



Pennsylvania
Association of
REALTORS®

*The Voice for Real Estate
in Pennsylvania*

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Senator Gene Yaw
Senate Box 203023
457 Main Capitol Building
Harrisburg, PA 17120

Dear Senator Yaw:

Thank you for giving the Pennsylvania Association of REALTORS® (PAR) the opportunity to comment on HB 712. On behalf of PAR and its more than 30,000 of its members, I am writing to express a few concerns we have with HB 712 and the formation of land banks. REALTORS® are active members in their communities and continuously work to make their neighborhood desirable and free of blight. While the tools created in HB 712 have the potential to put valuable property back into productive use, PAR believes some of the provisions are not well defined and could put tremendous strain on a community.

HB 712 does not require coordination between land banks and regional or local land use and economic development planning:

The bill does state that a land bank may “establish a hierarchical ranking of priorities for the use of real property conveyed by a land bank...” There is no indication of whether a land bank may adopt multiple sets of priorities for different areas within its jurisdiction. For example, it would make sense to allow the countywide land bank to prioritize certain uses in one part of the county and have different priorities for reuse of land in other parts of the county. More significantly, there is no indication of how the land bank’s priorities should relate to the regional or local comprehensive plans. What happens when a land bank established industrial development as its top priority, but the land it wishes to sell or develop is located in an area designated under the county’s comprehensive plan for affordable housing? Does the land bank have an absolute right to convey the land? The bill does not appear to require, or even encourage, coordination between local and regional land planning and land bank priorities for the reuse of land.

Further, Section 9(d) requires that the land bank “maintain all of its real property in accordance with the laws and ordinances of the jurisdiction in which the real property is located.” It is unclear if this provision will be interpreted broadly to require a land bank to comply with all local zoning and building requirements, or whether it will be more narrowly construed to require only that the land bank abide by applicable local maintenance standards such as nuisance abatement laws.

The bill may saddle municipalities with costly burdens:

It is likely that land banks will incur substantial initial costs and it is unclear whether a land bank jurisdiction or its constituent municipalities incur any obligation to provide adequate funding for a land bank once it is created. Moreover, PAR does not believe that HB 712 ensures that the formation of potentially dozens of new “bodies politic and corporate” in Pennsylvania, each with its own staffing, office space, supplies and equipment and other potential sources of expense, do not result in an undue additional financial burden on the Commonwealth’s Counties and municipalities and their taxpaying property owners.

It should also be expected that land banks will acquire properties that are unusually difficult to sell or that present risk factors that make them difficult to finance in the private market. This does not need to be a concern as long as the land bank maintains the expertise and financial wherewithal to properly manage and effectively markets its stock for reuse.

However, Section 14 of the bill states that a land bank may dissolve by a two-thirds vote and all real property and assets of the land bank “shall become the assets of the municipality in which the property is located.” There does not appear to be any provision for a municipality to reject any or all of the properties. As a result, a municipality may become saddled with real estate that cannot be sold easily or in a short time frame and that presents an ongoing financial liability for the municipality that it and its taxpayers would prefer not to assume.

The bill does not require the land bank to take effective steps to markets its properties:

HB 712 requires that a land bank maintain and make available to the public an inventory of the property it holds. However, the bill does not include any requirement that the land bank take specific steps that would be necessary or appropriate to adequately market the property to prospective buyers. A previous version of the bill (Printer’s Number 791) required an online registry of parcels (Section 8(c)(1)) and the creation of a mailing list of possible buyers (Section 6) that would be notified of new properties that are available on a regular basis. In the current version, Printer’s Number 4003, a land bank is merely authorized to enter into a contract with a real estate professional to market and dispose of properties. PAR is very concerned that the land banks will have an extreme lack of expertise in this area and available and desirable properties will sit in the hands of land banks for substantial lengths of time and continue to contribute to the growing blight problem in our cities. Not only would this be counter productive to the goal of alleviating blight and create additional affordable housing, stagnant stock will not generate tax revenue for the municipality or funding to the land bank.

In closing, the Pennsylvania Association of REALTORS® has a long history of working in the community to alleviate blight and encourage homeownership. While the concept of land banks, as defined in HB 712, would be another tool for municipalities, PAR does not feel that the bill in its current form is best suited to move the properties back to the tax rolls in a swift or fiscally reasonable manner. I look forward to meeting with you to further discuss HB 712 as well as provide input on possible solutions to better our communities in Pennsylvania.

Sincerely,

Derenda Updegrave
Director, Government Affairs

CC: Representative John Taylor

