

Housing Alliance of Pennsylvania

Blight Remediation Recommendations to the Pennsylvania Senate Majority Policy Committee

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The Housing Alliance serves as a convener of the individuals and organizations that provide direct housing and services assistance in every community across the Commonwealth. Our stakeholders include nonprofit organizations, local housing, community development, and / or economic development agency staff, housing developers, and service providers along with individuals with lived experience.

The Housing Alliance of Pennsylvania supports continued investment in addressing blight and abandonment in the Commonwealth with an emphasis on prioritizing affordable housing as a productive reuse whenever possible.

The General Assembly has enacted many key measures in recent years including enabling Land Banks; increased investments in the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE); Whole Home Repairs; Act 152 of 2016 creating the County Demolition Fund; and Act 48 of 2024 further enabling counties to establish a blight demolition and rehabilitation fund.

In 2025 we are anticipating the introduction of several Senate bills aimed at increasing tools and resources to address blight.

Housing Preservation Tax Credit

Addressing habitability issues in aging single and multifamily housing helps preserve our aging housing stock and positions homeowners and landlords to leverage additional Federal weatherization grants.

The Commonwealth's initial investment in a statewide home repair program created local infrastructure and capacity in nearly every county to efficiently approve applications and contract jobs for low-income homeowners.

Extensive review of the current Whole Home Repairs Program has demonstrated high local demand and eligibility for the program.

Based on feedback from county administrators, the Housing Alliance recommends a program that is more conducive to small landlords offering affordable units. Also, we support greater flexibility for county administrators to both cover their administrative costs and design a program to fit their local needs.

The Legislature should consider a wholesale tax credit as a permanent source of revenue for a potential Housing Preservation Program. A tax credit offered on a wholesale basis has the potential to attract the same interest from investors as the tax credits offered for other programs such as the Mixed Use Tax Credit or the Neighborhood Assistance Grant Program.

Adaptive Reuse and Zoning

Adaptive reuse is the process of recycling abandoned or decrepit structures. State and local governments can better partner with developers and / or Community Development Corporations (CDCs) to move more blighted properties into adaptive reuse.

Depending on the local market and property in question, private developers are not always best positioned to gain financing to redevelop blighted properties. Community Development Corporations are governed by community members and can utilize a variety of resources such as Community Development Block Grants (CDBG), PHARE funding, and corporate support through Pennsylvania's Neighborhood Assistance Program (NAP) which is funded through tax credits. Federal tax credits are available to CDCs such as the Low-Income Housing Tax Credit (LIHTC), and New Markets Tax Credit (NMTC).

We recommend legislation to incentivize / assist local governments to create zoning schemes that promote adaptive reuse by granting exemptions from normal zoning requirements if the building meets certain reuse criteria. A model adaptive reuse ordinance might create an expedited approval process and exemptions from density restrictions, parking requirements, and setbacks if the property is of a certain age or its current use is not economically viable.

Enhancing County Demolition Funding

In 2016, Act 152 was signed into law which allows counties to add a fee up to \$15 for the demolition of blighted properties. Since this program was established, 26 counties have voluntarily joined the program which has raised millions of dollars to tear down dilapidated buildings. Every dollar raised remained in the county where it originated, as required by law.

In order to continue the progress we have made, the Housing Alliance supports legislation offered by Senator David Argall to increase the maximum allowable fee that can be collected by counties by \$1 and permit yearly adjustments for inflation, again, at the discretion of each county. Due to inflation, the \$15 fee now only brings a fraction of the benefits to the community today which it did in 2016.

Redevelopment Authority Loan Program, SB 62

The Housing Alliance supports Senator Frank Farry's legislation that would create a new loan program under the Department of Community and Economic Development for county redevelopment authorities.

Long term loans would be available to the authorities, at a low interest rate, to acquire blighted residential or commercial properties, and to redevelop or rehabilitate them. This money would then be paid back to the Commonwealth and returned to the fund for other redevelopment authorities to utilize.

This is modeled off a highly successful blight abatement program in Bucks County. Following an initial capitalization in 2016, the Bucks County Redevelopment Authority has successfully rehabilitated 35 residential properties without additional funding. These efforts have also resulted in over 100 additional properties to be rehabilitated by the private sector, without government intervention.

This new loan program will be offered as a pilot program, available through the full utilization of the funds or 2026, whichever occurs first. The program stipulates that one county of each classification, if eligible and who has applied, would be awarded a loan up to \$500,000.

Code Enforcement

The Housing Alliance supports Senator Nick Miller's legislation for the establishment of a municipal codes enforcement grant program.

The codes enforcement grant program would be administered through the PA Department of Community and Economic Development (DCED) and it is intended for municipalities that have no current mechanism for enforcement. The program will focus on upgrading or removing blighted, abandoned, or structurally unsafe dwellings and structures. A municipality obtaining a grant may hire and train critical code enforcement personnel. Matching funds equal to the amount of the state grant will be required; in addition, a municipality can only receive this grant for three consecutive years. Under the bill, DCED shall establish guidelines to determine eligibility for grants.

The legislation also allows municipalities with an established code enforcement program to enact an ordinance to create a municipal neighborhood mitigation fund for uses including demolition, clean-up and repair of blighted property.