

Bill would make it easier to turn blighted sites over to nonprofits

By Bill Yingling

Business Journal Staff Writer

A move to crack down on slumlords, eradicate blight and cultivate economic development in its place is grinding forward in the Pennsylvania Legislature.

The House of Representatives recently adopted a series of proposals which could ultimately be part of an overall package of nearly 30 bills designed to encourage the improvement of decaying urban areas throughout the state.

The recent bills, which must also be approved by the Senate, would make it easier for local governments to turn over blighted properties to nonprofit organizations that plan to redevelop them into affordable housing or commercial development.

Under existing law, communities must put such properties out for public bid. But the proposed legislation would waive the bidding requirements in such transfers to nonprofits.

Public bidding can drive up the cost of acquiring real estate for nonprofits but the proposals are intended to keep the costs at a minimum so that they can spend more of their money on redevelopment, said Jeri E. Stumpf, executive director of the House Urban Affairs Committee.

The proposals stem from a 200-page report of the House Urban Affairs Committee earlier this year developed through a series of public hearings around Pennsylvania. The hearings were held in response to a House resolution calling for a study of blighted real estate across the state. Testimony was gathered in Philadelphia, Pittsburgh, Coatesville, Norristown, Tamaqua, Harrisburg and Allentown.

Some of the more pointed proposals to emerge from the process would make it a criminal offense to chronically neglect their real estate holdings.

"Basically we heard from all of these cities that, in essence, until somebody is threatened

with something as serious as serving jail time, they weren't taking seriously the constant citations of code violations," Stumpf said.

Under the proposal which passed the House Urban Affairs Committee on Oct. 10, if a slumlord failed to comply with municipal codes, cumulative daily fines could be imposed. And if that failed, and the owner refused to turn the property over to the local government, the landlord could be subject to a third-degree misdemeanor, which could carry a penalty of up to a year in jail.

"We haven't taken seriously enough what slumlords have done to our communities," Stumpf said.

The intent is to root out the most serious offenders, he said, those who do nothing but take a profit from their properties and invest nothing in the maintenance of the real estate. And if just one landlord in a neighborhood fails to maintain his property, all of the nearby owners can lose equity in their real estate, he said, a circumstance which he equated with robbery. And once one property begins to decay, the downward spiral of a neighborhood can begin.

"They've milked ever bit of profit out of it and put nothing back," Stumpf said.

"It's a cancer and it just spreads," he added. "It's not fair to businesses, investors and other property owners."

Other legislative ideas would establish a state mortgage guarantee corporation which would help leverage private investment in blighted areas. The committee is presently researching that concept.

"We just have to make it profitable to invest in our urban areas again," Stumpf said.

Cities may never again be the manufacturing hubs they once were in America, but they can still be cultural, commercial and residential hubs. But the key to revitalizing them, Stumpf said, is that the government must be creative.

"We believe the tide can be stemmed and that blight can be eliminated in this state," he said.