these areas? I mean, it
20 is one thing to have -- and it's great, planting some
21 trees and making a park where four homes existed. I'm
22 sure that that does increase the property values of
23 surrounding property, but it would be really neat to
24 be able to rebuild homes on those vacant lots.

25 MR. BURNS: With all due respect, I might

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1 disagree with you. Because given the
2 supply-and-demand issue that I talked about before,
3 I'm not sure we need those additional homes. So let's
4 maybe focus instead on eliminating the blight,
5 stabilizing the neighborhood, creating some wellness,
6 whether it be a community garden, whether it be an
7 open space, forested area, get the quality of life
8 back up, and if some day there is a demand for the
9 housing, I'm sure somebody is going to cede their --
10 an ironic term, cede their garden. C-e-d-e their
11 garden is what I meant by that, give up their garden
12 in order to create a home. In all reality, I don't
13 think we necessarily have to rush in and build another
14 home.

15 MR. MILLER: What about rehab? I know a
16 lot of these properties --

17 MR. BURNS: I think a lot of these
18 properties -- and the MVI is a classic example of an
19 agency which is working hard to do -- the Mon Valley
20 Initiative, I'm referring to, that is going in and
21 taking a home that isn't quite so far gone that it
22 can't be saved. And many of these are classic older
23 homes that you couldn't build them again today, and
24 they are going in and renovating them. I salute that.
25 I think that's wonderful where it can occur, but I

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1 don't think we should be too upset about the reality
2 of eliminating two or three homes and turning that
3 into a community garden or a small park, because given
4 the hard figures of population and housing stock,
5 there frankly is not a demand. So keeping the supply
6 down drives the price up, so you really sustain the
7 community better by not replacing each and every home.

8 MR. MILLER: All right. I appreciate
9 your observation about that.

10 MR. ALTERICI: Can I make one comment to
11 add to that, also? One thing we've also looked at --
12 and Bracken is right as far as we don't need
13 additional houses, but if it's easier to tear them
14 down so we can get them back on the tax rolls, in most
15 cases, these properties are adjacent to a property
16 owner that's going to buy them. It's going to be a
17 minimal price, sure, but it's going to remove the
18 responsibility of the borough having to try to
19 maintain it and it's going to put it back on the tax
20 rolls. It still gets back to getting them cleared out
21 as quickly as possible.

22 We're going through that, as I mentioned, on
23 the three we have tonight in Charleroi Borough that
24 we're going to clear. Two of the properties, we
25 already have people who live next to it who have

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1 approached us that they want to buy the properties.
2 They are not going to build on the properties. Just
3 because they live right there, they want to enlarge
4 their yards and they'll maintain it.

5 So that kind of thing will make it a little
6 easier to maintain and remove some of this blight.

7 Thank you.

8 MR. BURNS: That's an idea. Our tax lady
9 is here, Debbie Bardella, and I know I've hounded her
10 for the last several years on this very issue. We've
11 got hundreds of properties that are sitting next to
12 somebody's house, and I said to her, let's give them
13 to somebody, you know. Give me a hundred dollars for
14 it and you can have the vacant lot next to your home
15 for two reasons. Number one, you're going to maintain
16 it, and number two, you're going to own it, and number
17 three, you're paying taxes on it versus it sitting
18 down in some file box in her office that she can't
19 even find the file on it.

20 The problem -- and I'll ask Debbie to speak to
21 it. The problem is the legal complications.

22 MR. MILLER: What do we need to do to cut
23 through that? I'd like to understand a little bit
24 more about that.

25 MR. BURNS: Debbie, can you go there?

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1 I'm sorry to put you on the spot.

2 MS. BARDELLA: You're talking --

3 CHAIRMAN DALEY: Debbie, come on down.

4 MR. MILLER: She did not want to do this
5 today, by the way.

6 MS. BARDELLA: I did not.

7 CHAIRMAN DALEY: Debbie, could you please
8 identify yourself for the record.

9 MS. BARDELLA: I'm Debbie Bardella, and
10 I'm actually the director of tax revenue, which
11 includes tax claims.

12 MR. BURNS: You're not the tax lady?

13 MS. BARDELLA: Here is the first problem:
14 The tax claim bureau deals with a tax law, real estate
15 tax law of 1947, and so everything is so antiquated,
16 it's so hard to get through the system, as Bracken was
17 saying. We go through three sales before we get to a
18 repository sale. That takes three years, so that
19 house is just sitting there deteriorating. Nobody is
20 taking care of it, so in three years, it might have
21 been something that somebody could have done something
22 with three years prior, and now this house just needs
23 to be torn down.

24 We have people that don't want to buy these,
25 and they do go for minimal -- we used to sell them at

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1 judicial sale for 150, because not too many people buy
2 them at the upset sale. You have to take on the
3 liens, the judgments, everything.

4 CHAIRMAN DALEY: Most people do not know
5 what a judicial sale is. It's a free-and-clear sale;
6 is that right?

7 MS. BARDELLA: It's free and clear of
8 everything but federal and state liens. Those never
9 go away. So a judicial sale, we can get them out the
10 door for maybe 150, and that was always --
11 Mr. Lignelli's concern was these people from New York
12 are buying these properties and then they are an
13 absent landlord. The borough has to cut the grass,
14 because these guys aren't going to come from New York
15 to cut the grass. So he has no way of getting to
16 them. He can send them notices.

17 The law is just so antiquated. It really
18 needs to be looked at. I mean, I had asked
19 legislators about five years ago to look at this law
20 and I'm still waiting for that.

21 REPRESENTATIVE HARHAI: Excuse me. Can
22 we do something to say that they cannot purchase the
23 property? Under Right to Know, you would think --
24 even though the law is 1947, you would think that we
25 have the ability to say you can't purchase this

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1 property. Pete, you have a legal background. Is this
2 something we could add into the bill that can say,
3 hey, you can't buy this. You have to show some sense
4 that you're going to take care of this property. Is
5 that too naive?

6 MS. BARDELLA: It's not in the law, as
7 far as I'm concerned.

8 CHAIRMAN DALEY: Debbie and I have talked
9 about changing the law for the last couple of years.

10 MS. BARDELLA: We have, and we have
11 something Pete has out there to take the liability off
12 the county for these properties. We got hit by a
13 gigantic lawsuit.

14 REPRESENTATIVE HARHAI: We had a had
15 property that took six years from the time I was on
16 council to my last year as mayor, and I'll never
17 forget this property as long as I live. The house was
18 like a shoebox, and it had, like, a \$135,000 federal
19 lien and \$80,000 state, all these liens. And where,
20 how, why --

21 MS. BARDELLA: But you'll never sell that
22 property.

23 REPRESENTATIVE HARHAI: As soon as they
24 forgave it, the next day the guy was there with his
25 thing tearing it down. That's how bad it is. I think

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1 you understand that we understand what we need to do
2 in the way of a change.

3 CHAIRMAN DALEY: The law is now that you
4 can do this three-year sale, but there is the notice
5 that you go through, the tax sale, and if that doesn't
6 go, then you do the free-and-clear sale. And the
7 whole process takes you up to three years and maybe
8 longer; is that correct?

9 MS. BARDELLA: Correct.

10 CHAIRMAN DALEY: And so that is a
11 procedure outlined in the real estate tax law of 1947,
12 so that's where we need to go.

13 MS. BARDELLA: I understand why it's that
14 way. It was to give that homeowner every opportunity
15 to be able to come up with their money and be able to
16 pull themselves out of that hole, but what I'm finding
17 now is that's too long. These people now, they are
18 two years behind. They can't dig themselves out of
19 two years of taxes. Then they are into their third
20 year by the time we're ready to sell. Even if they
21 come up with two years, they didn't pay the third
22 year, so they're back in that cycle again.

23 CHAIRMAN DALEY: Maybe what we can do is
24 carve out an exception for those buildings or
25 properties that have been declared by a community as

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1 blighted, and if we could set up a category of
2 blighted and maybe we could provide an exception that
3 we could accelerate that process so that the
4 landowner, the homeowner that lives there and is
5 trying to pay their taxes, they still get the
6 opportunity to do that. But the person that's
7 abandoned ship, the thing is falling down and it's got
8 rats running in and out of it and Mayor Hall is
9 getting complaints all the time, day and night -- when
10 I was mayor, we got calls all the time. They don't
11 give a crap. Midnight, 2 o'clock in the morning,
12 they'd call you and they'd tell you about this
13 problem, we saw a rat. We just saw a rat a half-hour
14 ago. It's 3 o'clock in the morning.

15 But maybe we could carve out an exception to
16 that law and provide some accelerated processes for
17 blighted or deteriorated properties that the borough
18 or municipality could designate as such. We can come
19 up with a definition of blighted.

20 Chris, you had your hand up.

21 MS. HAINES: Instead of making an
22 exception for the blighted areas, why not change the
23 law to make the exception for the homesteads, to keep
24 those at the same three-year period, but the places
25 that are not someone's residence, they get

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1 fast-tracked.

2 MR. MILLER: That's an idea, because I
3 think the law from '47 wasn't designed to protect the
4 speculators.

5 MR. BURNS: It didn't exist in '47.
6 Every home had somebody living in it and probably had
7 been there for three generations.

8 MR. MILLER: That law was designed to
9 protect that property owner.

10 MR. BURNS: Totally different ballgame.

11 MS. HAINES: Because the blight criteria,
12 that's a whole 'nother ballgame that you've got to go
13 down to road five, six, seven years before you reach
14 that criteria, and at that point, as you pointed out,
15 Mr. Harhai, the property isn't worth anything.

16 CHAIRMAN DALEY: If it's habitable, it
17 falls into the three years.

18 MS. HAINES: No, if it's occupied. If it
19 falls under the homestead exemption for your real
20 estate taxes as your primary residence --

21 MS. BARDELLA: It has to be owner
22 occupied.

23 MS. HAINES: Owner occupied.

24 MR. MILLER: That makes sense.

25 CHAIRMAN DALEY: The young lady was Chris

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1 Haines that was just speaking concerning the question
2 regarding the homestead exemption. The gentleman in
3 the front --

4 MR. ZOSKY: Bill Zosky. There is a
5 difference between a landowner and a house -- you
6 know, a homeowner. I'm a homeowner.

7 CHAIRMAN DALEY: You may also own
8 property.

9 MR. ZOSKY: Right. Do you want to treat
10 my home different than my other property?

11 REPRESENTATIVE HARHAI: I think the key
12 word was an "inhabited" property. That's the
13 difference.

14 MR. ZOSKY: I could live in this house,
15 but I could own 20 other ones, treat those as
16 something different than my own home, which they do.

17 MR. PURCELL: One of the problems is --

18 REPRESENTATIVE HARHAI: Identify yourself
19 for the young lady.

20 MR. PURCELL: My name is Pat Purcell.
21 I'm from Brownsville.

22 CHAIRMAN DALEY: Pat Purcell?

23 MR. PURCELL: P-u-r-c-e-l-l. The problem
24 is we have a guy in town, he owns 125 properties.

25 CHAIRMAN DALEY: 118.

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1 MR. PURCELL: He is an absentee landlord,
2 almost everything that these guys said. What he did
3 was he hasn't paid taxes. He is going into his sixth
4 year right now. He is in his sixth year. And what
5 happened was in September, he was supposed to be on a
6 tax sale, but a judge in Uniontown pulled him off the
7 tax sale. Now it's not going to go on the tax sale
8 maybe -- she says it's going to be in May. I don't
9 believe it. It might go in September. That's going
10 to be six years, and then the thing is, he owes over
11 \$250,000 on his properties. Nobody is going to buy
12 the properties because of the taxes he owes.

13 So now you got to wait another two years to go
14 on a free-and-clear. So the guy won't have to pay
15 taxes for almost eight years before it even gets to
16 the thing, and that's what she's talking about, the
17 antiquated system that you got. It should be two
18 years and, boom, you get -- what he gets, he made a
19 payment one time. They pulled him off the tax list
20 for it. That's what these people do, and they are
21 absentee landlords.

22 And talk about cutting grass or doing
23 anything, these guys don't do anything. Whenever he
24 does go to the court system, like a perfect example,
25 they fined him \$29,000 last year in May. He appealed

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1 it in June. It didn't get heard until February 17th
2 of this year, and then the judge who was supposed to
3 do it was out of town. And then they go another month
4 and they get another judge. The judge turns around
5 and knocks off \$20,000 of the fine, and they gave him
6 another 60 days to appeal. He could keep on appealing
7 it. This guy hasn't paid any fines.

8 CHAIRMAN DALEY: I understand what you're
9 saying, but we're not here to criticize the idiots on
10 their properties in Brownsville.

11 MR. PURCELL: I know I'm out of place
12 telling you about Brownsville. I'm just listening to
13 what she's saying about an antiquated system. And,
14 like, you're trying to bring something in here, and to
15 me, like this guy here says bring in parks and places
16 to grow groceries or something. That's not the
17 solution to this thing.

18 My solution is that you got to get rid of the
19 properties and you got to get rid of these absentee
20 landlords. You shouldn't have a landlord that you
21 can't get ahold of. He's got a problem. If he's got
22 a problem, you should be fining that guy and he
23 shouldn't be able to go to court and appeal it for
24 three years before everything gets done. That's the
25 bottom line.

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1 MS. BARDELLA: Can I add that there are
2 homes that people live in they haven't paid taxes for
3 10, maybe 20 years, some people. They are still
4 living in those homes because there is nothing in the
5 law that tells them they have to leave. Even though I
6 haven't sold them in three sales in three years, but
7 they do not have to move. They stay there and they
8 continue not to pay their taxes and we have no teeth
9 whatsoever.

10 CHAIRMAN DALEY: So you're saying that a
11 place comes up for sale, and if it's sold, the people
12 still live in the property, they are not ejected from
13 the property?

14 MS. BARDELLA: I'm saying if it's not
15 sold. Then it goes to the judicial sale, it is not
16 sold. It goes to repository and it sits there for 10
17 or 20 years. Those people can live in there, because
18 nobody evicts them. We don't own them.

19 MR. BURNS: I don't think you want to
20 advertise that, Deb.

21 MS. BARDELLA: We don't own it. We just
22 are the trustees of the property. We have no
23 jurisdiction to move those people out of there. They
24 live in that house, and usually it's a deplorable
25 house that nobody wants to buy and liens are piling up

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1 on them.

2 REPRESENTATIVE HARHAI: They watch the
3 sale knowing it's not going to happen. I was going to
4 say I apologize for implying that you were bellowing
5 when you spoke. Continue to bellow, and I think we
6 need to change that.

7 CHAIRMAN DALEY: Ed, do you want to say
8 anything before you leave?

9 MR. LYONS: Fortunately, in North Belle
10 Vernon, we don't have that serious of a problem. By
11 the way, my name is Ed Lyons from North Belle Vernon.
12 We have one, in particular, that's sort of rang a bell
13 with Mr. Garber and myself. We've been trying to get
14 this individual prior to me, I'd say in the last ten
15 years, and his elusiveness is actually -- he probably
16 should have went for an attorney, because without
17 going to law school, he knows all the angles that you
18 can get.

19 MR. BURNS: As elusive as an attorney.

20 MR. LYONS: We're going through that
21 process now of the next phase is a judicial sale, and
22 we're not -- that doesn't sound very promising there,
23 either, but like I say, we came here today because we
24 thought maybe we could pick up a few pointers as to
25 how we can deal with the limited amount of blighted

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1 conditions we have in our community, but I've often
2 said that your blight begins with the first house, and
3 if you don't really land on that with the best of your
4 ability to resolve it, you're going to be dead in the
5 water in a few years.

6 So to make a long story short, I think the
7 1947 law has to be changed. We have to have some laws
8 that gives us quicker access to eliminate these
9 problems, because as Bracken was kidding around about,
10 people are becoming aware of the looseness in the
11 system. They are aware and they don't care. We've
12 had some problems with people that own property in
13 Maryland, Philadelphia. We have two homes that three,
14 four years ago would have been good dwelling places,
15 but now the doors are open, windows are open. They
16 are now becoming a nuisance. This individual lives in
17 Naples, Florida, and he's not coming back to
18 Pennsylvania. He can care less.

19 So in any case, I wasn't prepared to speak
20 today, but I appreciate being here and we did pick up
21 a few points, and hopefully our good man,
22 Representative Harhai, we'll be in touch with one
23 another and thanks for the invitation.

24 CHAIRMAN DALEY: It's my pleasure.

25 REPRESENTATIVE HARHAI: Mr. Chairman, I

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1 think that adding that Mayor Lyons is from North Belle
2 Vernon, which is in Westmoreland County, and we have
3 the same problems in Westmoreland that you have in
4 Washington, and I also serve a little bit of Fayette
5 County, so we have those additional problems there.
6 So it's not a unique thing to any county. As
7 Representative Evans said, it's all over 67 counties.

8 Thank you.

9 CHAIRMAN DALEY: Thank you. If there is
10 no other commentary, I want to thank everyone for
11 their testimony today, and thank you, Debbie, for
12 coming up front, which I told you I'd get you.

13 MR. BURNS: She'll never come with me
14 again.

15 MR. ZOSKY: I was going to ask you a
16 question.

17 CHAIRMAN DALEY: We're not done with our
18 hearing yet, but if you want to ask a question, go
19 ahead.

20 MR. ZOSKY: Bill Zosky. I want to ask a
21 question. Why can't we do something about code
22 enforcement officers, period? I mean, if you think
23 about it, I don't think those guys have enough teeth
24 to do anything. It's like when my brother was a cop,
25 he used to arrest people, you remember, and he'd go up

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1 to the judge and the judge went like this
2 (demonstrating), so quit arresting people.

3 CHAIRMAN DALEY: We'll look into it.

4 MR. ZOSKY: Seriously, those guys need
5 the laws to be enforced.

6 CHAIRMAN DALEY: We will absolutely look
7 into that issue.

8 The next panel will be the regional and
9 statewide perspective, Doug Van Haitsma, Joanna
10 Deming, and Aggie Brose.

11 MS. DAVIDSON: Bethany Davidson,
12 actually.

13 CHAIRMAN DALEY: Bethany Davidson,
14 replacing Aggie Brose.

15 MR. MILLER: Wasn't Aggie -- I'm sorry.
16 I was just trying to -- I thought she was replacing
17 you initially.

18 MS. DAVIDSON: It went back and forth
19 because she had a conflict.

20 MR. MILLER: That's all right. It
21 doesn't matter. We appreciate that you're here.

22 CHAIRMAN DALEY: Doug, we can start with
23 you because we have two ladies and we can't say ladies
24 go first.

25 MR. VAN HAITSMAS: I appreciate you

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1 allowing me to go first, because I am going to have to
2 leave shortly after because I am due to a closing to
3 buy two foreclosed properties in Charleroi at 2:30, so
4 it actually worked out great that I could be here at
5 the same time as that closing.

6 Again, my name is Doug Van Haitzma, and I'm
7 here on behalf of the ten Mon Valley communities that
8 are members of the Mon Valley Initiative. I also am
9 on the board of the Housing Alliance of Pennsylvania,
10 a statewide organization made up of housing
11 developers, both nonprofit and for-profit, local
12 government officials, bankers, lawyers, and community
13 residents. They are a rich resource for housing
14 policy, and I'm grateful for them for some of the
15 points I'm going to make today.

16 The Mon Valley Initiative was founded in 1988
17 to restore the economic vitality of the Mon Valley,
18 obviously a very challenging mission. We currently
19 serve ten communities that border Pittsburgh, all the
20 way down to Charleroi, and we have developed over 350
21 units of housing, including 125 rehabs that were all
22 vacant and/or abandoned. In my capacity as the
23 director of real estate development, I am dealing
24 daily with the challenges and opportunities that
25 blighted property has on our communities.

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1 There is a great deal of variety in the
2 different communities we're serving. Several
3 communities have traditionally been very stable with
4 population loss of only about 20 percent over the last
5 50 years. However, our coalition also includes
6 communities with far greater population loss, and with
7 that, of course, far greater problems with abandoned
8 and blighted structures. The Borough of Braddock, for
9 example, located just six miles from downtown
10 Pittsburgh, went from 26,000 residents in the 1950s to
11 just 2600 residents today.

12 With such divergent communities, we've
13 developed a unique development strategy to deal with
14 the blight with each community. For example, in
15 Braddock, where there is 90 percent population
16 decline, we focus on reducing the number of structures
17 and properties so that for every house we develop or
18 rehab, we try to combine three vacant or blighted
19 lots. This creates a competitive advantage for
20 Braddock and the other communities like it in that
21 it's possible to create large lots, a real selling
22 point for young families and others that want larger
23 yards.

24 In our stable communities, such as Turtle
25 Creek, Swissvale, and East Pittsburgh, our strategy

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1 focuses on defining strategic residential areas in
2 each of those communities and then aggressively
3 pursuing any vacant property that becomes available.
4 We believe this strategy is fundamental to keeping our
5 communities stable, not the just in the Mon Valley,
6 but throughout PA. As Commissioner Burns had stated,
7 blight is a cancer on communities and it is worrying
8 me to see some of these historically stable
9 communities dealing with these skyrocketing
10 foreclosures. We need to address this before they
11 cross that tipping point to become a rapidly declining
12 community.

13 While MVI's programs of developing housing and
14 purchasing, rehabbing, and selling vacant houses are
15 important to stem the spread of blight, we have found
16 it's equally important to keep properties from sliding
17 into blight. Municipalities need to have tools that
18 will allow them to enforce code violations. In
19 considering the different ways municipalities handle
20 code violations, I have several observations:

21 First, small municipalities vary greatly in
22 what they believe they are allowed to do in addressing
23 code violations. While some communities have been
24 very successful in aggressively going after code
25 violations, other communities have had very little

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1 success. The knowledge base of the code enforcement
2 officers, municipal officials, and legal counsel also
3 vary greatly. I would recommend the state create a
4 comprehensive website on code enforcement and
5 blighting laws that would allow municipalities to
6 quickly get up to speed on what tools are available to
7 them. The website could also contain a statewide
8 database that would allow municipalities to find out
9 if a potential buyer of municipal property has code
10 violations elsewhere so a slum landlord can't spread
11 blight.

12 Other recommendations that can be enacted at a
13 state level that would greatly assist local efforts at
14 fighting blight are a private asset attachment which
15 would allow local governments to seek reimbursement
16 for money expended to board up or demolish a building,
17 and not just by placing a lien on the property, which
18 as one of the mayors had stated, they'll never get
19 back. It would instead attach it to the owner's
20 assets. In especially cash-strapped communities, this
21 is a big issue.

22 Another aspect is corporate responsibility.

23 CHAIRMAN DALEY: One second. How would
24 you do that, attach it to the owner's assets? Tell me
25 how you envision that occurring.

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1 MR. VAN HAITSMAS: It would be similar to
2 how credit companies work. If you don't pay your
3 credit card bill, it sticks with you.

4 CHAIRMAN DALEY: They can come and get
5 your car.

6 MS. HAINES: They can go after other
7 assets. It stays with the person, not the property.
8 It follows the person.

9 CHAIRMAN DALEY: What happens with a
10 corporation?

11 MR. VAN HAITSMAS: Well, with corporate
12 responsibility, we would require corporate owners to
13 list all the corporate officers' names and addresses
14 on the deeds and file a copy of their driver's
15 licenses, so that would give local government a way of
16 finding the people behind the corporate name.

17 CHAIRMAN DALEY: Members of the
18 corporation are under the corporate --

19 MR. VAN HAITSMAS: Well, that's true. If
20 they are limited liability, it's hard to go past that.

21 MR. MILLER: Take their license.

22 MR. VAN HAITSMAS: I certainly don't
23 have --

24 CHAIRMAN DALEY: I don't think that would
25 be constitutional. I'm trying to think through the

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1 solution. That's what I'm trying to do.

2 MS. DEMING: It's a way to contact
3 people. It's less of an enforcement, but it's a way
4 to contact people and start here, if they're still
5 interested in the property, and start to negotiate.
6 I'm not sure how the asset attachment fits, but that's
7 more where the corporate responsibility is.

8 MR. LUCI: It would lose the anonymity of
9 these corporate officers.

10 CHAIRMAN DALEY: Corporate officers can
11 change every year. If you're a shareholder of a
12 corporation, that could change. You don't necessarily
13 stay.

14 MR. VAN HAITSMAN: That is a problem,
15 however. Obviously, one of the big issues that the
16 municipalities are facing is that you've got a
17 nameless corporate entity that has picked up a pile of
18 properties and you can't contact them, they don't have
19 anyplace to send letters. They can operate in the
20 anonymity, and we've got to figure out a way to get
21 beyond that.

22 And then related to that, as I think one of
23 the mayors had also mentioned, we've got to have an
24 ability to reach out-of-state owners. The nature of
25 property ownership has changed in the last decade.

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1 The problem of out-of-state owners is no longer
2 limited to people who once lived in Pennsylvania and
3 moved away, nor is it a problem with border
4 communities, such as Philadelphia properties that are
5 owned by New Jersey residents. Right here in the Mon
6 Valley, we have dozens of properties being sold and
7 bought on eBay by owners who never see the property
8 but hope to make a profit by simply flipping it.

9 In Charleroi, an investor from New York
10 purchased a handful of properties out of tax sale and
11 is now listing them for sale without having done a
12 single thing to them. Local officials must have a way
13 of bringing these owners to PA for prosecution if they
14 don't fix their properties.

15 And so I would also like to say a few words
16 with tools that can help us deal with the existing
17 vacant and blighted buildings. Addressing blight is
18 largely a local responsibility, yet state law provides
19 the framework for the acquisition and disposition of
20 blighted and abandoned property, especially when code
21 enforcement fails or is inadequate. State law sets
22 out the range of allowable practices under state tax
23 law, eminent domain, property donation, urban
24 redevelopment, and spot condemnation.

25 In Allegheny County, we have developed a

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1 wonderful relationship with the Redevelopment
2 Authority of Allegheny County. This entity is
3 empowered to use eminent domain to take abandoned
4 property and transfer it to our nonprofit. They also
5 use this for their side yard program, which has been
6 very successful. Usually it cost them about \$4,000 to
7 run it through all the legal costs, and they can
8 transfer property free and clear to a qualified owner.

9 CHAIRMAN DALEY: This is called the side
10 yard program?

11 MR. VAN HAITSMAN: Actually, it's called
12 the vacant property recovery program.

13 CHAIRMAN DALEY: Can you get us some
14 information on that?

15 MR. VAN HAITSMAN: Sure. I can get you a
16 contact person for it.

17 In the last five years, we have acquired
18 approximately 150 abandoned properties in our
19 communities, almost all of which were properties that
20 had long been abandoned and owner could not be found.
21 Unfortunately, of course, there are tens of thousands
22 of abandoned parcels in our region that fit this
23 description. This tool allows us to acquire those in
24 key areas for redevelopment. Without this option for
25 public taking, we would not have been able to make the

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1 high impact in our neighborhoods.

2 In our non-Allegheny County communities, we
3 generally have to deal with tax sales and repository
4 lists. The tax sale laws date back to the 1920s when
5 Pennsylvania was still an industrial power. Tax sale
6 is one of the main ways that property transfer takes
7 place when something goes wrong and taxes end up being
8 unpaid. Tax foreclosure and mortgage foreclosure, for
9 example, go hand in hand, but the tax sale laws are
10 blind to the interests of the next-door neighbors or
11 the community. The highest bidder can get the
12 property, whether or not that person has dozens of
13 unabated code violations outstanding, whether or not
14 they have the wherewithal to fix up the property, or
15 even if they have the desire to fix up the property.
16 Yet the law says the property must go to the highest
17 bidder, regardless.

18 While Pennsylvania's tax sale laws provide a
19 sound revenue generating mechanism, it unfortunately
20 has become a big tool for the proliferation of blight.
21 Without being modernized, it is hamstringing the
22 ability of local officials to get a handle on a
23 problem property or a problem owner. I would
24 recommend amending this law so that local government
25 has the right to review a sale before it is finalized

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1 and they can deny the high bidder if they have a high
2 history of being a flipper or have outstanding code
3 violations.

4 These, of course, are all acquisition tools.
5 It doesn't make sense for us or anyone else to acquire
6 these properties without continued funding for housing
7 and redevelopment activities to bring these properties
8 back to productive use. The state has been a powerful
9 partner in our efforts to do comprehensive
10 redevelopment programs.

11 PFHA's home ownership choice program, which
12 provided funds to revitalize concentrated areas in a
13 neighborhood to create a new stable market, has been
14 an incredibly powerful tool for us to do comprehensive
15 redevelopments in Homestead, Braddock, North Braddock,
16 and Swissvale. This allowed us to leverage additional
17 millions of dollars of funding to create over 70 units
18 of new and rehabbed housing and return over 150 vacant
19 properties back to the tax rolls.

20 We have had similarly strong success with
21 DCED's HRA funding. However, as you know, with a
22 downturn in the economy, funds for these programs have
23 greatly been cut back.

24 Finally, I want to thank you, Representative
25 Daley, for your leadership in moving legislation that

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1 would create a statewide housing trust fund that could
2 be administered by PHFA. I strongly support this
3 legislation. I think PHFA has a proven track record
4 of administering funds and would provide a reputable
5 vehicle for distributing National Housing Trust Funds
6 and future funding that may become available for the
7 state's housing needs.

8 MVI is encouraged that progress is being made
9 to modernize the blighted property system. Our
10 organization is proof that blight can be addressed,
11 properties can be fixed up and returned to the market,
12 communities can be revitalized, but it takes a lot of
13 leadership, vision, and innovation. These changes
14 cannot happen without a strong partnership of state,
15 local, private investment, and nonprofit community
16 contributions.

17 Thank you.

18 CHAIRMAN DALEY: Thank you. Any
19 questions?

20 (No response.)

21 CHAIRMAN DALEY: Our next testifier will
22 be Joanna Deming.

23 MS. DEMING: Good afternoon. My name is
24 Joanna Deming. I am here on behalf of the Housing
25 Alliance of Pennsylvania, which Doug is on our board.

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1 The Housing Alliance of Pennsylvania, as Doug
2 mentioned, was founded in 1958, and we work for a
3 safe, decent, affordable, accessible home for every
4 Pennsylvanian.

5 We are all here this afternoon to discuss the
6 issue of blighted property and to look for solutions
7 to that problem. But before I turn to specifics, I'd
8 like to step back and look at how blight relates to
9 the larger issue of a well-functioning housing market.
10 Clearly, at the moment we do not have a
11 well-functioning housing market. It is our belief
12 that the problems in the housing market run much
13 deeper than those caused by exotic mortgages or high
14 unemployment. As we see it, the housing market is out
15 of balance and has been for a long time.

16 From our perspective, a well-functioning
17 housing market is one that offers quality homes in
18 reach of all Pennsylvanians, whether it's market-rate
19 home-ownership opportunities, low-cost home-ownership
20 opportunities, market-rate rental opportunities, or
21 low-cost rentals, and supportive housing for those who
22 can't live independently. It should be part of a
23 larger marketplace that integrates residential,
24 commercial, social, and cultural opportunities.

25 This is our vision of strong communities,

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1 places where people of all walks of life can live,
2 work, go to school, raise families, and retire. But
3 this is not what we have. Our housing market does not
4 provide for low-wage workers or people on fixed
5 incomes. Nor does it support a variety of
6 communities, including rural, suburban, and urban.
7 Our housing market is out of balance economically and
8 geographically.

9 Of course, there is good reason why the market
10 does not provide affordable homes to people with low
11 incomes and why it does not support our older
12 communities as well. The reason is economics. It
13 simply costs more to build or rehab a home than a
14 low-wage worker can pay. Similarly, rehabbing a
15 blighted property costs way more than its after-rehab
16 market value. There is no incentive for private
17 developers to do the work. I have enough confidence
18 in the private market that if the private market could
19 address blight and abandonment, then we would not be
20 here today discussing these problems.

21 So what can we do? As a state, we can adjust
22 our public policies to provide incentives to the
23 private market and create balance in the marketplace.
24 We can address barriers to development. We can set
25 priorities for targeting resources and we can invest

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1 more resources. Every dollar invested will see a
2 return, not only in the creation of more affordable
3 homes, but also in dollars back to the communities and
4 back to the state. The Housing Alliance released a
5 report, "Rebuilding Pennsylvania's Housing Market,"
6 which showed that every dollar invested generates 1.62
7 to \$2.08 in the state's economy. It is essential for
8 the well being of our Commonwealth and all its
9 residents that we invest in our communities and in
10 homes within reach of all.

11 Over the past ten years, the General Assembly
12 has taken steps to help eliminate blight and tip the
13 scales toward revitalizing our older communities. You
14 have in front of you our "New Tools for Old Problems"
15 outline. It lists many resources of which communities
16 can avail themselves, and everyone in the room has a
17 copy and it may be useful.

18 We're working with Sustainable Pittsburgh to
19 help educate people concerning these tools and
20 implement a regional strategy to address blight. I
21 will not read through the entire list, but I would
22 like to highlight a few that may be useful to folks in
23 the room.

24 The first is conservatorship. We now have a
25 process for the court appointment of a third party to

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1 handle the rehabilitation of a property when the owner
2 has disappeared or refuses to act. This is a very
3 significant step forward. Communities across the
4 Commonwealth are beginning to use it. Actually, the
5 Borough of St. Clair in Schuylkill County used it last
6 summer, and Pittsburgh and Philadelphia are working on
7 implementing it as well. We have staff dedicated to
8 assist in implementing the law and a resource page on
9 our website, housingalliancepa.org.

10 CHAIRMAN DALEY: Can I ask you a
11 question? The Borough of St. Clair, for most people,
12 at least from western Pennsylvania who haven't been to
13 St. Clair, which is off Interstate 81 in Schuylkill
14 County, St. Clair is an old coal mining community,
15 very much like what we consider patches in our area.
16 St. Clair is very much like that with a little
17 downtown, am I correct? And how did that turn out for
18 them?

19 MS. DEMING: They ended up actually using
20 it for demolition. They transferred the property to
21 the neighbor and the neighbor demolished the site.

22 CHAIRMAN DALEY: Once they demolished the
23 site, did they take ownership of the site?

24 MS. DEMING: The neighbor took ownership,
25 yeah. The neighbor had ownership of the site. So

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1 similar to a side yard program that they used it for.

2 The municipal housing code avoidance:

3 Repeated housing code violations are now a criminal
4 offense, so that's one way we have of holding people
5 accountable, that it is a criminal offense now. It
6 can be used to motivate recalcitrant owners.

7 The elimination of the redemption period:

8 Purchasers at tax sale no longer have to wait years
9 before beginning work on the property they bought if
10 it's vacant. Under the real estate tax sale law,
11 there is no longer a right of redemption. Someone
12 can't come back and get the property. Under the
13 Municipal Claims and Tax Lien Law, it has been reduced
14 to nine months for occupied properties, so if it is
15 occupied, there is still nine months. As a practical
16 matter, title companies wait that nine months to make
17 sure that nobody is in the property.

18 Right of first refusal is a law that passed;
19 however, it was put into the wrong part of the law.
20 But it does allow municipalities and redevelopment
21 authorities to acquire properties needed and keep
22 properties from slum landlords. So it was passed, but
23 it's just in the wrong part of the law, and
24 Representative Perzel introduced another law to put it
25 in the right part of the law. It's kind of what we've

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1 been talking about, giving the municipality kind of
2 control to make sure that properties aren't getting,
3 you know, to an eBay person or somebody who owns all
4 these other properties.

5 CHAIRMAN DALEY: Do you know the House
6 Bill number?

7 MS. DEMING: Yes. It's House Bill 1917.

8 Prohibited purchasers: The General Assembly
9 has set forth instances where a purchase at sale can
10 be avoided because the purchaser has outstanding code
11 violations, has lost a rental license, or is tax
12 delinquent. So you can prohibit certain people from
13 buying properties in your municipality if they are a
14 known offender or if they have code violations.

15 So we have these new laws and they are all
16 useful, but they obviously haven't solved the problem.
17 For one thing, people need to be educated about them.
18 For another, as you've heard today, each story has its
19 own situation, its own problem, and we really need a
20 diverse set of tools to get at these different
21 problems.

22 A couple initiatives in the works right now in
23 this session: Representative Wheatley introduced a
24 bill that would allow someone who lived in a home for
25 ten years after the owner of record has disappeared to

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1 petition the court for title. It's House Bill 1322.
2 And then House Bill 1917, that's the one we mentioned
3 before about the right of first refusal. House Bill
4 712, Representative Taylor introduced the bill to
5 create land banks to hold vacant property that is not
6 purchased at tax sale and ready it for development.
7 So the land bank law would help people be able to
8 clear title and be able to market that property for
9 development.

10 However, Pennsylvania is now getting some
11 technical assistance from the Center for Community
12 Progress in DC, working with experts in Flint, to have
13 actually turned the land banking model on its head and
14 been able to make the land bank self-supporting and
15 raise revenue. Dan Kildee was in the Capitol for a
16 brief last month.

17 There is also the blight bills. The Housing
18 Alliance was invited by Senator Rhoades to be a part
19 of the blight task force which helped craft last
20 session's Senate Bill 1291 and House Bill 2445, known
21 generally as the "blight bills." These bills proposed
22 a number of initiatives, one, allowing municipalities
23 to attach the assets, which Doug talked about, of the
24 property owners, not just lien the property; allowing
25 the state municipality to deny permits to persons with

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1 outstanding code violations; placing greater
2 responsibility for property maintenance on lenders who
3 initiate foreclosure, because right now, lenders
4 initiate foreclosure and never take the deed, so there
5 is no one to maintain the property, they don't have a
6 liability, and it's a real problem; creating a
7 statewide database of properties with code violations;
8 providing grants to municipalities for code
9 enforcement to really vamp that up; and allow for
10 specialized housing courts so there is one point
11 person on housing that tracks the progress of the
12 person fixing up their property and holds them
13 accountable.

14 And then this session, Senator Argall has
15 continued the Blight Task Force and introduced Senate
16 Bill 900, which is a shorter version of Senate Bill
17 1291. And, Representative Daley, we acknowledge your
18 interest in a House bill.

19 CHAIRMAN DALEY: Our bill is the one you
20 just described. Our bill is sort of like 1291.

21 MS. DEMING: The Rhoades bill.

22 CHAIRMAN DALEY: What we're trying to do,
23 as you can see from these hearings, is to fortify it
24 with some other language.

25 MS. DEMING: Make sure it's

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1 comprehensive.

2 MR. MILLER: Exactly. I haven't really
3 talked to Pete too much about this. Just generally
4 speaking, I think we need to get the draft back on the
5 website so more people can see it. I'm reluctant to
6 have a bill number assigned right now, because I think
7 the amendment process would be so cumbersome, because
8 there are so many different ideas out there about how
9 we address blight, that in order to build -- I'd
10 rather spend a little bit of time building a better
11 draft and then perhaps not have it amended as much on
12 the floor or in committee, so that's what our thoughts
13 are there.

14 MS. DEMING: Getting some more input so
15 you can make sure it's what you want.

16 MR. MILLER: Right, that the draft is as
17 close to perfect as it can be before we put a bill
18 number on it.

19 MS. DEMING: I'm just going to wrap up.
20 I just wanted to mention House Bill 60, which is your
21 bill, Mr. Chairman, and Senate Bill 599 introduced by
22 Senator Yaw. As I said earlier, none of this work,
23 not the provision of affordable homes or the
24 remediation of blight can happen without an investment
25 from the state, and we are working to establish a

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1 state housing trust fund now, even though it will be
2 funded by federal dollars for now. When Congress
3 approves the proposed \$1 billion nationally to
4 capitalize the fund, it will mean 34 million for
5 Pennsylvania that can go towards redeveloping housing,
6 which is, you know --

7 CHAIRMAN DALEY: I'm not shaking my head
8 because I'm saying no. You do not know the
9 aggravation we've been through with this bill. We had
10 it on the floor ready to go and our leaders pulled the
11 plug on it two weeks ago. We sent it, as a
12 compromise, back to our committee to do some drafting,
13 and they said they didn't want any amendments after we
14 agreed to put amendments in, and we are bringing the
15 bill back out and we're going for a touchdown. We're
16 going to put everyone's feet to the fire.

17 MS. DEMING: I understand there has been
18 some issues with amendments, and, actually, the
19 Housing Alliance is meeting with (inaudible) as we
20 speak.

21 CHAIRMAN DALEY: That's wonderful.

22 MR. MILLER: That occurred yesterday, I
23 believe, right?

24 MS. DEMING: It's right now.

25 MR. MILLER: Right now?

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1 CHAIRMAN DALEY: Oh, good. We've been
2 trying to educate them on the issue.

3 MS. DEMING: Hopefully, we'll see some
4 progress and it won't be a discussion. The only
5 discussion we'll have to have is down the road with
6 state investment.

7 But thank you so much for this opportunity to
8 address you, for your continuing efforts to eliminate
9 blight, strengthen our communities, and really address
10 the needs of lower income Pennsylvanians.

11 CHAIRMAN DALEY: Thank you. Any
12 questions?

13 (No response.)

14 CHAIRMAN DALEY: Thank you very much,
15 Joanna. And now we have Bethany.

16 MS. DAVIDSON: Yes.

17 CHAIRMAN DALEY: Please identify yourself
18 for the record, Bethany.

19 MS. DAVIDSON: My name? Bethany
20 Davidson. I'm the deputy director of the Pittsburgh
21 Community Reinvestment Group, and I am also the staff
22 person to the City of Pittsburgh's Vacant Property
23 Working Group.

24 CHAIRMAN DALEY: Naked property?

25 MS. DAVIDSON: Vacant. Slightly

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1 different topic areas.

2 CHAIRMAN DALEY: I was going to say,
3 that's a whole definition I hadn't found. That
4 happens when you hit 55 and start losing your hearing.

5 MS. DAVIDSON: To give you a little bit
6 of background, PCRG is a membership group of
7 Pittsburgh's low-to-moderate income neighborhoods, and
8 right now, we represent 40 of the 90 neighborhoods,
9 which is just about half of the city's population.
10 The Vacant Property Working Group was convened 15
11 years ago and includes additional non-PCRG members,
12 other neighborhoods in the city and outside of the
13 City of Pittsburgh, so we do have coverage in all of
14 Allegheny County.

15 This has been a coalition of community
16 stakeholders, both neighborhood -- both individuals in
17 neighborhoods, neighborhood-based CDCs and
18 community-based organizations and government agencies
19 that work collectively towards the eradication of
20 vacant and nuisance properties in the City of
21 Pittsburgh and Allegheny County.

22 Some facts that I know you've heard, but it's
23 good to keep some of the numbers in the forefront of
24 our mind, is that the City of Pittsburgh has lost over
25 50 percent of its population in the last 50 years. We

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1 can talk about the region and we can talk about the
2 urban areas, but urban/suburban/rural areas across
3 Pennsylvania all have common issues and we are all
4 losing population here in southwestern Pennsylvania.
5 Some of our neighborhoods, as much as 90 percent of
6 the population has gone in the last 50 years, for
7 various reasons. They've moved away, aging
8 populations have passed, they've gone into the
9 suburbs, but they've left the city. And then you
10 compound that with the recent foreclosure crisis and
11 you have a lot of abandoned structures. And what do
12 you do with that infrastructure that was built 70
13 years ago to house a population of 600-, 700-, 800,000
14 people that now is 330,000.

15 CHAIRMAN DALEY: Bethany, let me ask you
16 a question. With your experience nationally, do you
17 see this type of phenomenon like a Braddock
18 phenomenon, the 90 percent loss, this is sort of like
19 a ghost town in the silver mines and nickel mines and
20 the gold mines that were out West.

21 Do you see that anywhere else in modern
22 America that we've seen in the last 50 years, this
23 absolute --

24 MS. DAVIDSON: Sure. There is definitely
25 a commonality in what you call the "rust belt cities,"

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1 the Detroit and Clevelands and Buffalos and St.
2 Louis, when industries that were flourishing in the
3 '40s and '50s started to leave and the jobs left and
4 the people went with them. So we are not alone in
5 this problem, but I can't speak as much to the West
6 Coast. I don't know if Joanna or anyone else can, but
7 certain industries --

8 CHAIRMAN DALEY: So you're saying it's
9 really northeast United States?

10 MS. DAVIDSON: Kind of northeast/midwest
11 corridor.

12 CHAIRMAN DALEY: I heard a figure the
13 other day that absolutely baffled me that in
14 Harrisburg, 75 percent of Harrisburg's growth has been
15 over the last 25 -- the Harrisburg region, Harrisburg,
16 Lancaster, Carlisle. Seventy-five percent growth over
17 the last 25 years. And I'm flabbergasted, because
18 I've been there over 25 years and I remember when
19 there were not as much as there is now, but that is so
20 untypical for anywhere else.

21 MS. DEMING: The northeast tier has
22 gotten a lot of influx from Jersey.

23 MS. DAVIDSON: We're considered a New
24 York suburb at this point.

25 CHAIRMAN DALEY: That's another

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1 phenomenon that I know our committee has dealt with,
2 all this new housing starts in the Pocono region and
3 that whole area because it's so close to New York and
4 a lot of people are coming into that region for homes
5 that are 300,000, but you buy them in Jersey near the
6 city, it's 600,000. But that's a whole other issue
7 that we have to deal with on foreclosures and things.

8 MS. DAVIDSON: Southwestern Pennsylvania
9 and some of the other rust belt cities or midwest
10 cities have seen not the spike in foreclosure that the
11 rest of the country has seen, but a steady increase.
12 But our abandonment is the same or higher. Other
13 places have just kind of joined us recently because
14 they have had that spike.

15 CHAIRMAN DALEY: Ohio has been as much or
16 higher than we have been. As a matter of fact, their
17 foreclosure rate was twice of Pennsylvania's. We
18 don't have the numbers -- I think the last thing I saw
19 was 11,000 foreclosures this year, being 2009, but it
20 was like 22,000 or 21,000 in the state of Ohio.

21 MS. DAVIDSON: Exactly. We've just
22 had -- we've been above them for longer. We've had a
23 higher foreclosure rate for 40 years, so they have a
24 higher rate now because they have more occupied
25 structures to be foreclosed on, essentially.

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1 CHAIRMAN DALEY: We've been experiencing
2 the pain for a longer period of time than anyone else.

3 MS. DAVIDSON: Exactly.

4 MR. BURNS: We're precocious in
5 foreclosures. We're ahead of our time.

6 MS. DAVIDSON: So we do have over 20,000
7 abandoned lots and structures in the City of
8 Pittsburgh, which is 12 percent of our housing stock.
9 The national average is just under 10 percent, so we
10 are above the abandonment. And that number is
11 actually just a couple of years old, so you add to
12 that the foreclosures and we're even higher at this
13 point.

14 Fifty percent of our housing stock was built
15 before 1940, which means that it's 70 years old plus
16 at this point, and some of it is wearing out of its
17 life span and needs to be retrofitted and revitalized.
18 Some of it should be demolished and there is the
19 opportunity for that, but you have to prioritize.

20 And I wanted to thank you for your leadership,
21 Chairman Daley, and for the committee members here
22 today for hearing and listening to us. Blight is far
23 from a sexy topic, but it affects us all -- I think
24 that went on the record -- and there are factors that
25 affect blight that you've heard of today, whether it's

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1 tax delinquency, neglect, crime, foreclosure,
2 abandonment, code violations, and we have to deal with
3 it in a multi-tiered way. We have to deal with it
4 when there is structures, when there is not
5 structures, when there is a known owner, an unknown
6 owner, occupied, not occupied. You understand the
7 scope of the problem, so no one tool is going to solve
8 this problem.

9 Right now in the City of Pittsburgh, we have a
10 statute on the book that currently provides for permit
11 denials if someone has code violations. Let me tell
12 you, that piece of the code, that statute is really
13 hard to enforce. One of the biggest gaps we have is
14 an information resource gap. We're trying to get
15 online and up to speed so the different departments
16 can be integrated, but it comes down to data and it
17 comes down to information.

18 And one of the benefits of where this code
19 registry legislation could address the problem is when
20 you have a known point of contact. You can deal with
21 the structures where you know that there is an owner
22 and you know someone that's present. It doesn't
23 necessarily get to the abandonment issue, or they
24 might have an abandoned piece of their portfolio, but
25 if there is someone that's there that's present that's

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1 knocking at the door that wants a permit to do
2 something in one part of the state or in one part of
3 the city and is ignoring their responsibilities as a
4 landowner -- because let's be clear. Land ownership
5 is a privilege, but it's also a responsibility to the
6 rest of the public, and if they are not making good on
7 that responsibility, we should have the tools in place
8 to hold them accountable. And this code
9 violation/code permit registry can get us to that,
10 where there is someone that is known.

11 I'll give you a brief story and I'll just
12 close with this story, and this is a very timely story
13 that's happening right now in the City of Pittsburgh.
14 There is a landowner that owns 80-plus properties in
15 about seven neighborhoods concentrated in the east end
16 of the city crossing low-, medium-, and high-value
17 markets, and you can go on the county assessment page
18 and look at the most recent assessment or market value
19 or, you know, the ones that are A rated, B rated, C
20 rated, D rated, F rated, and they very much correlate
21 to the neighborhood's corresponding market values.

22 And this landowner has, in the past, gotten
23 permits and done rehabilitation work and kept the
24 properties that he owns in the higher value markets up
25 to date, attractive, and out of code violation, but

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1 the other bulk of his portfolio, 65 of the 80-plus,
2 are concentrated in four neighborhoods with low market
3 values and he has done no work on them. They are all
4 tenant or abandoned and has recently gone belly-up on
5 the entire portfolio. So now you have 80 structures
6 in foreclosure, 12 different banks that hold the
7 mortgages, and a community that's now facing what do
8 we do with these 80 properties.

9 CHAIRMAN DALEY: Which community is that?

10 MS. DAVIDSON: He is in the east end of
11 Pittsburgh, so it's the Garfield/Lawenceville/East
12 Liberty/Highland Park/Shadyside/Squirrel Hill
13 neighborhoods, and it kind of stretches from the
14 Allegheny down to closer to the Monongahela.

15 So now you have a community that's dealing
16 with -- or four communities trying to work together to
17 deal with the bulk of the delapidated housing part of
18 his portfolio that is in their neighborhoods and you
19 have people that live in some of them. And by no
20 means does nonprofit community groups or the
21 municipality want to create additional homelessness by
22 forcing people out of their homes, but communities and
23 the City of Pittsburgh are very reticent to recycle
24 property or to take property and transfer it into
25 another community group or public name if it is

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1 occupied, because there is a public perception that
2 they are creating homelessness, and it's very
3 expensive with the Federal Relocation Act.

4 So if we talk about additional resources or
5 tools in the toolbox, maybe we can learn a lesson from
6 the foreclosure crisis, because one thing that banks
7 have done now that they have gotten -- they have these
8 huge portfolios of land or houses. Some banks in
9 other states are actually being forced to take them
10 into their name, so they are now a liability on their
11 books and they don't want them there. They are
12 allowing people to stay in their homes and become
13 tenants or renters. So to provide that additional
14 opportunity for municipalities or community groups to
15 become property managers of these properties where
16 there are tenants that live in them, but it's tax
17 delinquent and code delinquent and we can't get the
18 owners to come forward to do their public
19 responsibility and get it up to code, is there a way
20 to transfer that ownership and the management of that
21 property into responsible hands?

22 So I think it's a multi-tiered problem, and I
23 thank you for your leadership and I look forward to
24 working with the committee and yourself,
25 Representative Daley, on this bill for any further

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1 comments or help we can provide as you take it to the
2 next step, because we do see it as an important piece
3 in filling the gap to provide the information to
4 municipalities to really be able to stop delinquency
5 and abandonment in our communities.

6 CHAIRMAN DALEY: Thank you very much.
7 Any questions from the committee?

8 (No response.)

9 CHAIRMAN DALEY: As we do at all our
10 public hearings, is there anyone in the public that
11 wishes to state something on the record, please come
12 forward.

13 I ask you to use the microphone, identify
14 yourself, and state your name and where you live.

15 MS. URICK: Can I drop these off?

16 CHAIRMAN DALEY: Sure. Is this up on
17 Zulu?

18 MS. URICK: Yes. My name is Rosemary
19 Urick, California Borough, 1201 Zulu Street.

20 As you're looking through those pictures, I
21 want to tell you I have dealt with this situation
22 since 2005. The former code enforcement officer did
23 nothing to help resolve this problem. Now current
24 council members are saddled with this problem. I also
25 have Washington County Housing Authority, California

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1 Terrace, plus there is a home on Peach Street that is
2 filled with trash and junk cars. I did not take
3 pictures of these places due to legal issues. Mention
4 was made --

5 CHAIRMAN DALEY: Rose, what would be the
6 legal issues you have to be concerned about?

7 MS. URICK: People don't like you taking
8 pictures.

9 CHAIRMAN DALEY: You can take pictures.
10 That doesn't fall under some privacy issue. You're
11 not invading their privacy if it's a nuisance or
12 health hazard. Those are from 2009. Can you take
13 some pictures for me, more recent pictures?

14 MS. URICK: Sure.

15 CHAIRMAN DALEY: Because is Zulu still
16 like that? We're going to try to do something to help
17 you out.

18 What house on Peach Street, above you on Peach
19 Street?

20 MS. URICK: Yes.

21 CHAIRMAN DALEY: Near the playground?

22 MS. URICK: No. It's 1011 Peach Street.
23 It's actually -- the owner is not living there.

24 CHAIRMAN DALEY: Who is the owner?

25 MS. URICK: Gaskel, Bill Gaskel

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1 (phonetic). It started with his stepdaughter moving
2 in a couple years ago. They more or less, I guess,
3 forced Bill out of the house and she was is there with
4 who I'm assuming is her husband. I'm not going to say
5 definitely it is. I don't know, but that's not an
6 issue here. The house continually got worse. There
7 is junk cars there, the inspections are run out. The
8 porch is full of all kinds of garbage, trash, inside
9 furniture. It's a mess.

10 And the park, I was going to mention there was
11 mention made of putting in parks. Well, the park,
12 you're aware of the issue?

13 CHAIRMAN DALEY: Yeah, right.

14 MS. URICK: It's a mess. It turned into
15 a drug haven. And people go up there, there is trash,
16 and they fly up and down Peach Street. We're
17 constantly picking up everybody else's beer bottles
18 and their trash.

19 Let's see here. The Cross Street property was
20 sold to -- am I permitted to give names here?

21 CHAIRMAN DALEY: Yeah. That's public
22 information, right, Debbie? That's public
23 information. Debbie gives me the thumbs up.

24 MS. URICK: The Cross Street property was
25 sold to a William Chip Dolfi in 2007. He paid

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1 1.3 million for the apartment building.

2 CHAIRMAN DALEY: I know Zulu very well.
3 I used to live -- I understand the area very well.

4 MS. URICK: He did absolutely nothing.
5 He made no payments, and Debbie can verify that
6 they've not paid their taxes. And the last I checked,
7 it was, I think, around \$5,000 they owe for taxes on
8 that, and Huntington Bank took the property back now.
9 There is people over there working. What they are
10 doing, I have no idea.

11 CHAIRMAN DALEY: As chairman of the
12 banking committee, I have very close contacts with the
13 vice president of Huntington Bank in Ohio. We will
14 contact them. What I need, because it's a local
15 issue, I need you, number one, to give me some
16 pictures of what the problems are, and I will contact
17 Huntington Bank as soon as you get me those
18 immediately, and we'll talk to the vice president for
19 governmental affairs. I will get that problem cleaned
20 up for you, instead of us hearing about this local
21 problem.

22 Just give it to Lorraine or Ron or bring it
23 down to my office in California and come on down and
24 see me down there. We'll work on it right there and
25 we'll resolve the problem for you. You should not

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1 have to live with that crap on Zulu Street. That's
2 baloney. Okay?

3 MS. URICK: Okay.

4 CHAIRMAN DALEY: Any other comments or
5 questions?

6 Ladies, I want to thank all three of you for
7 testifying, and for the elected officials that came, I
8 want to thank you, all the people who testified.

9 Our next hearing is going to be tentatively
10 scheduled for April 22nd in Philadelphia on economic
11 development and some other issues. That's not set in
12 stone, but it looks like it will be. Maybe not.

13 God bless you all. Meeting is adjourned.

14 (Hearing concluded at 2:56 o'clock p.m.)

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25C E R T I F I C A T I O N

I hereby certify pursuant that the foregoing transcript is a true record of the House Commerce Committee Public Hearing on Neighborhood Blight on Thursday, April 8, 2010.

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Lisa Ann Bauer
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