



BLIGHTED PROPERTY REVIEW COMMITTEE

THURSDAY, MARCH 20, 2014

COUNCIL OFFICE

6 pm

AGENDA

1. Call to Order – Lee Olsen, BPRC Chair
2. Approval of the Agenda and the Minutes from the January and February meetings
3. Evaluation Matrix re Impact of the BPRC Process (J. Kromer & D. Kersley)
4. Update on Implementation of Acquisition Handbook (L. Agudo)
5. Adjourn

Next Meeting April 16, 2014 Certification Hearing

Blighted Property Review Committee
2013 Annual Performance Report

City of Reading, PA
Vaughn D. Spencer, Mayor
Francis G. Acosta, City Council President
Lenin Agudo, Community Development Director

Blighted Property Review Committee Members
2013 Program Year

Lee C. Olsen, AIA, NCARB
Chair

Randy Corcoran
City Council Representative

Wayne Jonas Bealer
Planning Commission Representative

Dan Luckey
Redevelopment Authority Representative

George Seidel
Member

Heminton Urena
Member

Mary Wolfe
Member

Linda Kelleher, Secretary

Background

The Urban Redevelopment Law of 1945 (amended by Act 94 of 1978 and Act 113 of 2002) authorizes a government jurisdiction to create a Blighted Property Review Committee for the purpose of identifying vacant, deteriorated properties and supporting public agency action to ensure that they are brought into compliance with health and safety codes. A committee established for this purpose may compile a list of vacant, deteriorated properties and conduct a public review process for each listed property that may result in a formal certification of blight. This blight certification makes the property eligible to be considered for acquisition by a redevelopment authority or for the filing of a conservatorship action, through which a court may assign a qualified developer to take control of the property and bring it into compliance with code standards. In some instances, the developer may become owner of the property.

The City of Reading's Blighted Property Review Committee (BPRC) was authorized in 2006 through the approval of Ordinance 65-2006, which was amended twice in 2010. The ordinance describes the BPRC's duties as to "be responsible for the certification to the Redevelopment Authority of all properties deemed to be vacant or abandoned."

Ordinance 65-2006 calls for the BPRC to consist of seven members, as follows.

- One member of the Governing Body;
- A representative of the Redevelopment Authority;
- A representative of the Planning Commission;
- A representative to be designated by the Mayor; and
- Citizen representatives of the City of Reading.

Except for the member of the Governing Body, all BPRC appointments are made by the Mayor and are subject to City Council approval.

More detailed information about Reading's BPRC is available at <http://www.readingpa.gov/content/blighted-property-review-committee>.

BPRC Operations in a Time of Decreased Public Funding

The approach adopted by most Blighted Property Review Committees can be summarized in three steps:

1. The Committee, with assistance from city agency staff, compiles a list of vacant and deteriorated properties.
2. The municipal code enforcement agency then devotes priority attention to locating the owner of each of the listed properties in order to a) provide notice of the code violations associated with the property and b) encourage the owner to take action in order to achieve compliance with codes. In some instances, the violations may be satisfactorily addressed without delay or the owner may enter into a rehabilitation agreement that documents a commitment to specific performance in order to achieve compliance within a time acceptable to the codes department.
3. In those instances in which outstanding issues are not readily addressed, the BPRC schedules two public meetings in order to obtain reports on the current status of the property and to invite testimony from the property owner about any actions taken or planned to improve the property. In Reading a “determination” hearing is first scheduled, followed by a “certification” hearing scheduled approximately sixty days later. If significant progress has not been achieved by the date of the certification hearing, the BPRC may vote to “certify the property as blighted,” making it eligible to be considered for Redevelopment Authority taking or other action.

In past years, the list compiled by some Pennsylvania municipalities consisted only of properties that were infeasible for rehabilitation and, in the view of BPRC members, should be demolished. In the event that a listed property was not rehabilitated or demolished by the owner, the BPRC would certify the property, after which the Redevelopment Authority would acquire it and demolish it. Unless a recipient could be identified for the resulting vacant lot, the demolished property would remain in Redevelopment Authority inventory indefinitely.

For many years, the federal Community Development Block Grant (CDBG) program provided municipalities with funding that could be used to support property acquisition and demolition costs. However, major reductions in CDBG funding that have been instituted during the past decade have made it impossible to support this approach; the CDBG funding now available to municipalities is not sufficient to finance a comprehensive anti-blight strategy guided by Blighted Property Review Committee recommendations. In addition, redevelopment authorities have become increasingly reluctant to agree to take on ownership and maintenance responsibilities for BPRC-designated properties, most or all of which may not be marketable to private redevelopers, without a commitment on the

part of municipal government to fund associated property maintenance expenses. In cities such as Reading, no municipal funds are available for this purpose.

Under these circumstances, some municipalities have ceased BPRC operations altogether. Reading's BPRC has taken a different approach by exploring opportunities to achieve code compliance and property conveyances to responsible developers at lower cost to municipal government—or at no cost at all.

Market Value Analysis and Other Property Selection Criteria

For the City of Reading, the Reading Redevelopment Authority commissioned The Reinvestment Fund (TRF) to complete a Market Value Analysis (MVA) of Reading's neighborhoods. Reading's MVA was completed in 2012.

TRF describes the Market Value Analysis as

a tool designed to assist the private market and government officials to identify and comprehend the various elements of local real estate markets. It is based fundamentally on local administrative data sources.

By using an MVA, public sector officials and private market actors can more precisely craft intervention strategies in weak markets and support sustainable growth in stronger market segments.

The methodology used by TRF in completing an MVA involves the aggregation of census data, real estate market data, and other data (such as foreclosure data) by census block group, followed by field checking and data mapping. The resulting citywide map is color-coded to identify each census block group as belonging to an individual category within an overall typology of neighborhood subareas or clusters. In this typology, the most marketable block groups are identified as "Regional Choice" clusters, while the block groups most affected by economic disinvestment are identified as "Distressed" clusters. The middle range of the typology includes two categories: "Steady" and "Transitional."

A description of the MVA analysis, including the citywide cluster map can be found at <http://readingredevelopmentauthority.org/resources/Reading-MVA-10232012.pdf>.

The MVA is intended to be used as a guide to targeting available resources to locations where they can have greatest impact in stimulating or sustaining reinvestment. Regional Choice clusters are areas that have greatest potential for attracting or leveraging private investment with little or no commitment of public subsidy. Distressed clusters are places in which attention should be devoted to blight-removal activities in order to set the stage for future investment. Steady and Transitional Clusters are locations in which housing preservation and code enforcement activities should be targeted in order to reinforce existing investment and prevent the emergence of blight.

The approach adopted by the BPRC in selecting properties for review is consistent with the MVA in that priority attention is devoted to addresses with the following characteristics:

- Location in a relatively good real estate market.

- Location on a block on which other properties are in good condition and have no code violations.
- Location in an area targeted for development by the City of Reading or by a nonprofit community development organization supported by the City.

Of the sixty properties that were designated as blighted through affirmative votes at BPRC determination or certification hearings, most were located in Steady or Transitional market clusters. Addresses in Distressed clusters were avoided, except in those instances in which the property was a house in reasonably good condition located on a stable, mostly- or fully-occupied block. Blighted properties are generally not found in Regional Choice clusters; but in those instances where they are found in such areas, the BPRC considers listing them in order to try to encourage voluntary compliance.

Tax Payment and Code Compliance Outcomes for Prior-Year BPRC Certifications

To provide additional context for this report, the tax and code compliance status of properties that had been certified as blighted by the BPRC in 2009, 2010, and 2011 were reviewed. The results are shown in the following page. In the “Code Violations” column, NOV (“notice of violation”) refers to serious health and safety code violations, while QOL refers to less-critical “quality of life violations.”

As this table shows, a substantial number of the properties that had been certified as blighted during the first three years of the program are now current with respect to property taxes and have no significant code violations. This is an excellent record of performance for a program that has no dedicated staff and no budget. Most of the credit for this performance is due to Codes Division staff members, who made it a priority to establish and maintain communication with property owners, with the goal of achieving voluntary compliance wherever possible.

**Blighted Property Review Committee
2009 – 2011 Caseload: Tax Delinquency and Code Status as of November 2013**

	No. of Properties	Tax Delinquency	Code Violations	
			QOL	NOV
2009	11			
Tax Delinquency				
None		6		
1 year		3		
> 3 years		2*		
Code Violations				
None			4	11
1-3			5	0
>3			2	0
2010	8			
Tax Delinquency				
None		5		
1 year		3		
> 3 years		0		
Code Violations				
None			2	7
1-3			4	1
>3			2	0
2011	59			
Tax Delinquency				
None		30		
1 year		10		
> 3 years		19		
Code Violations				
None			19	44
1-3			20	15
>3			20	0
* Both properties demolished				

2013 Performance Levels

The BPRC was active throughout 2013, certifying 51 properties. During the past three years, Reading's BPRC has issued more certifications than any of its counterparts in other Pennsylvania cities.

**Blighted Property Review Committee
Properties Certified, 2009 through 2013**

Year	Properties Certified
2009	11
2010	8
2011	60
2012	44
2013	51
Total	174

The BPRC schedule was organized so that properties determined to be blighted at a BPRC meeting in a particular month were scheduled to be considered for certification two months later.

BPRC Determinations and Certifications by Meeting, 2013

	Blight Determination	Blight Certification
January	16	
February	12	
March	2	14
April		9
June	14	3
July	15	
August		14
October		11
Totals	59	51

Positive Outcomes

Positive outcomes were achieved for BPRC-certified properties in two ways: through property acquisition and conveyance to qualified developers or through owner action to achieve compliance with health and safety codes.

Property Development

BPRC-certified properties acquired by the Redevelopment Authority and conveyed to qualified city-supported development entities, included the following.

- 1459 Fairview Street, being rehabilitated by Neighborhood Housing Services of Greater Berks for sale and homeowner-occupancy.
- 300, 302, 304, and 306 North 4th Street, being rehabilitated for owner-occupancy by Habitat for Humanity of Berks County.
- 737 North 4th Street, being marketed for rehabilitation as two rental units through the CORE (COmmunity Redevelopment) program administered by the Reading Berks Realtors Association.

The Habitat and CORE properties are located within a target area designated as a priority by the Reading Redevelopment Authority. 1459 Fairview Street is located on a stable residential block within a Transitional market cluster.

Voluntary Compliance

Reading's Blighted Property Review Committee has been more productive than its counterparts in other municipalities because Committee members and the City's Codes Division have devoted particular attention to encouraging property owners to achieve compliance with codes on a voluntary basis, without the need for government intervention.

During 2013, nine properties that had previously been certified as blighted were decertified (i.e., removed from the BPRC list) following owner action to achieve compliance with codes. All of the properties are located on stable blocks within Steady or Transitional market clusters.

Locations of Decertified Properties, 2013

Arlington Street, Unit Block
Blair Avenue, 200 Block
Brookline Street, 600 Block
Carbon Street, 1300 Block
Douglass Street, 500 Block
Haak Street, 1700 Block
Margaret Street, 500 Block
Perry Street, 1300 Block
West Oley Street, 100 Block

Most of these properties achieved compliance within less than a year after BPRC certification.

Operating Plan for 2014

During 2013, the City's Managing Director and Community Development Director asked a consultant to complete a management review of the Blighted Property Review Committee and to make recommendations about future BPRC operations. A memorandum summarizing the results of the review is attached to this report.

Based on the findings described in the memorandum, BPRC members and city agency staff agreed on an approach involving two six-month cycles during the calendar year. Each cycle would include the identification of 25 new cases, the scheduling of a determination hearing for the properties in this caseload, and the scheduling of a certification hearing two months later for properties in the caseload for which compliance had not been achieved as a result of owner action. In addition, during each six-month cycle, the Codes Division would identify and work on five cases in the existing caseload that appeared to offer the best prospects for achieving voluntary compliance.

Through this approach, the BPRC would process a total of fifty cases during 2014, and (in addition to performing responsibilities associated with these fifty properties) Codes Division staff would pursue opportunities to achieve voluntary compliance for ten previously certified properties.

This approach can be evaluated and modified as needed to make the best use of available resources to support BPRC activities during the remainder of 2014 and beyond.

Exhibit – Memorandum on BPRC Operational Issues

Memorandum on BPRC Operational Issues
Prepared by John Kromer
September 6, 2013

In recent weeks I have had some very constructive discussions with Lee Olsen and Mary Wolfe of the Blighted Property Review Committee, as well as with Linda Kelleher, Michelle Reinhart, Keith Yeager, Ron Natale, and Lenin Agudo concerning BPRC operational issues. The following is a recommended approach for addressing these issues in a way that I believe is consistent with the views of all concerned.

Key Issues

Those with whom I met expressed agreement on several key items.

- The BPRC has been a success for the City of Reading and is being recognized as such by statewide organizations (such as the Housing Alliance of Pennsylvania), as well as by other Pennsylvania municipalities that are considering the possibility of replicating Reading's approach.
- Because voluntary compliance (i.e., an agreement and subsequent action by a property owner to complete repairs that are required in order to meet property maintenance code standards) is the most desirable outcome for a property being processed by BPRC, it is important that Property Maintenance Inspection (PMI) staff has sufficient time to interact with owners in order to make the most of any opportunities to achieve this outcome.
- PMI staff has found that the most efficient way to manage the BPRC caseload is through a process in which a new group of properties is introduced into the process only after a certification hearing and related follow-up have been completed for the group of properties previously in process; in this way, not more than one group of properties is being processed at a time.
- It would be worthwhile to complete a review of the current status of properties that have been entered into the BPRC process from the inception of the program to date, in part to document the accomplishments of the program and in part to determine appropriate action with respect to any cases that may require further attention in order to prevent a backlog.
- The Law Department attorney assigned to the BPRC (Tonya Butler) is the person responsible for ensuring that the city administration is fulfilling all of its BPRC-related administrative responsibilities. At the time of a determination hearing or certification hearing, confirmation by the Law Department representative that the documentation for a particular case has been prepared properly and that all other required actions (e.g., notification of property owners) have been completed provides BPRC members with assurance that BPRC standards have been met. For this reason, no formal BPRC oversight of the administrative process is required.

- The Community Development Department currently gives the authorization for each property to be entered into a new BPRC processing cycle, and the department will continue to do so in the future.

Future Operations

- In selecting properties to enter into the BPRC process, the city administration will make use of its blight score methodology, and each case file will include the property blight score and related commentary.
- The Codes Division has the capability to staff two six-month cycles each year. In each cycle, division staff will be able to process 25 new cases and work on five existing cases that indicate potential for voluntary compliance.
- The City Clerk will scan BPRC-related files in her possession and will provide the Codes Division with a disc containing the scanned files. Because the files are the property of City Council, the originals cannot be given to the administration without formal authorization by Council; accordingly, file scanning would be the most efficient way of making the file contents readily available. In the event that Codes Division staff needs to examine the contents of a particular file, the City Clerk will provide an opportunity for the file to be reviewed at her office.
- A performance report documenting the results of the BPRC program from its inception to date would be a worthwhile information resource, as would be an annual performance report for each year going forward.

Approach for September-December

- The September 19th meeting of the BPRC will not include the hearing of any cases. Ron Natale is being invited to provide committee members with an update on changes in PMI staffing and the management of BPRC-related activities. John Kromer is being invited to describe options for disposition of BPRC-certified properties that might be employed as alternatives to eminent domain acquisition.
- The October BPRC meeting will be a certification hearing for properties that were the subject of the July determination hearing. No further hearings will be scheduled in 2012.
- The November and December meetings will include 1) presentation of a performance report documenting the achievements of the program to date and the status of all properties scheduled for BPRC processing from the inception of the program to date, 2) presentation of meeting/hearing schedule for 2014, and 3) additional briefings on property disposition strategies.

Comments

The concise wording of the City Council ordinance that created the BPRC describes a limited scope of activity for the committee: the BPRC creates its own by-laws, establishes

offices, and elects officers. After that, all that the BPRC does is to consider and vote on blight determination and blight certification actions. I believe that several conclusions can be drawn from the wording of the ordinance.

- The BPRC is authorized to make or amend its by-laws independently of the involvement of any other entity.
- The BPRC does not have a role in monitoring the city administration's performance in processing BPRC cases or in setting standards for case management. Law Department confirmation that a particular case has been prepared in accordance with legislative standards and meets the requirements for action by the BPRC provides BPRC members with assurance that case preparation and management responsibilities have been fulfilled.
- Based on the above, the city administration should not seek to propose changes in BPRC process, and the BPRC should not seek to propose changes in the city administration's case management process.
- However, during the weeks between each BPRC session, PMI staff and the City Clerk may communicate with one another as needed to review current caseload issues and consider how best to address current issues of mutual concern.