

Bucks County

Comprehensive Blighted Property Strategy



Pathways to Preventing, Remediating, and Redeveloping Blighted Properties

December 2024

Table of Contents

Introduction	1
Summary of Phase I Study	1
Purpose of Phase II Strategy	2
Pathways to <i>Preventing</i> Blighted Properties	2
Municipal Strategies to Prevent Blight	2
Strategy #1: Enact and Enforce Property Maintenance Codes	2
Strategy #2: Enact Ordinance to Ticket for Code Violations	3
Strategy #3: Enact Ordinance to Establish Rental Housing Licensing/Inspection	3
Strategy #4: Enact Ordinance to Register Long-Term Vacant Properties	4
Strategy #5: Enact Ordinance to Require Presale Property Maintenance Code Inspections	4
Strategy #6: Challenge Bad Actors at Tax Sales	5
County Strategies Related to Preventing Blight	5
Strategy #1: Provide Information to Municipalities on a Regular Basis About the County's Owner-Occupied Housing Rehabilitation Program Funding	5
Strategy #2: Robust Digital Blight Library with Prevention Tools	6
Strategy #3: Encourage the County Tax Claim Bureau to Update Their Database of Municipal Contacts	6
Strategy #4: Connect with Magisterial District Justices to Gain Support for Dealing Firmly but Fairly with Bad Actors	7
Pathways to <i>Remediating and Redeveloping</i> Blighted Properties	7
Municipal Strategies to Remediate and Redevelop Blighted Properties	7
Strategy #1: Deny Permits, Including Rental Housing Licenses for Owners Convicted of Serious Code Violations	7
Strategy #2: Encumber Assets of Owners Convicted of Serious Code Violations	7
Strategy #3: Encumber Properties Deemed Unfit for Human Habitation	8
Strategy #4: Charge Chronic Code Violators with Criminal Sanctions Punishable by Mandatory Jail Time	8
Strategy #5: Work with Redevelopment Authority on Estates	9
Strategy #6: Create Local Tax Incentive for Redevelopment of Blighted Properties	9
County Strategies to Remediate and Redevelopment Bighted Properties	9
Strategy #1: Encourage Municipal & Nonprofit Cooperation on Blighted Properties	9
Strategy #2: Countywide Blighted Property Review Board	10
Strategy #3: Revolving/Leveraged Loan Fund to Acquire/Redevelop Blighted Properties	10
Strategy #4: Consolidated Inventory of Blighted Properties	11
Strategy #5: Creation of a Land Bank	11
Strategy #6: Conservatorship Actions	12
Strategy #7: Create a Countywide Demolition Fund	13

Strategy #8: #Communicate Blight *Remediation and Redevelopment* Tools in the
Bucks County Digital Blight Library 14

Prioritizing County Recommendations 15

Conclusion..... 16

Appendix A: Blight Ordinances Suitability / Effectiveness Matrix 17

Appendix B: Act 152 County Demolition Fund Map..... 18

Introduction

Bucks County engaged The Gulotta Group, LLC to prepare a Comprehensive Blight Study in April 2023. The Study is divided into two phases: 1) a Phase I background **study** which assessed the extent of blighted properties in the County and the characteristics of those blighted properties and 2) a Phase II **strategy** which details possible approaches to preventing, remediating, and redeveloping blighted properties in the County.

Summary of Phase I Study

The Phase I study involved collecting information from a variety of partner organizations that deal with blighted properties throughout the County, including municipalities, redevelopment, economic development and housing entities, as well as empirical data from the American Community Survey (ACS). While the incidence of blighted properties is not as evident in Bucks County as compared to economically challenged areas of the Commonwealth, blighted properties, even in small numbers, can have a chilling effect on economic development and neighborhood revitalization efforts.

The Phase I study identified several findings related to blighted properties in the County. These included:

- Noticeable differences in the nature and extent of blighted properties in Lower, Central, and Upper Bucks which, for the most part, reflect **differences between more urbanized and rural areas**. The municipal capacity to effectively address blight can vary in rural versus more urbanized areas, as well as **smaller versus larger municipalities**.
- Blighted structures include **both vacant and occupied** properties. One of the challenges noted in the study is working with **owners with fixed incomes** who live in occupied properties.
- Blighted **commercial and residential** structures are a problem in many municipalities. Many commercial structures have associated **environmental contamination issues**. Blighted commercial properties are also located in older strip malls along heavily traveled commercial corridors.
- Some blighted residential properties can be attributable to **heirs who have been negligent** in maintaining and/or disposing properties after the homeowner has passed away.
- Municipalities that may not have a blighted property per se **may be at risk of an increase in blighted properties** based on a higher percentage of vacant properties, comparatively lower property values, and older housing stock.
- A potential silver lining is the **opportunity to create affordable housing** opportunities in redeveloping blighted properties.

The Phase I Report found a significant number of properties have been blighted for long periods of time (in excess of five years) because “bad actor” owners have been uncooperative in taking corrective action. Many municipalities expressed frustration about this situation and are open to strategies that can address these long-term blighted structures.

The complete Phase I Report can be accessed via: <https://connects.buckscounty.gov/blight>.

Purpose of Phase II Strategy

As indicated above, the purpose of the Phase II Strategy is to detail possible approaches for *preventing, remediating, and redeveloping* blighted properties in the County. These strategies include: 1) sharing suggestions with municipalities about ordinances that can address blighted properties, and 2) possible County policies and initiatives which would support these municipal efforts.

Pathways to Preventing Blighted Properties

Clearly, the most cost-effective strategy relating to blighted properties is to prevent properties from becoming blighted. This is easier said than done but, with a concerted effort, a proactive prevention strategy can be deployed that pays dividends. This strategy usually involves increased municipal regulatory actions such as enacting and enforcing property maintenance codes as well as fully utilizing tools available to a municipality to address blight such as challenging bad actors who seek to acquire properties at delinquent tax sales. A list of these tools and the circumstances that may be appropriate in deploying these tools is included in **Appendix A** (Ordinances for Preventing, Remediating, and Redeveloping Blighted Properties-Suitability/ Effectiveness Matrix).

Municipal Strategies to Prevent Blight

Municipal Blight Prevention Strategy #1: Enact and Enforce Property Maintenance Codes

The Bucks County Planning Commission recently conducted a review of municipal ordinances and concluded that nine (9) of the fifty-four (54) municipalities in the County do not have a property maintenance code in place.¹ This represents about 17% or one in six municipalities that lack a property maintenance code.

Most municipalities have enacted the International Property Maintenance Code (IPMC). This is the gold standard but may be too comprehensive for smaller municipalities that lack the financial resources, staff capacity, or staff expertise to enforce. One option for municipalities is to consider adopting a less extensive property maintenance code that emphasizes big issues including exterior structure deficiencies such as missing windows and doors, leaning chimneys or missing stairs. A “lite” version property maintenance code can also focus on common issues such as multiple abandoned vehicles, excessive trash, and poor drainage which can lead to standing water.

A sample “lite” version of a property maintenance code for municipalities that have limited resources or capacity to enforce the code has been prepared by The Gulotta Group and is available at the County’s Blighted Property Strategies Digital Library at <https://connects.buckscounty.gov/blight>.

While municipalities that lack a property maintenance code typically have a nuisance or dangerous structures ordinance on the books, by the time the property reaches the stage where the ordinance could be enforced the property is already blighted. The municipal time, effort, and cost to deal with the blight is higher at this point and often the problem languishes because the municipality feels overwhelmed by the magnitude of the problem.

¹ These municipalities include Dublin Borough, Durham Township, Hilltown Township, Langhorne Manor Borough, Newtown Township, Silverdale Borough, Solebury Township and Trumbauersville Borough.

Another common challenge for municipalities is related to the enforcement of the property maintenance code. Frequently, owners of properties with code violations are given a warning letter but then the municipality does not enact subsequent procedural enforcement actions which involve citing a property owner for the violation and requesting the owner to appear before a Magisterial District Justice (MDJ). In this setting, the Courts will provide for a legal resolution which can result in fines and mandated action(s) on the part of the owner, if found obligated to correct the code violation. Additionally, another difficulty in moving forward with formal enforcement actions is that municipal code enforcement officials may not have sufficient training in filing such citations and presenting a case before a Magisterial District Court.

At an April 10, 2024, webinar that shared information on Tools to Prevent Blighted Properties The Gulotta Group shared information about upcoming trainings being offered by the PA Boroughs Association relating to code enforcement including bringing actions before the MDJ.

Municipal Blight Prevention Strategy #2: Enact Ordinance to Ticket for Code Violations

Ticketing for code violations can be an effective tool for obtaining compliance of a property exhibiting signs of blight at an early stage thus obviating the need to file a code citation. Municipalities that have enacted a ticketing ordinance indicate that the vast majority of owners who receive a ticket for a violation of the property maintenance code take corrective action to resolve the citation and concerns of the municipality immediately. This mechanism allows municipalities to focus their efforts on the chronic “bad actors” by filing code citations and adjudicating the citations before an MDJ.

A sample ticketing ordinance has been prepared by The Gulotta Group and is available at the County’s Blighted Property Strategies Digital Library at <https://connects.buckscounty.gov/blight>.

At the April 10th webinar hosted by the County for municipal officials five of the participants felt that ticketing for code violations was a strategy to consider for implementation.

Municipal Blight Prevention Strategy #3: Enact Ordinance to Establish Rental Housing Licensing/Inspection

Municipalities that experience difficulties with blighted rental units may want to consider enacting a rental housing licensing and/or inspection program if they have not already done so. The ordinance can be implemented at no cost to the municipality by charging licensing and inspection fees that are paid by the owner to defray the cost. In addition, a third party may be hired to handle the licensing and inspection process.

Licensing of rental units on an annual basis provides municipalities with accurate contact information if there is a need to contact an owner about a code violation and helps to secure a verifiable address in providing service of a notice if the matter is adjudicated. A rental housing Licensing/ inspection ordinance may be drafted to also require that an absentee owner designate a point of contact available locally in the event any issues arise. Finally, licensing information requested can include the name of the company that

is insuring the property, the mortgage lender, and the names of tenants who are on the lease. The latter information is frequently useful to police in responding to police calls about the property.

It is possible to enact a rental housing *licensing* ordinance only for those municipalities that feel it is unnecessary to inspect units on a periodic basis. However, municipalities that have enacted rental housing inspections, as well as licensing of rental units, find it useful in staying on top of emerging property maintenance code issues and preventing rental housing from becoming blighted.

A sample rental housing licensing/inspection ordinance has been prepared by The Gulotta Group and is available at the County's Blighted Property Strategies Digital Library at <https://connects.buckscounty.gov/blight>.

While most of the participants in the April 10th webinar indicated that they enacted a rental housing ordinance there may be municipalities that have not enacted such an ordinance that may express an interest in doing so in the future if the condition of rental properties becomes an issue of concern.

Municipal Blight Prevention Strategy #4: Enact Ordinance to Register Long-Term Vacant Properties

One proactive measure to prevent blight is to monitor long-term vacant properties which can eventually become blighted and become magnets for criminal activity including arson, illegal drug activity and underage drinking. Municipalities seeing an increase in long-term vacant properties within the jurisdiction caused by deteriorating market conditions, death of a property owner, and/or property abandonment related to tax or mortgage foreclosure may want to consider enacting a vacant property registration ordinance.

Typically, a vacant property registration ordinance requires that the owner or mortgagee pay a substantial fee to cover the cost of registration on an annual basis as well as monitoring the condition of the property by the municipality. Registration information includes the owner's current address, phone number, and local contact for property maintenance issues. Municipalities can monitor if a property has been vacant for a longer term by monitoring sewer and water consumption data if there are municipal owned utilities and by conducting neighborhood sweeps which would identify properties where mail is piling up and/or free newspapers litter the sidewalk.

A sample vacancy registration ordinance has been prepared by The Gulotta Group and is available at the County's Blighted Property Strategies Digital Library at <https://connects.buckscounty.gov/blight>.

Municipal Blight Prevention #5: Enact Ordinance to Require Presale Property Maintenance Code Inspections

Another proactive approach for preventing vacant properties is for municipalities to enact a pre-sale code inspection requirement. This ordinance requires that a property code inspection be conducted within a stipulated period after the agreement of sale is signed (usually ten days). Because of this tight turn-around time, municipalities that have enacted a presale inspection ordinance frequently contract with a 3rd party inspection service. The fee for the inspection is usually paid by the seller to the municipality to defray the cost of the inspection. If violations are found, buyers frequently will require seller to resolve these issues prior to the transfer of title; however, in the event buyer settles on the property without the violations being rectified they are liable for correcting the code violations as they have been put on notice.

A sample presale inspection ordinance has been prepared by The Gulotta Group and available at the County's Blighted Property Strategies Digital Library at <https://connects.buckscounty.gov/blight>.

Municipal Blight Prevention #6: Challenge Bad Actors at Tax Sales

Bidders at tax sales that have a poor track record in maintaining properties they already own should be challenged by municipalities under the provisions of state law. Act 33 of 2021 requires that prospective bidders pre-register for tax sales. Municipalities may challenge a prospective bidder 15 days prior or after the tax sale. Reasons for challenging a bidder include convictions for code violations, delinquent taxes, delinquent water and sewer bills and revoked rental housing license. When bidders register for the tax sale, they sign an affidavit certifying that they are in good standing with regard to these matters. If a municipality has knowledge of the bidder's poor past performance, it is critical they act to challenge the bidder as poor past performance is a red flag that the owner's will be less than vigilant in maintaining a property acquired at the tax sale.

The Bucks County Tax Claim Bureau has recently modified its policy to be more accommodating to municipalities that desire to challenge a bidder prior to the sale by providing the pre-registration list to municipalities twenty (20) days in advance of the sale. In addition, the Tax Claim Bureau has agreed to provide the list of successful (high) bidders to municipalities immediately after the sale takes place to allow the municipality to challenge a bad actor after the sale.

It is incumbent on municipalities that they provide correct contact information to the Tax Claim Bureau for the person at the municipality that will receive the pre-registration list and list of successful bidders. The Tax Claim Bureau could be helpful in keeping this information updated by sending out an email to the municipalities in January of each year asking for municipalities to provide updated contact information.

At the April 10th webinar with municipalities to discuss prevention tools, none of the municipal participants knew who was receiving the tax sale bidders registration list that was sent out by the Tax Claim Bureau.

County Strategies Related to Preventing Blight

County Blight Prevention Strategy #1: Provide Information to Municipalities on a Regular Basis About the County's Owner-Occupied Housing Rehabilitation Program Funding

The Phase I Blight Report identified that numerous blighted properties in the County are owned by households on fixed incomes. Frequently these households qualify for the County's Owner-Occupied Housing Rehabilitation Programs. For the most part, municipal officials polled during the April 10th webinar did not know about the County's owner-occupied housing rehabilitation program or were unsure if they had referred households to this program. In the past, the County's Owner-Occupied Housing Rehabilitation Program has been modest in terms of funding but with the advent of the Whole Home Repair Program the funding is more plentiful for the foreseeable future. Information about the availability of these funds and the program guidelines should be provided to municipal officials on a regular basis.

The County should also consider seeking funding to expand the income eligibility for owner occupied housing rehabilitation to 100% of the area median income. Currently,

To the extent properties are upgraded through the County's owner-occupied housing programs deferred maintenance will be addressed at an early stage which will serve to prevent blighted properties.

Bucks County Comprehensive Blighted Property Strategy

the County's program is capped at 80% of the area median income because of grant program requirements, however, households above this percentage would benefit from assistance as well. Possible grant programs to assist households between 80% and 100% of the area median income include Main Street Matters and PHARE.²

County Blight Prevention Strategy #2: Robust Digital Blight Library with Prevention Tools

As a result of the Phase I Study, the County has established a repository of information on strategies to address blighted properties at the County's Digital Blight Library <https://connects.buckscounty.gov/blight>.

In addition to sample ordinances relating to preventing blighted properties, the Comprehensive Blighted Property Strategy and blighted property inventory form are found on this website. The library could be even more robust if it were to periodically update with training opportunities on property maintenance code enforcement. The following organizations currently provide training on code enforcement and related topics:

- PA Association of Boroughs (PSAB)
- PA Building Officials Conference (PENNBOC)
- International Code Council (ICC)

Alternatively, the Bucks County Planning Commission could send information about such training in its bi-monthly newsletter to ensure it is received by municipalities.

County Blight Prevention Strategy #3: Encourage the County Tax Claim Bureau to Update Their Database of Municipal Contacts

The County Tax Claim Bureau should consider sending out an email in January of each year asking municipalities to provide updated contact information for mailing of the tax sale preregistration and successful bidder lists. This is important as elected and appointed municipal officials can change on an annual basis. Also, the County Tax Claim Bureau should always make information about properties on the repository list of unsold tax sale properties available on a regular basis.

See **Municipal Strategy #6** above for more information on this Strategy.

² Main Street Matters is a program of the PA Department of Community and Economic Development. Applications are received on an annual basis. A 1:1 cash match (non-state) is typically required. Households with incomes up to 120% of the area median income may be assisted PHARE is a program of the PA Housing Finance Agency. Applications are received on an annual basis. No match is required. Households may be assisted up to 200% of the area median income, however 30% of the funds must be used to assist households with incomes less than 50% of the area median income.

County Blight Prevention Strategy #4: Connect with Magisterial District Justices to Gain Support for Dealing Firmly but Fairly with Bad Actors

This can be a delicate subject as the integrity and independence of Magisterial District Justices should be respected. However, several municipalities in the Phase I report indicated that MDJs were not as inclined to deal firmly with owners who have been cited for code violations when cases are adjudicated. In one County where this issue arose, the President Judge of the Court of Common Pleas shared the blight report with the MDJs and impressed upon them the ramifications of resolving these issues quickly but fairly.

Pathways to *Remediating and Redeveloping* Blighted Properties

Municipal Strategies to Remediate and Redevelop Blighted Properties

Municipal Blight Remediation/Redevelopment Strategy #1: Deny Permits, Including Rental Housing Licenses for Owners Convicted of Serious Code Violations

A 2010 state law allows municipalities to deny permits, including rental housing licenses when the owner has been convicted of a serious code violation³ and the owner has taken no substantive steps to correct the violation within six months. Under the law a permit may also be denied if the owner is delinquent in paying taxes, water, sewer, or refuse charges for a property anywhere in the Commonwealth.⁴

The vast majority of the municipal participants in the May 29th webinar that provided information on Tools to Remediate and Redevelop Blighted Properties felt that denying permits to those who are convicted of serious code violations would be a useful tool.

The denial of permits for owners convicted of serious code violations is a powerful tool because it prevents owners of rental properties from generating any income from these properties. This gives municipalities substantial leverage to get compliance in these situations.

Municipal Blight Remediation/Redevelopment Strategy #2: Encumber Assets of Owners Convicted of Serious Code Violations

The same 2010 law allows the assets of owners (both real and personal property) to be encumbered by a municipality when the municipality incurs expenses to ensure compliance when the owner has been convicted of a serious code violation and the owner has not taken any substantial steps to correct the condition within 6 months. Examples include municipal costs incurred to board up a property or to demolish a property when it is deemed an unsafe structure.

³ Serious violation is defined as 1) Fines or Other Penalties or a Judgment to Abate or Correct were Imposed by a Magisterial District Justice or Municipal Court or 2) a Judgment at Law or Inequity was Imposed by a Court of Common Pleas.

⁴ However. A Permit May Not be Denied if:

- The permit is necessary to correct a violation of a state or municipal building or property maintenance code, or
- The court or Magisterial District Justice decision is subject to a stay or appeal, or
- The non-payment of taxes, water, sewer, or refuse charges is under appeal, or
- The owner of the property has presented (and the appropriate state agency, or municipality has accepted) a plan to begin remediation of a serious violation of state law or code.

All of the municipal participants in the May 29th webinar felt that being able to encumber all assets of owners convicted of serious code violations when the owner fails to take corrective action, and the municipality incurs costs to address the problem was a useful tool.

A sample ordinance has been prepared by The Gulotta Group that may be enacted by municipalities to deny permits and encumber assets of those convicted of serious code violations and is available at the County's Blighted Property Strategies Digital Library at <https://connects.buckscounty.gov/blight>.

Municipal Blight Remediation/Redevelopment Strategy #3: Encumber Properties Deemed Unfit for Human Habitation

Act 101 of 2020 allows a municipality to file a lien against a property when it has been declared unfit for human habitation. Filing a lien puts subsequent buyers on notice and also positions the municipality to recover any costs incurred in bringing the property into conformance with local codes when the owner is not responsive.

Four of the municipal participants in the May 29th webinar were aware of the ability to file a lien against a property that has been declared unfit for human habitation while two were not.

Municipal Blight Remediation/Redevelopment Strategy #4: Charge Chronic Code Violators with Criminal Sanctions Punishable by Mandatory Jail Time

A 2015 amendment to Act 90 of 2010 allows the municipality to request that the District Attorney file criminal charges against chronic code violators. Failure to Comply with a Code Requirement is a misdemeanor under the following circumstances:

- (1) the owner of real property has been convicted of a second or subsequent serious violation of the same provision of a municipal code for the same property,
- (2) the violation poses a threat to the public's health, safety or property and the owner has not taken a substantial step to correct the violation and,
- (3) the violation is considered a public nuisance and the owner has not made a reasonable attempt to correct the violation.

The owner may be charged with a second-degree misdemeanor⁵ if they are convicted twice for a serious violation of the **same** provision of a municipal code relating to the **same** property. If the owner is convicted of three serious violations of the same provision relating to the same property, they may be charged with a first-degree misdemeanor.

Jail time and mandatory probation for Failure to comply with a Municipal Code are viewed by most owners as serious penalties that improve the chances that municipalities will achieve compliance with codes.

Of the seven municipal participants at the May 29th webinar, three indicated that they would encourage the District Attorney to file criminal charges for Failure to Comply with a Municipal Code Requirement.

⁵ Under state law a 1st Degree Misdemeanor is punishable by at least 30 days in jail, 1 year probation and a fine no less than \$3,000; a 2nd Degree Misdemeanor is punishable by at least 10 days in jail, 6 month's probation and fine no less than \$1,000.

Municipal Blight Remediation/Redevelopment Strategy #5: Work with Redevelopment Authority on Estates

When a vacant property's owner has died without a will and the estate remains unopened, a 2006 Law⁶ allows estate attorneys to open and administer the estate on behalf of a redevelopment authority. The property must be owned solely in the deceased owner's name. An attorney may open the estate, as agent for the Redevelopment Authority, as early as 30 days after the death to return the property to productive use as quickly as possible. The estate attorney must obtain fair market value for the property. The estate attorney's fees are included in the estate's liabilities and the attorney is paid only when the real estate is sold.

In situations where an owner dies without a will, the property may sit empty for years and municipal efforts to obtain compliance are seriously hampered because no one may take responsibility for making corrective repairs.

Municipal Blight Remediation/Redevelopment Strategy #6: Create Local Tax Incentive for Redevelopment of Blighted Properties

The Local Economic Revitalization Tax Assistance (LERTA) Program has been used by municipalities to incentivize development in deteriorated areas since 1977. However, this tool was not specifically focused on the redevelopment of blighted properties. Act 61 of 2020 provides for a declining year tax exemption for repair/redevelopment of blighted properties. The exemption is subject to recapture if the owner is convicted of a serious violation⁷ of state law or property maintenance code within five years of the completion of the improvements.⁸

As a condition of receiving the exemption, the owner must agree to (1) correct all code violations and pay all delinquent taxes (for the subject property and any other properties of the owner) and (2) increase the value of the property by at least 25%.

Four of the seven (7) participants in the May 29th webinar felt that enacting tax incentives to encourage redevelopment of blighted properties makes sense.

County Strategies to Remediate and Redevelop Blighted Properties

County Blight Remediation/Redevelopment Strategy #1: Encourage Municipal & Nonprofit Cooperation on Blighted Properties

BCRDA has an ongoing program to acquire blighted properties using its eminent domain powers described in the PA Urban Redevelopment Law. Nine municipalities⁹ in the County have established Blighted Property Review Boards which certified properties as blighted as a precursor to BCRDA using its eminent domain powers. The County has encouraged BCRDA to work cooperatively with nonprofit organizations (such as Habitat for Humanity of Bucks County) to rehabilitate these properties for affordable uses but the

⁶ Act 171 of 2006

⁷ Definition of Serious Violation: a violation of state law or property maintenance code that poses an imminent threat to the health and safety of the dwelling occupant, occupants in surrounding structures, or passersby.

⁸ After the owner has been given six months to correct the violation.

⁹ The nine municipalities in the County that have enacted a Blighted Property Review Board ordinance include Bensalem Township, Bristol Borough, Bristol Township, Langhorne Borough, Morrisville Borough, Northampton Township, Sellersville Borough, Upper Southampton Township and Warminster Township.

current funding model for the program depends solely on municipal funding for the legal and acquisition costs of properties acquired through eminent domain. This means that municipalities determine the disposition process as they are underwriting the costs. Frequently, this results in the public sale of the property for the highest price. Typically, a private bidder/ developer bids the property in and rehabilitates the property for sale as market rate housing. In the heated real estate market in the County, these properties frequently sell for an amount in excess of appraised value. This makes it difficult for Habitat to develop an affordable housing opportunity as they must bid against private bidders who are not limited in a selling price to the subsequent buyer.

In a few instances, municipalities have been agreeable to sidestepping the public sale process to sell the property to Habitat if Habitat reimburses the municipality for the BRDA's legal and acquisition costs. However, this very much depends on the municipality's proclivity toward affordable housing. To this end the County may want to consider working with BCRDA and Habitat to identify municipalities that have a favorable view of affordable homeownership and encourage those municipalities to execute a MOU to utilize properties acquired through eminent domain for affordable housing. A draft MOU has been prepared by The Gulotta Group for this purpose.

County Blight Remediation/Redevelopment Strategy #2: Countywide Blighted Property Review Board

With only 9 municipalities having a Blighted Property Review board, the other 45 municipalities in Bucks County have fewer tools for remediating blighted properties within their jurisdiction.

The County and BCRDA should consider an expansion of the BCRDA eminent domain program to include a Countywide blighted property review board which would allow the BCRDA to receive referrals of blighted properties from the 45 municipalities who do not currently have a board. This would involve the County appointing a Blighted Property Review Board to serve such areas. Municipalities that have established a municipal Blighted Property Review Board would continue to operate unless they wanted to repeal their ordinance and be served by the County Blighted Property Review Board.

The expansion of BCRDA's eminent domain program would allow BCRDA to serve more municipalities that have blighted properties.

County Blight Remediation/Redevelopment Strategy #3: Revolving/Leveraged Loan Fund to Acquire/Redevelop Blighted Properties

This strategy involves a funding model for Habitat and/or the County to participate in the funding of properties acquired through eminent domain to encourage the redevelopment of blighted properties into affordable homes.

For municipalities that have Blighted Property Review boards with the BCRDA and funding available to acquire blighted properties, a leveraged loan fund provides a mechanism for nonprofit developers like Habitat for Humanity of Bucks County to afford acquisition of blighted properties. Coupled with the municipal MOUs outlined above, such funding encourages the redevelopment of affordable housing.

In cases where a municipality does not have the funding available to acquire the blighted property at its estimated just compensation value, a leveraged loan fund could serve two purposes. Firstly, it would allow for the redevelopment of blighted property and secondly, it could incentivize municipal and nonprofit

cooperation to sell properties directly to nonprofit developers like Habitat for Humanity of Bucks County without a public sale process.

BCRDA has already taken steps to develop such a fund, by writing and receiving a Local Share Account (LSA) grant for \$610,000 from the State. The grant funding is specifically to acquire blighted properties that will be utilized by Habitat for Humanity to create permanently affordable homeownership opportunities in the County. This funding helps to offset the significant costs of developing such housing for Habitat and will allow the County, Habitat, and BCRDA to work collectively to redevelop a specified number of blighted properties on an annual basis.

Developing affordable housing in Bucks County is exceedingly expensive. Habitat for Humanity of Bucks County typically faces a development gap of approximately \$300,000 per unit for each house developed. The leveraged loan fund will help to offset these costs and make projects viable that otherwise would not be. However, for this to occur, the fund will deplete over time as it assists with filling the financing gap. As such, the fund could be further capitalized with a number of potential funding sources including but not limited to PHARE (PHFA), Main Street Matters (PA DCED), the Federal Home Loan Bank of Pittsburgh Affordable Housing Program or additional funding from the PA Local Share Account Grant Program.

County Blight Remediation/Redevelopment Strategy #4: Consolidated Inventory of Blighted Properties

There is a need to develop a systematic approach for identifying blighted properties in the County for the purpose of developing a real time database of properties that may be acquired by Habitat or the Redevelopment Authority for redevelopment. In the fall of 2023, the County Planning Commission developed an on-line inventory form which allowed municipalities to provide information on blighted properties and the characteristics of those properties. Five municipalities provided information for forty (40) properties, but it is important that the County encourage municipalities to provide this information.

The County could increase participation by providing regular information to municipalities about the availability of the on-line inventory. Participation may also be enhanced if the County provided a financial incentive for municipalities to add blighted properties to the on-line inventory. Ideas include requiring communities that receive County CDBG funds to provide information on blighted properties on an annual basis including updating information previously provided. The County could also pursue state funding through a program such as Main Street Matters that would be made available to municipalities that participate in the on-line inventory. Finally, if a decision is made by the County to enact an ordinance to establish a Countywide demolition fund under Act 152 of 2016 (see discussion below), a condition of a municipality qualifying for these funds could be providing information on blighted properties using the on-line survey on at least an annual basis.

County Blight Remediation/Redevelopment Strategy #5: Creation of a Land Bank

The major benefit of a land bank is being able to acquire tax delinquent properties at the Judicial Sale using priority bidding powers. This allows the Land Bank Agency to negotiate with the Tax Claim Bureau to acquire a property at an agreed upon price without the property being sold through a public bidding process.

The County could either create a Land Bank or designate the BCRDA as the Land Bank Agency under Act 33 of 2018 which allows entities to designate redevelopment authorities as the land bank agency rather

than forming a separate land bank organization. If the BCRDA were to be given Land Bank powers, it would allow the agency acquire properties for very reasonable prices which could help create affordable housing through conduit sale opportunities working collaboratively with Habitat.

It should be noted that typically very few properties become available at the Judicial Sale because of the brisk real estate market in Bucks County. However, BCRDA prepared an analysis of properties on the Judicial Sale List in 2021 as of 8/10/2021. Seven properties were deemed by BCRDA as good candidates for purchase and Habitat confirmed interest in acquiring four of these properties for affordable housing. However, only one of the properties was available at the time of the Judicial Sale because of service issues and/or the owners redeemed (i.e., paid the taxes) the property. An analysis of the December 2023 Judicial Sale results indicated that there was one property that could have been acquired by a land bank using its priority bid powers that could have been rehabilitated by Habitat.

BCRDA has indicated that it does not need County financial support for the administration of the bank but would self-fund the land bank activities by charging transaction fees that would be paid by subsequent buyers as well as a mark-up on the selling price. For this reason, the County may want to consider designating BCRDA as the land bank agency as it is an additional tool to address blighted properties in the County which has the potential to create affordable housing with no cost to County government.

It is also possible for the BCRDA, acting as the land bank agency, to acquire properties at mortgage foreclosure sales (Sheriff's sales), at the upset tax sale or through the County's repository of unsold tax sale properties. However, land banks do not have any priority bid powers at these sales and must bid against other with the property being sold to the highest bidder. Alternatively, nonprofit developers like Habitat for Humanity could also be encouraged to more fully vet opportunities for property acquisition at mortgage foreclosure sales, upset tax sales, and repository sales.

County Blight Remediation/Redevelopment Strategy #6: Conservatorship Actions

Act 135 of 2008 establishes a property conservatorship program that allows municipalities, redevelopment authorities and nonprofits to petition the County Court of Common Pleas to address conditions related to blighted properties. The property must be vacant. Essentially, this law gives the conservator a right of entry to repair or demolish properties when the owner has failed to do so.

The Conservator does not take title to the property but prepares a preliminary action plan when it petitions the Court. This plan may be modified after the petition has been granted and the Conservator enters the property and is in a better position to assess the situation. The Conservator contracts for the repairs or demolition and encumbers the property for the total cost of repairs plus a 20% conservatorship fee; when the work is completed the owner has the opportunity to reimburse the conservator for its costs. If the owner does not reimburse the Conservator, the Conservator may petition the Court to sell the property. At that point the Conservator may acquire the property although the Court by satisfying the conservatorship lien or may allow other parties to submit a bid to acquire the property. If another party acquires the property, they must satisfy the Conservator lien to make the Conservator whole.

Habitat or another organization such as BCRDA may be able to successfully undertake conservatorship program. An organization that desires to include Conservatorship in their toolbox may need financial resources and training about Conservatorship to accomplish the repair and/or demolition of the property but conservatorship can be an option to address blighted properties as an alternative to the Redevelopment Authority's use of eminent domain.

County Blight Remediation/Redevelopment Strategy #7: Create a Countywide Demolition Fund

A Countywide Demolition Fund could be helpful in addressing both environmentally contaminated sites across the County and in supporting municipalities in demolishing dangerous and unsafe structures.

Environmentally Contaminated Sites

BCRDA maintain an inventory of environmentally contaminated sites in the County that is periodically updated. While BCRDA may access state funds to accomplish the remediation of environmentally hazardous sites these funds frequently come with a matching requirement¹⁰. A potential source of match funds could be the enactment of a Countywide demolition fund that is authorized by Act 152 of 2016. This Act allows counties to increase filing fees for deeds and mortgages by up to \$15 with the caveat that the funds be used for the demolition of blighted properties as defined by the Act. At last count, twenty-four (24) counties in the Commonwealth have enacted an ordinance to establish a fund since 2016. This fund could generate hundreds of thousands of dollars annually for the demolition of blighted properties in the County.

BCRDA could utilize the County demolition funds to accomplish the demolition of properties 1) with Recognized Environmental Conditions (RECs), or 2) those that are not necessarily contaminated but are simply blighted and could be repurposed for productive uses. The properties, following demolition, would be conveyed to private or nonprofit developers as well as the Bucks Industrial Development Authority and Bucks Economic Development Corporation for redevelopment.

In support of this initiative, BCRDA has provided a list of 56 properties that have been demolished in the recent past or that could be demolished if additional funding resources such as County demolition fund were available (See appendix B for a map of the sites). Twenty-six sites are ones that were demolished by the BCRDA with other funding sources and another 30 sites have been identified by BCRDA as ones that could be demolished with the benefit of Act 152 funding.

Of the 30 sites not yet demolished that could benefit from funding through an Act 152 County Demolition Fund, according to the BCRDA seven (7) sites could be redeveloped for residential uses, five (5) sites for mixed uses (commercial/residential), nine (9) sites for commercial uses, two (2) sites for industrial uses, and seven (7) sites for residential/agriculture or residential/open space uses. For this reason, the enactment of a County Demolition Fund should be strongly considered not only to remediate blight but also to provide additional attainable housing, create additional businesses and new jobs associated with those businesses as well as much needed open space in more densely developed areas.

Municipal Demolition of Unsafe Structures

The creation of a Countywide demolition of fund under Act 152 of 2016 would also allow the County to assist municipalities in demolishing unsafe and dangerous structures when the owner is non-responsive to code citations. The International Property Maintenance Code, which most municipalities have enacted, permits municipalities to demolish dangerous and unsafe structures after following a prescribed process without taking title to these properties. However, in order to follow this process municipalities must have the upfront funding for the demolition of the structure. After demolition, the municipality places a lien

¹⁰ For example, the Commonwealth's Industrial Sites Reuse Program requires a 25% matching requirement.

against the property for the demolition cost.¹¹ Act 152 funding would allow more blighted properties to be demolished by removing the funding barrier for smaller municipalities with limited budgets.

In addition to Act 152 funding, other options to create a Countywide demolition fund include the Main Street Matters Grant and CDBG (Community Development Block Grant) funds under spot blight removal.

County Blight Remediation/Redevelopment Strategy #8: Communicate Blight Remediation and Redevelopment Tools in the Bucks County Digital Blight Library

In addition to tools to *prevent* blight, the County Digital Blight Library includes:

- all the sample ordinances referenced above
- state enabling legislation for all the tools listed in this report relating to remediation and redeveloping blighted properties including:
 - Act 90 Of 2010 (permit denial, encumbering owner assets, and charging bad actors with criminal sanctions for failure to comply with municipal codes)
 - Act 101 of 2020 (encumbering properties deemed unfit for human habitation)
 - Act 171 of 2006 (opening estates when the owner dies without a will)
 - Act 61 of 2020 (local tax incentive for rehabilitation of blighted properties)
- the May 29, 2024, PowerPoint prepared by The Gulotta Group that discusses Tools to Remediate and Redevelop Blighted Properties

The County should emphasize the availability of this information in the digital blight library in communications with municipalities including but not limited to regular meetings with municipal managers and other appropriate forums.

¹¹ However, this lien must be renewed after five years if the property is not sold and line proceeds are received.

Prioritizing County Recommendations

In determining priority recommendations related to County policies in this report, the County Commissioners may want to consider the following criteria: impact, administrative effort, and cost.

The following chart summarizes how each of the recommendations ranks in terms of the criterion:

County Policies Related to <i>Preventing</i> Blighted Properties			
Policy	Impact	Administrative Effort	Cost
Provide Information to Municipalities on Regular Basis About Owner-Occupied Programs	Medium	Low	Low
Develop/Maintain an On-Line Blight Library with Prevention Tools	Medium	Medium	Low
Encourage County Tax Claim Bureau to Update Their Data Base of Municipal Contacts	High	Low	Low
Connect with Magisterial District Justices to Gain Support for Dealing Firmly but Fairly with Bad Actors	High	Low	Low

For the most part, the recommendations related to *Preventing Blighted Properties* require minimal effort and have little or no cost. The two policies with the highest impact are 1) Encourage County Tax Claim Bureau to Update Their Database of Municipal Contacts and (2) Connect with Magisterial District Justices to Gain Support for Dealing Firmly but Fairly with Bad Actors. As indicated under the recommendation related to encouraging the County Tax Claim Bureau to update their database of municipal contacts, the Tax Claim Bureau would need to get an updated list of municipal contacts and send an email to those contacts on an annual basis about upcoming delinquent tax sales as well as the results of those sales. If the County Commissioners Office keeps an updated list, this list could be shared with the Tax Claim Bureau.

The County Commissioners could approach the President Judge of the Court of Common Pleas about the best way to share information with the Magisterial District Justices about the impact of blighted properties on communities and the importance of dealing firmly, but fairly with those owners who violate property maintenance and related codes.

County policies related to *remediating and redeveloping* blighted properties generally require more administrative effort and expense; however, these policies can also pay high dividends in terms of impact on the problem.

County Strategies Related to <i>Remediating and Redeveloping</i> Blighted Properties			
Policies	Impact	Administrative Effort	Cost
Encourage Municipal & Nonprofit Cooperation on Blighted Properties	Medium	Low	Low
Countywide Blighted Property Review Board	High	High	Medium
Revolving/Leveraged Loan Fund to Acquire and Redevelop Blighted Properties	High	High	High
Consolidated Inventory of Blighted Properties	Low	Medium	Low
Creation of a Land Bank	Low	Medium	Low
Conservatorship Actions	Low	High	High
Create a Countywide Demolition Fund	High	Medium	High
Communicate Blight Remediation and Redevelopment Tools	Low	Low	Low

The highest impact strategies include enacting a Countywide Blighted Property Review Board that would allow the BCRDA to pursue the acquisition of blighted properties throughout the County using its eminent domain under state law. This would allow the BCRDA to expand its scope for the purpose of eminent domain rather than being limited to the nine municipalities that have enacted an ordinance to establish such a board at the municipal level. This strategy becomes even higher impact if paired with the revolving/leveraged loan fund or an Act 152 demolition fund that would offer municipalities options to remediate blight they otherwise couldn't afford to encourage the development of workforce housing from their blighted properties.

Conclusion

Targeted strategies to prevent, remediate and redevelop blighted properties have been described in this document. While the blighted property in Bucks County is not widespread, these strategies could be effectively deployed to address the spot blight problem that exists in the County. However, the success of this effort will depend on the engagement of municipalities as they are on the front lines in tackling the blighted property problem and arguably are in the best position to enact ordinances and policies to deal with the problem. The County can be supportive of this municipal effort by considering some of the policy changes/initiatives referenced in this plan which solve problems related to information gap, funding, and regulatory methods necessary to assist municipalities in addressing blight within their jurisdictions.

APPENDIX A

Blight Ordinances Suitability / Effectiveness Matrix

Ordinance/Strategy	Capacity to Enforce is Limited	Staff Expertise is Limited	% Absentee Owners is Higher	% Rental Housing is Higher	% of Chronic Code Violators is Higher	% Long-Term Vacant Properties is Higher
Lite Property Maintenance Code Ordinance	X	X				
Rental Housing Licensing/ Inspection Ordinance			X	X	X	
Ticketing Ordinance	X					
Vacant Property Registration Ordinance						X
Pre-Sale Ordinance	X	X		X	X	
Challenge Bad Actors at Tax Sales			X		X	
Permit Denial/ Asset Encumbrance Ordinance			X	X	X	
Encumber Properties Condemned as Unfit for Human Habitation			X		X	
Charge Chronic Code Violators with Misdemeanors					X	

Note: Sample Ordinances for the above are located in the Bucks County Digital Blight Library, located here: <https://connects.buckscounty.gov/blight>.

APPENDIX B

Act 152 County Demolition Fund Map of Potential Sites 26 Demolished, 30 which may qualify to be demolished

