



Restore Pennsylvania: Combatting Blight

One of the main challenges to revitalizing communities and neighborhoods is the ever-increasing number of blighted and vacant properties. Communities are struggling with combatting the challenges posed by the unoccupied, vacant buildings, and open, empty lots that constitute the growing problem of blight. A lack of financial resources at the local level is impeding progress. Many counties and redevelopment authorities have hundreds of blighted properties, but only enough financial resources to demolish or restore a handful per year – requiring a short-term or piecemeal, rather than holistic, approach to addressing blight. The cost of combatting blight varies depending on the size and scope of the community. DCED estimates that small communities such as Lock Haven have an estimated funding need of \$1 to \$3 million, while cities such as Altoona could spend up to \$35 million combatting blight. Restore Pennsylvania offers a sustainable funding source to return properties to productive use, demolish blighted buildings, and take advantage of the development opportunities presented by abandoned and vacant properties.

Restore Pennsylvania will increase resources for addressing blight by providing funds at the local level to create new development opportunities or provide new green space. The Blight Demolition and Redevelopment Fund will provide the following benefits:

- An opportunity for communities to begin the process and form a strategy towards combatting blight.
- Provide capital and other resources to communities that have shown significant abilities to strategize blight remediation.
- A first-of-its-kind dedicated funding source to fund blight removal projects.
- Enhance the marketability of localities for future investment.

Infrastructure Challenge being Addressed

Pennsylvania is a historic state with legacy infrastructure and hundreds of thousands of blighted buildings – industrial, commercial, and residential. Blight hurts communities in many ways. It poses serious health and safety threats, costs local governments for code enforcement and maintenance, reduces property values and tax revenue, increases the risk of crime, and makes communities less attractive for investment. Taxpayers are burdened in the form of higher taxes to make up for the lost revenue, but also are directly harmed by the loss of value in their own properties.

In former industrial hubs, long abandoned buildings can prevent the consolidation and development of parcels for reuse in advanced manufacturing. For generations, the Monongahela Valley was the economic engine that drove Pittsburgh's economy with manufacturing and steel making. During their prime, major industrial sites occupied hundreds of acres of land. When these major industrial and manufacturing hubs left, so did many residents – leading to long abandoned factories and housing stock and preventing the consolidation and development of parcels for reuse in advanced manufacturing.

In communities like Johnstown, Erie, Bethlehem, Pottsville, Reading and Scranton, the work that propelled the Industrial Revolution and drove wartime efforts left behind thousands of blighted properties as populations of these cities and towns shifted. While the General Assembly has taken important steps to speed the process for getting a blighted building back on the tax rolls, there are still an estimated 300,000 blighted structures in Pennsylvania. Just in Cambria County there are

approximately 1,800 blighted properties – that’s 1.3 blighted buildings for every 100 residents. Our communities need a major funding infusion to help with blight.

Description of Proposed Funding Usage

Restore Pennsylvania allocates funding to the Department of Community and Economic Development (DCED) for the establishment of a Blight Demolition and Redevelopment Fund (Fund) for the purpose of providing grants, loans, or other forms of financing to local entities such as land banks, counties, cities, municipalities, redevelopment authorities, economic development groups, community development agencies and others for planning, demolition, remediation, and redevelopment of blight.

The Fund will offer two components: 1) Entry-level grants; and 2) Grants to capitalize a revolving loan fund to entities in an advanced stage, with proceeds from projects to be reinvested in the municipality to continue efforts against blight.

1. Entry Level

Currently, municipalities participating in the Act 47 Distressed Municipality Recovery Program can seek blight demolition funding through a three-part grant. The Fund would expand the program to allow all municipalities to apply for this funding. The three-part grant, with a match component, assists with the creation of land banks, code enforcement and blight inventory. Each part is funded at \$25,000, totaling \$75,000 if all three parts are funded.

To receive funding under Restore Pennsylvania’s Blight Demolition and Redevelopment Fund, an applicant would need to demonstrate either having completed the three-pronged approach or prove sufficient preparation without it (i.e. producing an inventory of blighted property).

2. Capitalization of Revolving Loan Funds

The Fund may also be used to award grants to localities that meet the aforementioned criteria of land bank, code enforcement, and inventory. These localities would then use the awarded funds to establish a revolving loan fund in their communities. The revolving loan fund can be used to purchase a blighted property and enhance it, either through demolition, rehabilitation, or some combination thereof. When the property is sold, the proceeds from the sale are deposited into the revolving loan fund for future blight removal projects.