Why is Expanding Housing Choice and Addressing Blight Essential to a Sustainable Community?

Ensuring quality homes within the reach of working people, seniors, and those on fixed incomes is a foundation for a sustainable community. Sustainable communities offer a wide range of choices in housing type, price and location to meet the needs of the local economy, support the workforce, and contribute to the health and safety of the people who live there. Housing choice in communities where people have opportunities to work and play can also cut transportation costs and have a positive environmental and social impact as well.

Blight evidenced by poorly maintained buildings, abandoned and vandalized structures and litter strewn vacant lots undermines the attractiveness and value of the adjacent homes and can stymie investment in a neighborhood. Such properties however also present an opportunity for development of new residential and commercial sites that utilize existing infrastructure and are accessible to existing transportation making them ideal targets for sustainable community revitalization.

How can this essential be measured?

Expanding Housing Choice
The common measure of whether housing is a cost burden is if it exceeds 30% of one’s household income. Communities can assess progress in meeting the demand for a range of housing types and costs by conducting an occupation and wage profile of its jobs. Providing housing for all income ranges is a multi-year process. However, the comprehensive plan element dealing with housing is a concrete way a municipality can lay out a realistic schedule.

Blight Mitigation
Blight mitigation can be measured by creating and tracking inventories of blighted and abandoned buildings and land to stay abreast of a range of measures including property values and reduction in number of blighted, abandoned properties within an area. Mapping programs, such as Pittsburgh Neighborhood and Community Information System (PNCIS) can be used to analyze problems and develop strategies.

Resources for Communities

10,000 Friends of Pennsylvania
www.10000friends.org; 412/471-3727

ACTION-Housing
www.actionhousing.org; 412/281-2102

City and/or County Redevelopment Authorities

Housing Alliance of Pennsylvania
www.housingalliancepa.org; 412/281-1137

Housing Assistance Council (rural affordable housing)
www.ruralhome.org

Mon Valley Initiative
www.monvalleyinitiative.com; 412/464-4000

PA Department of Community and Economic Development
www.newpa.org; 412/565-5005

PA Legal Aid Network, Inc (foreclosure prevention)
www.PALegalAid.net; 800/32-7572

Pennsylvania Housing Finance
www.phfa.org

PolicyLink
www.policylink.org

US Department of Agriculture Rural Development
www.rurdev.usda.gov
EXPANDING HOUSING CHOICE
The municipal comprehensive plan (preferably multi-
municipal) should identify the need, actions and a time ta-
bale for addressing housing needs of a given community. Of
course, the zoning and subdivision/land development ordi-
nances must be consistent with the plan to support its im-
plementation. The comprehensive plan’s assessment of
effective demand for housing must be grounded in a market
study of current conditions and forecasted needs in the fol-
lowing areas:

1) Homeownership versus rental;
2) Multifamily versus single family;
3) Occupied versus unoccupied units;
4) New construction versus rehabilitation/preservation of
existing units;
5) Sufficient quantity of accessible units

The comprehensive plan should also be proactive in steer-
ing growth and redevelopment to bolster existing places
over sprawl.

Then in cooperation with private developers, community
development corporations and local redevelopment and
housing authorities, communities can access programs that
will begin to rectify any housing imbalance in their stock.

Financing Mechanisms
Generally, there are three sources of financing available for
nonprofit housing developers:

1) Loans from private for-profit, nonprofit and public lenders;
2) Grants from private and public nonprofit organizations;
3) Equity from the sponsor, investors, purchasers of the
ownership entities, and proceeds from the sales of the
ownership units.

Loans:
- State and Local Government (Pennsylvania Housing
Finance Agency, County Economic Development, etc.): the
HOME Program, and Tax-exempt and Taxable Bond Financing
- Federal Government (Department of Housing and Ur-
ban Development-HUD): Section 202 for Elderly Housing,
Section 811 for Persons with Disabilities, and Em-
powerment Zones and Enterprise Communities Initiatives,
Brownfields Economic Development Initiatives, and American Recovery and Reinvestment Act
- Private For-Profit Entities: Owner Take-Back Financing,
Commercial Banks, and Savings and Loans Origin-
nators
- Private Nonprofit Entities: Enterprise Community Par-
tners, Local Initiatives Support Corporation (LISC), and
National Community Development Initiative (NCDI)

Grants:
- Federal Government
- State and Local Government including Community De-
velopment Block Grant
- Private Nonprofit Foundations
- City or Region-wide Funding Collaboratives
- For-profit Corporations

Equity:
- Low-Income Housing Tax Credit
- Sales Proceeds

Other Tools
- Zoning: A zoning ordinance that provides for or man-
dates a full range of housing, preferably in mixed cost
neighborhoods. Zoning can also influence housing costs and location through, for example, mandating
modest lot sizes and encouraging investment on
brownfield sites. Also, zoning can address whether so-
lar panels and other renewable technologies can be
used.
- Inclusionary Zoning: Land use regulation that requires
a percent of properties in developments over a speci-
fied size be within reach of people with moderate in-
comes.
- Building Code Ordinances: A building and maintenance
code that requires continuing upkeep and maintenance
of the housing stock. Enforcement is, of course, essen-
tial if this tool is to be useful.
- Maintenance, Repair, and Weatherization Programs
- First time Home-buyer Incentives
- Employer Assisted Housing: Employers offer assis-
tance in purchasing a home – often near their head-
quarters.
- Infill Incentives: Density bonuses promote development
of higher density projects and increase affordability
measures.
- Inventory: An inventory of housing conditions that pro-
vides early warning to potential problems that can af-
fact entire neighborhoods if left unchecked.
- Community Land Trust: non-profit or municipally owned
land on which new housing can be built. Equity is lim-
ited to ensure access by future low to moderate-
income homeowners.
- Limited Equity Housing Cooperatives: Owners collec-
tively own/control their housing. Resale value is limited,
keeping down the property’s future housing prices.
- Education: Programs that reduce opposition to provid-
ing housing options to persons with low-incomes.

ADDRESSING BLIGHT
As noted above, both property inventories and mainte-
nance ordinances are important tools to address blight. Of
course, the ideal is to preserve the housing stock and keep
it inhabited. However, at times structures cannot be saved.
This can result from lack of maintenance or a serious fire,
for example. The community’s tools to deal with blight in-
clude the following:

- Code Enforcement:
Expanding Housing Choice and Preventing Blight

Actions for Implementation (Continued)

- Municipal Code and Ordinance Compliance Act: Any purchaser of a building with known code violations has 18 months (longer by agreement with the municipality) to correct the violations or demolish the building. Any purchaser of a lot with known violations of municipal nuisance ordinances has 12 months to rectify the violations. The act is enforceable by the local municipality with fines from $1,000 to $10,000.
- Municipal Housing Code Avoidance (Crimes Code): The crime of “housing code avoidance” is created for owners convicted for the fourth or subsequent time for the same code violation for the same property. For the fourth violation it is a misdemeanor of the second degree. For the fifth or subsequent conviction it is a misdemeanor of the first degree.
- Third Class Cities Code: For code violations which pose a threat to the public’s health, safety, or property, the owner may be cited once every five days, and fined or imprisoned for up to 90 days. Fines are between $500 and $1,000 for the first two offenses and $1,000 to $10,000 for the third and subsequent violation.
- Smart Rehabilitation Code: Recognizes the difference between new construction and work on existing buildings, and is designed to facilitate rehabs in a safe and economical manner.
- Conservatorship: A tool in which a third party is appointed to take possession and control of a property in order to make repairs and return the property to productive use.
- Demolition: Derelict structures are torn down to keep them from infecting the neighborhood.
- Acquisition of Blighted Properties:
  - Eminent Domain: The local government can take the “blighted” property by paying the owner the appraised price.
  - Tax Sale: The process by which the local government sells or attains properties and/or land that are tax delinquent.
  - Donation: Municipalities have the power to accept donated property

Once the blighting structure is removed the municipality must have a green lot strategy for dealing with vacant lots. Such a strategy may include:

- Side Lot Program: The property is given or sold by the City/municipality at a reasonable price to the neighbor who wishes to have additional green space or, perhaps, a garden.
- Community Agreement: An agreement with a neighborhood organization for upkeep or, perhaps, a community garden.
- Land Trust: Often run by a non-profit, a land trust collectively controls and maintains the land.

SUSTAINABILITY CASE STUDY - Beaver County Blight Reduction Program

In response to growing concerns about vacant, blighted, and abandoned properties within Beaver County, in the Fall of 2005, the Beaver Initiative for Growth (BIG) kicked off the Beaver County Blight Reduction Program with a $1.8 million DCED grant. The purpose was to acquire, remediate, clear titles, appeal assessments and transfer for reuse the worst of Beaver Counties’ blighted properties. Participating municipalities passed ordinances that outlined their relationship with BIG and created committees of local government officials and residents to identify their wish list of blighted properties in need of remediation. BIG served as a central resource of prioritization and coordination of due diligence, title clearing, remediation, and post-purchase activities. BIG staff assessed title reports, demolition costs and prospective reuses to establishing property priorities and engaged attorneys, engineers, demo contractors and other necessary vendors. More than 60% of the prioritized blighted properties had previously been subject to tax sales, so BIG and the Beaver County Tax Claim Bureau negotiated an option agreement that conditioned purchase on obtaining good and marketable title. Over a two year period, 66 scattered, blighted, vacant, structures were acquired, razed and transferred with good and marketable title for reuse by new owners thereby creating a blueprint for revitalizing neighborhoods through strategic blight elimination replicable in all tax claim bureau districts.

Benefits

- Remediation improves property values for homeowners as unsightly and potentially hazardous properties are removed from an area. Additionally, municipal finances are enhanced as properties are returned to productive use and added to the tax rolls.
- Remediation creates opportunity for new investment and development.
- A centralized entity with the discrete skill set and resources to assess ownership, liens and encumbrances, and coordinate purchase, title clearing, remediation and transfer activities relieves that burden on municipalities and is cost effective.

Challenges

- Given the debt associated with blighted parcels and the need for professional services like legal and engineering services, blight remediation is expensive.
- Remediating blight for reuse with good and marketable title is a slow and tedious process.
- Blighted property owners are often not local and sometimes large corporate entities, which makes communication challenging. Entities that own property liens are also often unfamiliar with property conditions and local markets, which along with their obligations to investors, make for unreasonable expectations. Court procedures (specifically Actions to Quiet Title) address these issues but require legal representation and significant time and labor to complete.

Case Courtesy of the Beaver Initiative for Growth
CASE STUDY – Historic Troutman Center

At the intersection of Main Street and Second Street, the Troutman Building is a major landmark in Downtown Greensburg. The six-story building is a dominant element of the City’s urban form and contributes significantly to a sense of “place”. Many area residents identify with the Troutman Building as the former center of downtown retailing and a popular lunchtime gathering spot.

Troutman’s officially closed in 1986. For some time thereafter, this vacant building served as a visual reminder of the plight of traditional downtown districts in competition with shopping malls for retail activity. In 1989 the City accepted the donation of the Troutman Property and began searching to no avail for a developer for resale/reuse of the property. In 1996, a new approach was taken. Instead of trying to find a developer and/or a buyer, the City began actively trying to develop the building with the help of many community leaders and a dedicated task force. It was decided the entire complex, approximately 150k sq. ft., was too much to redevelop. Phasing of the project seemed to be the answer. The task force elected to start with the original building consisting of six floors and a basement, each level having 7500 square feet of leasable space. The Westmoreland County Housing Authority took the lead on the project by creating a limited partnership to develop the original tower. The City sold the original tower for $1 to the Redevelopment Authority of the County of Westmoreland who in turn sold it to the limited partnership. Plans for this portion of the building included remodeling the upper three floors into twenty-seven residential housing units for the elderly and leasing the first through third floors to office and/or retail tenants.

Regarding financing, PA DCED allocated $500,000 from the Community Revitalization Program. Westmoreland County Commissioners acted as the agent for a Community Development Block Grant Section 108 loan through the U.S. HUD for $1.8 million. The task force was also successful in receiving low income housing tax credits from the PA Housing Finance Agency for approximately $208,000 annually for a ten year period. Historic tax credits were also part of the financing plan because the Troutman Building is considered a contributor to the Historic District in which it is located. Two local lending institutions (PNC Bank, N.A. and Southwest National Bank of PA) were purchasing the tax credits for approximately $2.4 million. They became limited partners in the project. The project also received $99,000 from the Federal Home Loan Bank under its Affordable Housing Program. The total renovation cost was projected to be $5 million.

Other portions of the building are continuing to be redeveloped. The Troutman garage parcel was sold to the First Evangelical Lutheran Church and they constructed a 37 car, two level parking structure with a facade that blends into the existing streetscape. The Main Street Annex portion (approximately 40k sq. ft. 4 story building) is soon to be demolished and the land will be sold to the First Evangelical Lutheran Church. The church plans to create a courtyard that will be accessible to the public. The remaining portion of the Troutman Building, which is a six story 46k sq. ft. structure, is under an option agreement with a developer. Currently a portion of the first floor, approximately 3k sq. ft. is leased to Seton Hill University for their art studio. “Studio 215” as it is known has already become an asset to this portion of the retail corridor. Students can be seen working on their projects through the large windows right off the street. Plans for the remaining portion of the building are in the works.

This project is very important to the City of Greensburg and the County of Westmoreland. The residential units and the additional office and retail space are having a positive effect on the overall economic vitality of the business district.

Case courtesy of Barbara Ciampini, City of Greensburg

Photo: Jason Cohn