

Senate of the
Commonwealth of Pennsylvania
Urban Affairs Committee

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Testimony of
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Concerning
The Vacant Property Reinvestment Board as a Tool for
Remediation of Blight

On behalf of the boards of directors of the Housing and Redevelopment Authorities, I welcome you to Lancaster County and thank you for this opportunity to address some of our most urgent housing needs. The primary function of my organization is to administer HUD funds that come into Lancaster County, exclusive of the City. This includes Section 8 Housing Choice Vouchers, Community Development Block Grants, HOME Investment Partnership, and Emergency Shelter Grants. We are administering a couple of the new programs created by the federal stimulus bill.

But federal funding comes with strings attached that at times limit the utility of the programs. In these cases, we need to turn to state and local sources to get the job done. This morning I would like to focus on one such program.

The Vacant Property Reinvestment Board was established by ordinance by the Lancaster County Commissioners, under provisions of state statute, to provide an effective procedure for acquisition and remediation of chronically blighted vacant properties. The program works as a partnership between the Vacant Property Reinvestment Board, the Lancaster County Redevelopment Authority, and our municipalities. It is – or should be – a highly effective tool for supporting the economic revitalization of downtown areas. And this has a huge effect on housing as well. In order to play their appropriate role in the urban-rural diversity spoken of by Mr. Fletcher in LHOP’s testimony, downtowns must be truly mixed-use and mixed-income, providing a focal point of community activity without concentrating too much on any single market segment, especially lower cost housing. Just as

the suburbs need more balance, so do the downtowns. The two will be significantly different, as they should, but the two goals are completely compatible if approached with a realistic understanding of the market opportunities.

The Vacant Property Reinvestment Board addresses one specific piece of this puzzle. The process is very straight-forward. If a building is vacant and blighted, and the owner has consistently refused to respond to violation notices issued by the township or borough, the municipality can refer the property to the Vacant Property Reinvestment Board. Upon acceptance into the program, the building is inspected by a qualified building inspector to determine what repairs are needed to bring it up to code. This list is sent to the property owner by certified mail, stipulating a fixed period of time for them to present a bona fide plan for making the repairs. If the owner fails to do so, the Board can adopt a resolution designating the property as blighted. The County Planning Commission and the municipality must confirm this finding. That done, the Board certifies the property as blighted and refers it to the Redevelopment Authority

When the Authority receives the referral, we get a certified appraisal and review appraisal to determine the property value. We then offer that value to the owner as a negotiated purchase. If this effort fails, the property is referred to the courts for acquisition through eminent domain. Once acquired, the Authority resells the property for redevelopment or renovation in keeping with the municipality's zoning and local plans.

This is an extremely valuable tool for urban revitalization and remediation of blighted conditions. It gives the property owner every chance to fix the problem themselves, offers them a fair price for the property, and only turns to eminent domain as a last resort to remove the blight and preserve public safety.

Unfortunately, there is a bureaucratic limitation on our ability to use this program to its full potential.

The only source of funds available to us for this purpose is the federal Community Development Block Grant program. Remediation of blighted conditions is one of the national objectives associated with block grants. However, problems are encountered when we look toward disposal of the building at the end of the renovation. HUD requires that any building purchased with CDBG funds be reused to benefit low-mod income residents. While this works for vacant properties in

many situations across the county, there are many places where it does not work. Two prime examples are buildings in urban centers – borough downtowns and villages – for which housing is not the highest and best use, and buildings whose configurations are not workable for housing.

As a consequence, many building could be referred to the program but could not be acquired because the Authority has no appropriate way to resell the building. We would be forced to sell it for affordable housing even when the project's proforma or municipal preferences do not support that use. The only alternative would be inordinate expenditures of still more block grant funds to create housing that is not appropriate for the site and will thus likely fail.

What is needed is a source of funding that will support this program without the restrictions inherent in the federal block grants. This will allow the program to be used for downtown revitalization in boroughs and villages. Applied to mixed-use and mixed-income redevelopment, the program would help bring downtown parcels back into economic use. Forcing those parcels to be used for affordable housing, even when that is not the highest and best use, stifles the market forces necessary to turn our business districts around. The funding format needs to support the development objective, not the other way around. It will enhance the ability of projects to be maintained into the future without repeated infusions of public funds.