

**LANCASTER COUNTY ASSOCIATION OF REALTORS®**

**TESTIMONY ON ELIMINATING URBAN BLIGHT AND  
CREATING AFFORDABLE HOUSING IN URBAN AREAS**

**PRESENTED BY J. SCOTT ULRICH AND MICHAEL MASTROS**

**SENATE URBAN AFFAIRS AND HOUSING COMMITTEE**

**JUNE 11<sup>TH</sup> 2009**

Good Morning Chairman Yaw and members of the Committee. My name is Scott Ulrich and I am President of the Lancaster County Association of Realtors®, a trade association of licensed Realtors® and affiliate industries with over 1,500 members. Accompanying me is Mike Mastros, president and broker of record for Mastros Real Estate and a former board member of LCAR. Mr. Mastros specializes in urban housing issues and has extensive experience in property management.

Lancaster County boasts one of the healthiest housing markets in Pennsylvania. The current average sale price of a home this past April was \$178,763, a 53 percent increase compared to the April 1999 average sale price of \$116,875. This also compares favorably to the current \$237,400 average sale price in the northeast region of the United States, being \$58,637 less than the regional average and making Lancaster County one of the more affordable areas in which to live.

On behalf of our membership we appreciate this forum to discuss the important role that sound housing stock and affordable housing opportunities at all price points play in creating a good quality of life in Pennsylvania's urban communities. In particular, we will highlight our partnership with the elected officials and agencies of the City of Lancaster earlier this year in crafting an ordinance addressing rental housing and property management. At this point, I will ask Mike to highlight some Realtor® ideas on housing and urban renewal.

Thank you Scott. Ensuring a quality of life for all city residents is an ongoing challenge for municipal officials and Realtors®. Enlightened self-interest dictates that both parties work together to craft proactive policies that benefit homeowners, tenants and landlords alike. Residential neighborhoods and well-maintained properties are the foundation of any city's health and critical to the urban economy. Unfortunately, property code violations, public nuisances, high rates of taxation and regulatory barriers have assisted in the deterioration of many urban areas and led to unwillingness among buyers and lenders to invest in these neighborhoods.

In the City of Lancaster, according to the 2000 United States Census there are 23,021 housing units, 10 percent of which are vacant. Of the remaining 90 percent, 53 percent are rental and 47 percent are owner-occupied. In early 2008, the City of Lancaster began working with LCAR to craft an ordinance that would balance the needs of landlords and tenants, improve the housing stock and increase Lancaster's quality of life. The end result of this collaboration was an ordinance approved by Lancaster's City Council in early 2009 that incorporates a reasonable licensing and registration system for rental properties, creates a mechanism for the removal of

chronic troublesome tenants, ensures prompt remediation of physical damages and deterioration to properties and balances the rights of all parties.

LCAR believes that creating a mechanism for the training of landlords and tenants of residential rental properties is an effective way to eliminate potential problems in the future. Such a system would improve the screening process and assist residents in making better choices of available units, placing market pressures on owners to improve the quality of housing. Helping owners to better screen prospective tenants will decrease turnover, bad debt and management problems, making more resources available to keep properties code compliant.

Improving expectations about the respective rights and responsibilities of all parties is another method of preventing potential problems. Through comprehensive education, owners and residents gain the knowledge to comply with municipal laws and become better neighbors. LCAR is currently working with the elected officials and agencies of Lancaster City to create a continuing education course that will raise awareness of these issues and lead to a better understanding of landlord/tenant relations.

We also believe that once a property has been certified as blighted, a municipality should have existing mechanisms in place to make the transfer to new, responsible ownership quicker and easier. The less time that a property remains vacant and deteriorating, the better the surrounding neighborhood and municipality are served. Encouraging the rapid rehabilitation of such properties into safe, clean code compliant properties should be given the highest priority.

Municipal officials and agencies should encourage creative adaptive reuse of buildings, preferably within the context of a streamlined land development process. Developers who want to create projects “outside the box” often must contend with a lengthy permitting and planning process that is cost prohibitive and contains multiple levels of bureaucratic hurdles. Inevitably, these increased costs are passed onto consumers, increasing the cost of housing. Municipal ordinances should allow adaptive reuse and mixed-use, traditional neighborhood design projects by right, which will decrease the cost of housing and make it easier to construct new, affordable housing projects.

Eliminating urban blight requires that public resources be directed towards the rehabilitation of housing stock and construction of modern infrastructure such as public water, sewer and roads. The revenue streams that support such initiatives should be steady and receive support from a broad segment of the population. It is important that governments not enact or increase taxes that unfairly target a narrow segment of consumers. Optimal tax theory suggests that taxing a broad-based group at a low rate is the most efficient form of taxation because it does not distort market activity.

For example, many state legislatures or local governments turn to the real estate transfer tax since it is relatively easy to implement. However, what is easy is not always best. Drawing on data from the Federal Housing Finance Board, we can estimate that 30,994 potential homebuyers in Pennsylvania would be unable to purchase a home if the real estate transfer tax was increased by only 1 percent. Pennsylvania already labors under one of the highest transfer tax burdens in America and increasing the real estate transfer tax or similar point-of-purchase activities would result in fewer homes being sold and fall most heavily on first-time homebuyers.

Thank you for providing this opportunity to discuss our views on providing housing opportunities for every consumer and improving the quality of life within urban areas. We would be pleased to answer any questions from the Committee.