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Good Afternoon Chairman Yaw, committee members, distinguished guests. It is an honor to appear here before you today to discuss the current state of housing in the City of York.

As we all know from the articles we read and the news that we watch, a large factor contributing to the state of the economy today is the downturn in the housing market. Financial institutions, under the encouragement of all levels of government, lowered the standards for homeownership so that more citizens could

reach the “American Dream”. Hence, programs such as the American Dream Downpayment Initiative, and other programs created and funded by the federal government to heighten the number of American homeowners, began in 2003.

Many of the loans granted, however, were ill conceived. Fluctuating rate loans, with zero down was given to individuals with less-than-desirable credit. This lifted our economy on every level for a few years until rates increased, banks no longer allowed for an easy refinance and a crisis ensued. According to the Federal

Reserve Bank of Philadelphia, subprime loans, while a small part of the total residential market, represent 50% of the loans in foreclosure.

The City of York, however, has avoided many of the problems the rest of the country is facing in the housing industry due to one predominant factor: The City's homeownership rate is 46% according to US Census Bureau. This means that a large renting population in the City did not purchase property during the housing boom, protecting them from the foreclosure crisis we face today. Renters did not invest in a home

equity loan to improve their residence; and they did not have mortgages to refinance, so they were insulated from the collapse.

Rental properties have both positive and negative effects on small urban communities such as the City of York. Positive in the sense that the City's foreclosures have been moderately low due to this high renting population: Currently only 379 properties are in default in the City of York according to *Realty Trac* (the feds used data from this company to determine the formula for state allocations of NSP funds). Rentals also offer people a range of

choices in housing type, size, cost and location.

Rentals are a way to cultivate a more balanced approach to local housing markets so long as they are affordable, well managed and maintained.

Adversely, high numbers of rental properties also mean means that the City has limited reinvestment back into the current housing stock, a smaller tax base for owners, transient neighborhoods and a pool of absentee landlords, which accounts for a significant portion of rental properties in York City.

Many investors see the City as a great place to buy property at a reasonable price, do limited work to make the home habitable and have immediate tenants due to the high renting population. However, once occupied, little, if any, reinvestment goes into the property by owners who commonly live outside the City, if not the State.

The most problematic effect of these absentee property owners is the rising numbers of blighted properties in York City. Absentee landlords and owners of vacant properties and

their lack of reinvestment to maintain their properties have negatively impacted the current administration's efforts in creating a sense of community, pride and safety in neighborhoods throughout the City.

The City works diligently to counter the effects of blight. As Director of the Department of Community Development, the Bureau of Planning, Permits and Zoning is under my direct supervision. And, in that role, I can tell each of you first-hand that the Property Maintenance Inspectors are in the streets of the City every day citing violations to the City's building codes;

our Permit Inspectors are ensuring that construction occurring within the City is in compliance with the International Building Code; and our Zoning Officials are making certain that the use of the land within the City meets the current City Zoning Ordinance.

These things alone are not by any means the complete answer to the problems that our City faces. Much collaboration is occurring between Community Development, Economic Development, the York City Fire Department,

and the York County Planning Commission to further address the problem.

Here to speak along with me on behalf of the City of York, and to discuss this collaborative effort, is Kevin Schreiber, Director of the Redevelopment Authority.