

COUNTY OF



ALLEGHENY

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**Testimony of Director Lance Chimka, Allegheny County Economic Development  
Before the Pennsylvania House Urban Affairs Committee**

Chair Brown, Chair Sturla and Members, thank you for the invitation to join you today. My name is Lance Chimka and I am the Director of Allegheny County Economic Development.

As you might imagine, many communities in Allegheny County struggle with blight and how best to address it. I appreciate having the opportunity to talk with you about the problem and the tools that we use to assist our 130 municipalities. While the Allegheny Valley is a part of our community that has struggled with blight for years, it is – unfortunately – not the only one and so my remarks encompass work that is being done countywide.

To understand where we are today, it's important to also understand our history. The county's population peaked in 1960 and remained steady for many years with an economy built on and around the steel industry. But after 1970, foreign competition caused the collapse of the steel industry, resulting in massive layoffs and mill closures. Our region faced an intense out migration of economically mobile households between 1970 and 1990 as a result. While the regional economy has stabilized, grown and diversified, many communities still struggle with the legacy of this seismic economic shift.

As job centers shifted from fabrication facilities concentrated in the river valleys to innovation economy clusters in the greater downtown and Oakland areas of the City of Pittsburgh, commuting patterns and housing demand also followed suit. This shift has created some very soft housing markets characterized by weak consumer demand with disastrous results. The median home sale price in Allegheny County in 2017 was a healthy and affordable \$146,801. For 30 of our 130 municipalities though, the median home sale prices were below \$60,000, with several barely eclipsing \$10,000. The problem with this pricing structure, beyond suggesting a supply and demand imbalance, is that these conditions are ripe for a property to become encumbered by liens that quickly eclipse the value of the asset, creating a property that is unviable to transact on the open market.

This market condition creates blight, abandonment and decay. It represents an erosion of tax base for school districts and municipalities and leads to untenable millage rates that further perpetuate disinvestment in affected communities. According to a 2013 study, abandoned property devalues inhabited properties within 150 feet of them by 15%. It creates an attractive nuisance that requires the investment of increasing amounts of public safety resources. These conditions disproportionately affect communities with naturally occurring affordable housing and negatively contribute to social determinants of health in those households that are surrounded by blight.

Allegheny County is proactively working to address blight in a variety of ways, including the Neighborhood Blight Reclamation and Revitalization Act (Act 90 of 2010), use of Act 153 of 2012 which allowed for the creation of land banks, its Vacant Property Recovery Program, the Abandoned and

Blighted Property Conservatorship Act (Act 135 of 2008), and Act 152 of 2016 which allows for the creation of a County Demolition Fund.

Local code enforcement is the front line in the battle against blight. Act 90 of 2010 established a legislative framework to allow repercussions for property owners with a repeated pattern of code violations across municipal lines. However, there are real limitations to this tool being effectively implemented. Allegheny County is working with the Turtle Creek Valley Council of Governments to establish a multi-municipal code enforcement database to effectively track and enforce code violations across municipal boundaries. One huge impediment to that work is the difficulty connecting multiple single purpose real estate entities back to individual ownership, a necessary step to ensure accountability for bad actors.

Act 153 of 2012 also provided localities with a powerful land recycling tool. Allegheny County works with the Tri-COG Land Bank and the City of Pittsburgh Land Bank to acquire, stabilize and sell properties, ultimately returning them to productive use. There are ways that this tool can be further strengthened by amending to the Municipal Claims and Tax Lien Law. Certain privileges currently reserved for only Philadelphia County should be extended to Allegheny County as well. They include:

- Automatically creating a judgment when a lien or claim is filed;
- Providing that the tax foreclosure (Sheriff's sale) may be a free and clear sale;
- Providing for a land bank to object to a sale if the purchaser is debarred;
- Maintaining the 3-month redemption period available to a land bank under the current Treasurer's sale process; and
- Preserving the rights of a land bank to act as an agent for taxing bodies having claims against the property.

Allegheny County's Vacant Property Recovery Program allows applicants who identify tax delinquent, vacant properties with eligible reuse plans to acquire these parcels through a prescribed process. Appraised value is paid into court and distributed pro-rata amongst lienholders. At the end of this process, the property is acquired with a free and clear title by the applicant, an important element to removing barriers to acquisition. Currently, 80 municipalities participate in the Vacant Property Recovery Program. Since 2015, 626 parcels have been conveyed to new owners and returned to the tax rolls through this initiative.

Act 135 of 2008 that established conservatorship in Pennsylvania also needs some attention. While the increasing number of conservatorship filings are an indication of wider market adoption, some of these cases do not seem to align with the spirit of the legislation. Refining specific eligibility requirements and offering more guidance to the judicial system could reduce the number of predatory, profit-motivated conservatorship filings in rapidly appreciating housing markets and get the tool on track back towards its legislative intent of eliminating blight.

Allegheny County is also taking advantage of Act 152 of 2016 that allowed counties to levy a \$15 fee on deed recordation in order to establish a demolition fund. The initial round of funding applications closed

on April 30, 2021. A total of 59 applications for work in 58 municipalities were received to demolish 750 structures at an estimated cost of \$7.6 million. Currently, that fund balance sits at \$2,094,106 and will make a huge impact on communities through the demolition of unsafe structures, addressing flood and landslide prone areas, and opening development sites for new investment.

There is no single fix to address blight in Allegheny County. The laws I referenced have all been impactful but could also be further refined to be even more successful. I encourage this committee to consider amendments that would provide more targeted use of these initiatives. Additionally, economic development and community development resources should also be funded at a high level. Investment in everything from site preparation to infrastructure development to corporate attraction would complement current blight-specific resources. The commitment to such measures is imperative if practitioners are to have any success reversing powerful economic trends that are 50 years in the making.

Thank you for allowing me to offer this testimony to you today. I would welcome any questions you may have.