EXECUTIVE SUMMARY

Northampton County, Pennsylvania has communities ranging from highly urban (Bethlehem and Easton) to suburban and rural. Although the Lehigh Valley region has recently experienced positive trends in jobs and employment, population growth, and private sector investment, county and regional officials observed that every type of municipality has been challenged when it comes to remediating blighted properties. Blight occurs in cities, boroughs, and townships both suburban and rural. It shows up on main streets and in residential neighborhoods. Blight is found in distressed real estate markets where it is most expected, but it is also found in high-priced markets. The Northampton County Department of Community and Economic Development and the Lehigh Valley Planning Commission recognized a need for an approach to blight reduction that was both countywide, and reflective of local conditions, resources and priorities, which vary so greatly across the county.

The goal of this Blight Reversal & Remediation Plan is to reduce blight, improve quality of life, and promote sustainable economic activity for Northampton County. A related set of tools, including an online tool with model ordinances, will help municipalities and the County put the plan into action.

This plan describes the location and types of blighted properties communities are dealing with. It details what approaches local governments are using now, along with additional tools and approaches to fighting blight that could potentially be used at the municipal or county level. The plan draws on several sources: a survey of municipal officials regarding their current approaches and biggest obstacles, a Task Force primarily made up of local government staff and elected officials, interviews with local experts, the experience and knowledge of the consultant team, and a countywide Market Value Analysis (MVA). The results of the MVA inform recommendations about where specific tools will be most effective.

Northampton County is generally characterized by strong real estate markets. Although blight is found in every type of community, from rural to urban, and in every market category, from strongest to weakest, it is not overwhelmingly pervasive in any part of the county. Through the strategic use of enforcement tools and resources, the County and its municipalities are well positioned to address existing blight and to prevent more properties from becoming vacant, abandoned or deteriorated in the first place.
INTRODUCTION

Northampton County has seen significant growth in recent years—in population, jobs and new construction—yet communities throughout the county face challenges when it comes to preventing and addressing blighted properties. In 2018, the Northampton County Department of Community and Economic Development (DCED) and the Lehigh Valley Planning Commission (LVPC) launched an effort to use data and policy analysis, combined with local expertise, to create a Blight Reversal & Remediation Plan (“the Plan”). The goal of the plan is to reduce blight, improve quality of life, and promote sustainable economic activity for Northampton County. A related set of tools, including an online tool with model ordinances, will help municipalities and the County put the plan into action.

Northampton County leaders are focusing on eliminating blight and problem properties because it is costly for local governments to leave problem properties as part of the landscape due to the negative effects they have on neighborhoods, direct costs to the County and loss of tax revenue. For example, in the Mon Valley outside of Pittsburgh, an area of the state that shares Northampton County’s history as a former leader in steel manufacturing, 41 small communities looked at the high cost of deteriorating properties. They found that blight cost them $11 million each year in municipal services and reduced their tax revenue by $9 million. When private owners neglect their responsibility to maintain their property, it also requires local government to expend resources to board up, inspect, mow properties and respond far more frequently to police and fire calls. They are also costly to neighbors, who see their property values lowered by up to 30%—a huge amount given how many homeowners rely upon equity in their home to pay for retirement or a college education for their kids.

The City of Bethlehem, which is located partly in Northampton County and partly in neighboring Lehigh County, released a blight remediation plan in 2018 as part of its Bethlehem Blight Betterment Initiative (B3). That effort had four overarching goals: 1) Stabilize deteriorating neighborhoods; 2) Improve housing conditions; 3) Provide consistent and transparent code enforcement and incentive for repairing and/or stabilizing properties; and 4) Effectively use limited resources. The B3 process energized stakeholders and helped officials adopt a more organized and strategic approach to taking on blight. Following the successful completion of the B3 planning process, DCED and LVPC saw an opportunity to build on that momentum while also taking into account the great differences in local real estate markets, regulations and resources across the county.

DCED and LVPC contracted with Reinvestment Fund and May 8 Consulting (the team) to develop the Plan. The project included a survey of municipalities, long-form interviews with local experts and stakeholders, and a Market Value Analysis (MVA). A Blight Task Force was convened to review the results of the surveys, interviews, and data analysis. Staff and officials from each of the county’s 38 municipalities were invited to take part in the Northampton County Blight Reversal & Remediation Task Force. The Task Force then helped the team use the research results to inform the plan’s findings and recommendations.
BLIGHT IN NORTHAMPTON COUNTY

The team surveyed local staff or officials from every local government in Northampton County. Each municipality experiences blight or poorly maintained properties in some form or another. Given the differences in how blight exhibits itself in rural, suburban and urban communities across the county, the Task Force decided to adopt a definition of blight used by the City of Bethlehem which is flexible and also more modern and clear than the definition the Commonwealth of Pennsylvania adopted in 1945.

**NORTHAMPTON COUNTY BLIGHT DEFINITION**

- Properties that have broken or severely damaged windows, doors, walls, or roofs which create hazardous conditions and encourage trespassing; or
- Properties whose maintenance is not in conformance with the maintenance of other neighboring properties causing a decrease in value of the neighboring properties; or
- Properties cited for a public nuisance pursuant to Local Codes; or
- Properties that endanger the public's health, safety, or welfare because the properties or improvements thereon are dilapidated, deteriorated, or violate minimum health and safety standards or lacks maintenance as required by the applicable codes.

This definition addresses three key concerns about blight raised by the Task Force: safety; impact on neighboring property values; and the need to address a problem before it becomes severe. While a single broken window may not signify blight, if it isn’t fixed, lack of maintenance will create more widespread deterioration. A key strategy for blight prevention is to encourage owners to fix code violations on their property when the repair need is relatively small, so the cost of fixing it is manageable and the impact on other properties is not too great.

**Blight in Context**

Northampton County, Pennsylvania is located in the Lehigh Valley and is home to approximately 303,000 residents according to the 2017 5-Year American Community Survey (ACS), compared to 298,000 as of the 2010 Census. The ACS also shows a steady decline in unemployment between the 2013 and 2017 5-year estimates.

The county has 21 boroughs and cities, 7 suburban townships, and 10 rural townships, but the form and prevalence of blight varies widely across these communities. Just as importantly, local government staffing, financial resources, and expectations for public services vary widely. To be successful, approaches to reducing blight must account for such differences. A survey on topics related to blight was shared with all 38 local governments; 34 responded. Results were calculated for the county as a whole as well as by locality type (borough/city, suburban, rural).
Table 1: Northampton County Municipalities

<table>
<thead>
<tr>
<th>Cities and Boroughs</th>
<th>Suburban Townships</th>
<th>Rural Townships</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Bethlehem</td>
<td>North Catasauqua</td>
<td>Bethlehem Township</td>
</tr>
<tr>
<td>City of Easton</td>
<td>Northampton</td>
<td>Forks</td>
</tr>
<tr>
<td>Bangor</td>
<td>Pen Argyl</td>
<td>Hanover</td>
</tr>
<tr>
<td>Bath</td>
<td>Portland</td>
<td>Lower Nazareth</td>
</tr>
<tr>
<td>Chapman</td>
<td>Roseto</td>
<td>Lower Saucon</td>
</tr>
<tr>
<td>East Bangor</td>
<td>Stockertown</td>
<td>Palmer</td>
</tr>
<tr>
<td>Freemansburg</td>
<td>Tatamy</td>
<td>Upper Nazareth</td>
</tr>
<tr>
<td>Glendon</td>
<td>Walnutport</td>
<td>Plainfield</td>
</tr>
<tr>
<td>Hellertown</td>
<td>West Easton</td>
<td>Washington</td>
</tr>
<tr>
<td>Nazareth</td>
<td>Wilson</td>
<td>Williams</td>
</tr>
<tr>
<td>Wind Gap</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Municipality Survey Results**

Surveyed municipal leaders indicated that countywide the most common type of blighted property is vacant commercial properties, followed by foreclosed properties, deteriorated homes, and vacant buildings in general. Survey results by community type revealed significant differences in how Northampton County municipalities experience blight. Vacant land was a bigger problem for suburban areas, while cities and boroughs were most concerned about commercial properties and were alone in concern around illegal rooming houses. Rural communities were worried about vacant buildings in general.

![Figure 1: 2018 Northampton Municipality Survey, types of blight](image-url)
The survey also illustrates the different types of tools municipalities are currently using to address blight. Nearly three-quarters (72%) have a property maintenance code in place. Just over half (52%) require rental property licensing or registration and over a quarter (28%) are using a for-profit company to track their foreclosed properties and hold lenders responsible for property maintenance. In the case of quality of life ticketing, while several urban and rural communities are using it, no suburban municipalities is currently doing so.

![Figure 2: 2018 Northampton Municipality Survey, regulatory tools](image)

Although municipal officials said budget limits keep them from fighting blight as much as they would like, many use a number of state authorized tools to address troubled properties. According to the survey, close to half of local governments (44%) maintain blighted properties, and almost a third (30%) secure vacant buildings. Based upon the survey results, cities and boroughs were most likely to offer home repair grants or loans to owners, while suburban communities were most likely to use condemnation and demolition.

![Figure 3: 2018 Northampton Municipality Survey, physical and financial tools](image)
When asked about the biggest challenges standing in the way of fixing blight, the number one challenge all three types of municipality faced was getting property owners to cooperate (See Figure 4). Other common issues included owners’ inability to pay for repairs and the municipality’s inability to identify property owners in the first place, along with a lack of local funding. A third of suburban townships (33%) cited insufficient knowledge as to what to do about blight, indicating an opportunity for focused technical assistance to help these communities.

The survey also found that more than half of municipalities (56%) are still using paper citations and keeping paper records. At 60%, rural communities were most likely to use paper. About 8% do not keep any records at all on blighted properties. That share was highest for cities and boroughs, at 12%. Keeping electronic records of code violations, blight designation, and any steps taken to remediate a property can make efforts to address blight more effective. Good record keeping can help create a culture of compliance and help to maintain momentum for blight remediation over time.

Figure 4: 2018 Northampton Municipality Survey, largest challenges
Stakeholder Engagement

Throughout the course of developing the plan, the project team met with the Northampton Blight Task Force three times. These Task Force meetings focused on defining blight, identifying problem properties and priorities, reviewing the MVA. The preliminary MVA model was made available to all municipalities so that staff and officials would have the opportunity to review the underlying data and the results for their own community. The team also presented an overview of the project and preliminary results to the Northampton Council of Governments and the Northampton County Council.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
</table>
| September - October 2018 | • Collect underlying data for the MVA  
                            • Conduct key person interviews                                      |
| October 24, 2018   | • Task Force kickoff/ Northampton Council of Governments  
                            ▪ Define goals and deliverables  
                            ▪ Review underlying data for the MVA  
                            ▪ Discuss blight process analysis and tools                                  |
| February 7, 2019   | • Task Force meeting  
                            ▪ Review validated MVA components and draft model  
                            ▪ Equity and Environmental Justice overlay  
                            ▪ Discuss Case Studies and Online Tool                                      |
| March - April 2019 | • Finalize MVA Model  
                            • Finalize blight definition and survey tool  
                            • Align blight elimination tools to MVA categories                       |
| May 1, 2019        | • Task Force meeting  
                            ▪ Review outline of Blight Reversal and Remediation Plan  
                            ▪ Discuss approaches for different MVA market types  
                            ▪ Discuss Online tool                                                            |
| June 2019          | • Public release and municipal education roll out                                |
BLIGHT PREVENTION AND REMEDIATION TOOLS

Municipal Tools

Pennsylvania state laws offer municipalities a series of legal tools and strategies to enforce property condition standards and keep buildings healthy and safe. Since 2004, the legislature has passed nearly a dozen new laws to assist municipalities seeking to prevent and eliminate blight. While strong private property rights are a hallmark of American law, Federal and Pennsylvania laws have repeatedly given local government the power to enforce acceptable property condition. Pennsylvania courts have upheld these laws and consistently recognized municipalities’ broad authority to compel owners to correct blighting conditions under their police powers because vacant and poorly maintained buildings have a profound negative impact on the wellbeing of the communities in which they are located. Municipalities across Pennsylvania have proactively adopted state-authorized tools to expand local government’s power to improve the condition of problem properties.

### Share of Northampton County Municipalities Currently Using Selected Tools

<table>
<thead>
<tr>
<th>Tool</th>
<th>Usage Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared municipal code enforcement</td>
<td>0%</td>
</tr>
<tr>
<td>Home repair grants/loans</td>
<td>14%</td>
</tr>
<tr>
<td>Securing vacant buildings</td>
<td>30%</td>
</tr>
<tr>
<td>Maintenance of blighted properties</td>
<td>44%</td>
</tr>
<tr>
<td>Conservatorship</td>
<td>3%</td>
</tr>
<tr>
<td>Demolition</td>
<td>6%</td>
</tr>
<tr>
<td>Condemnation</td>
<td>14%</td>
</tr>
<tr>
<td>Quality of life ticketing</td>
<td>11%</td>
</tr>
<tr>
<td>Presale inspections</td>
<td>28%</td>
</tr>
<tr>
<td>Property maintenance code</td>
<td>72%</td>
</tr>
<tr>
<td>Vacant property registration</td>
<td>28%</td>
</tr>
<tr>
<td>Foreclosure registration</td>
<td>28%</td>
</tr>
<tr>
<td>Rental reg/licensing</td>
<td>53%</td>
</tr>
</tbody>
</table>

**Figure 5: 2018 Northampton Municipality Survey, current tools**

### Enact Laws that Provide Authority to Use Tool

In choosing the best approach for a particular problem property, municipal leaders should first enact into local law the necessary ordinances to set due process procedures and clear standards for each tool. This plan provides a brief description of state-authorized tools that municipalities should consider. The accompanying online toolkit provides sample ordinances, forms and other helpful information for municipalities that want to begin to implement the tool.
**Potential Municipal Tools to Enact and Implement**

1. **International Property Maintenance Code or Local Property Maintenance Code**

Municipalities need to enact codes and laws that affirmatively require owners to maintain and care for the exterior condition of their properties. One option is to adopt the International Property Maintenance Code, a model code that spells out the minimum maintenance requirements for existing buildings. Municipalities can adopt the code in whole or in part, and they can modify it to suit local conditions. Where a property is in violation of the Code, code enforcement officials can leave a door hanger or mail a letter with information about how to address the violation and then work with the property owners to bring their property back up to code. Where owners are unresponsive, progressive fines and penalties can be imposed. Municipalities can also pass a local ordinance to regulate the critical blighting influences in that locality such as restricting non-functioning cars in front lawns or keeping weeds below a certain height.

2. **Quality of Life Violation Ticketing Ordinance**

Several Pennsylvania municipalities have passed quality of life ticketing ordinances that allow code enforcement staff to issue tickets and fines for code violations that are visible on the exterior of a private property for immediate payment, similar to a parking ticket. A quality of life ticketing ordinance is designed to streamline the process of punishing violators, freeing up both the magisterial court system and municipal code officials, and to ensure that revenue from fines goes to local government. The ordinance also makes the process of paying a fine quicker and less expensive for owners and may identify small code violations at a point in time when they can be corrected at low cost. While there is typically a high response rate, if an owner refuses to fix the condition or pay a fine, the matter must be taken to court. Quality of life ticketing sweeps along commercial corridors can help improve the look and feel of “main street” retail particularly when paired with low-interest loans or small grants.

3. **Rental Property Licensing or Registration**

A rental property licensing or registration ordinance requires rental property owners to obtain an annual rental license and/or register their rental properties. Rental registration is a local regulation that requires landlords to register with the city as a landlord and provide the municipality with essential information including the owner or local agent’s contact information should there be a problem at the property. Rental licensing is a stronger local regulation that requires that the landlord obtain an annual license and open their property up to a regular inspection to ensure each unit meets basic health and fitness standards. Typically, licensing ordinances require inspections to take place every one-to-three years. Both Registration and Licensing laws require that landlords pay annual fees to fund regular inspections. A landlord’s license can be revoked where they have significant code violations.

4. **Vacant Property Registration**

A vacant property registration ordinance requires vacant property owners to register their vacant properties with their local government within a set timeframe (i.e. three months) of their becoming vacant. Vacant property registration ordinances also typically require the owners to pay an annual fee to cover costs of regular inspections and to file a plan describing a specific timeframe for selling or reactivating the property. Some ordinances require a property owner to carry a minimum amount of insurance on the vacant property as well.
5. Registration of Foreclosed Properties

Registration of properties that are in the process of foreclosure or have been foreclosed upon allows municipalities to identify the appropriate person at a lending institution responsible for the care of the property. There are a number of for-profit companies who will work with the municipality to enforce this law. These companies know who the appropriate contact is at each lending organization and can work with the municipality to collect an annual fee and ensure the security and maintenance of the foreclosed property. These companies typically contract for a percentage of the fee and fines collected from the lender.

6. Pre-Sale Inspections

Pre-sale inspections ordinances require sellers to pay for an inspection prior to the transfer of a property to a new owner and to bring property up to code or notify new owners of any deficiencies. The goal is to stop the cycle of blight by ensuring that the buyer is aware of any code violations and their responsibility to address them within a set period of time.

7. Municipal Code and Ordinance Compliance Act

The Municipal Code and Compliance Act requires purchasers of properties that have known code violations to resolve the violations within 18 months (structures) or 12 months (lots) of purchase. To assess code violations, the municipality inspects a property any time before purchase and performs a follow-up inspection 12 or 18 months later. An owner is personally liable for any violations and faces fines ranging from $1,000 to $10,000.

8. Doors and Windows Ordinance

This Philadelphia anti-blight ordinance imposes fines for each missing door and window on a vacant property and increase fines over time. Philadelphia launched its Doors and Windows program in October 2011 using the powers authorized by Pennsylvania’s Neighborhood Blight Reclamation & Revitalization Act (Act 90). The program requires owners of vacant buildings on blocks with at least 80% occupancy to install windows with frames and glazing on all window openings and operative doors on all door openings. The fines for noncompliance are $300 per opening per day. The program targeted owners of multiple blighted buildings. A 2014 study by Reinvestment Fund found that properties that complied with citations from the city’s Department of Licenses & Inspections created $74 million in sales value for surrounding properties and increased the city’s transfer tax revenue by $2.3 million.1 Another study by the University of Pennsylvania’s Perelman School of Medicine found that the installation of working windows and doors in vacant buildings significantly reduced many categories of crime and violence near the buildings, including a 19% reduction in assaults, a 39% reduction in gun assaults, and a 16% reduction in nuisance crimes.2 In an order of July 6, 2017, the Pennsylvania Supreme Court upheld the

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constitutionality of the ordinance as an exercise of the City’s police power and its “compelling interest in combatting blight.”

9. Permit Denial

Act 90 also allows a local government to deny municipal building, zoning and occupancy permits to owners of delinquent properties or properties with a judgment of serious code violations in order to motivate owners to fix up their properties or pay their taxes. Municipalities may deny certain permits and licenses to property owners who have significant tax delinquencies or a judgment of serious code violations by a magistrate or judge anywhere in the Commonwealth. To identify property owners who have judgments of code violations in other Pennsylvania municipalities, local governments are encouraged to search a magisterial court database at https://ujsportal.pacourts.us/Caselnformation.aspx.

10. Asset Attachment

Act 90 also gives municipalities the power to attach the assets of an owner of a property if the owner fails to take substantial steps to correct a “serious violation” within six months of a final court order. To date, no municipality has completed asset attachment in Pennsylvania, but several local governments have provided property owners with constitutionally required notice that they intend to file an asset attachment petition with the court to motivate a property owner to appear in court to defend his or her valued assets.

11. Estate Administration

Under state law, a Redevelopment Authority may open the estate of a deceased property owner to transfer blighted property to a new owner. This tool is currently only available within Easton and Bethlehem as these are the only jurisdictions with a redevelopment authority. Its goal is to take properties out of limbo where there are no heirs in order to transfer the property to a responsible new owner.

12. Conservatorship

Court may appoint a third party to enter onto someone else’s property to address code violations. In 2008, Pennsylvania passed a conservatorship law authorizing the courts to appoint a nearby neighbor, nonprofit organization, municipality, school district, or redevelopment authority as a receiver to make improvements to privately owned property. This tool has been used extensively by non-profits across the state. In 2014 the conservatorship law was amended in order to include vacant lots, increase the “developer’s fee” and give neighbors, businesses, and non-profits who are located farther from the property the authority to file a petition for conservatorship. The Housing Alliance Conservatorship

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13. Shared Code Enforcement

Small municipalities have identified three key impediments to effective data driven code enforcement during interviews. First, local code enforcement officers personally know and may be related to the property owners and are uncomfortable citing family and friends. Second, the municipality lacks resources to hire part-time or full-time code enforcers and third they do not have the data and computer capacity to track all violations and follow up with owners. In fact, according to our survey, over half of municipalities still record code violations using paper filing systems.

Considering shared code enforcement with nearby municipalities will help to solve these issues as municipalities can share databases, keep an objective and professional relationship with owners and more cost-effectively hire code enforcement professionals. Shared services are allowed and even encouraged in Pennsylvania.

Ordinances and Guidelines regarding New State Blight Related Funding Opportunities

(Go to our Online Toolkit at ________ for links to further program information and application information.)

Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) Fund
Created in December 2010, this fund originally was financed through a Marcellus Shale Impact fee (Act 13 of 2012) and was used to support competitive grants for affordable housing and blight remediation in the Shale region. In November 2015, the program was expanded drawing revenues from the future growth of the Realty Transfer Tax (Act 58 of 2015) to all Pennsylvania regions. PHARE grants may be used to “assist with the rehabilitation of blighted, abandoned or otherwise at-risk housing and the reuse of vacant land where housing was once located.”

Historic Preservation Tax Credits (Federal and State)
Federal and state historic preservation tax credit programs provide tax credits to developers who restore a qualified historic structure into an-income producing property. The tax credits can help to make rehabilitation of blighted properties “pencil out”. The federal historic tax credit offers a 20% tax credit for the rehabilitation of historic income-producing buildings. The Pennsylvania state historic tax credit program offers an additional 25% state tax credit to buildings already approved for the federal tax credit.

Pennsylvania Industrial Sites Reuse Program (ISRP)
The State provides grant and low-interest loan financing to perform environmental site assessment and remediation work at former industrial sites. ISRP offers competitive grants and loans up to $200,000 for environmental assessments and up to $1 million for remediation. A 25% match is required for grant and loan projects.

Local Share Account (LSA) – Northampton and Lehigh Counties
Under Act 71 (the Gaming Act), Northampton County municipalities are eligible applicants for grants to fund projects concerning the public interest, community development, and economic development. Applications are accepted between September 1st and November 15th of the year.

Local Share Account (LSA) – Monroe County
Under Act 71 (the Gaming Act), Northampton County municipalities are eligible applicants for grants under Monroe County’s LSA as well in order to fund projects concerning the public interest, community development, and economic development. Applications are accepted between July 1st and September 30th of the year.

Keystone Communities Program (KCP)
Municipalities, non-profits and others can apply for flexible community and economic development grants. Communities are designated as Keystone Main Street, Keystone Elm Street, Keystone Enterprise Zone, or Keystone Community and qualify for investment in planning, façade improvement, accessible housing or development grants. This funding may offer an opportunity to fund improvements to commercial corridors with dated facades.

Local Tool Implementation Considerations
The local tools detailed in the section above vary widely in how easy or difficult they are to implement, how long they would take to put into place in municipalities where they do not yet exist, and their cost and source of funding. Table 2 provides more information about these important differences.
<table>
<thead>
<tr>
<th>Tool</th>
<th>Lead Entity</th>
<th>Supporting Organization(s)</th>
<th>Level of Difficulty</th>
<th>Timeframe</th>
<th>Resources Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistent, Data-Driven Code Enforcement</td>
<td>Municipality</td>
<td></td>
<td>Average</td>
<td>Within 1  year</td>
<td>Fees and penalties will fully fund</td>
</tr>
<tr>
<td>Quality of Life Violation Ticketing Ordinance</td>
<td>Municipality</td>
<td></td>
<td>Average</td>
<td>Within 1  year</td>
<td>Fees and penalties will fully fund</td>
</tr>
<tr>
<td>Rental Property Licensing or Registration</td>
<td>Municipality</td>
<td></td>
<td>Average</td>
<td>Within 1  year</td>
<td>Fees and penalties will fully fund</td>
</tr>
<tr>
<td>Vacant Property Registration</td>
<td>Municipality</td>
<td></td>
<td>Average</td>
<td>Within 1  year</td>
<td>Fees and penalties will fully fund</td>
</tr>
<tr>
<td>Foreclosed Property Registration</td>
<td>Municipality</td>
<td>For-profit Registration Organizations</td>
<td>Easy</td>
<td>Within 1  year</td>
<td>Fees and penalties will fully fund</td>
</tr>
<tr>
<td>Pre-Sale Inspections</td>
<td>Municipality</td>
<td></td>
<td>Average</td>
<td>Within 1  year</td>
<td>Can require seller-paid inspections by 3rd parties so only cost is enforcement</td>
</tr>
<tr>
<td>Municipal Code and Ordinance Compliance Act</td>
<td>Municipality</td>
<td></td>
<td>Easy</td>
<td>Within 1  year</td>
<td>Minimal cost</td>
</tr>
<tr>
<td>Doors and Windows Ordinance</td>
<td>Municipality</td>
<td></td>
<td>Average</td>
<td>Within 1  year</td>
<td>Fees and penalties will fully fund</td>
</tr>
<tr>
<td>Permit Denial</td>
<td>Municipality</td>
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<td>Average</td>
<td>Within 1  year</td>
<td>Minimal cost</td>
</tr>
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<td>Asset Attachment</td>
<td>Municipality</td>
<td>Courts</td>
<td>Difficult</td>
<td>1-3 years</td>
<td>Court costs</td>
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<tr>
<td>Estate Administration</td>
<td>Municipality</td>
<td>Redevelopment Authorities in Easton and Bethlehem</td>
<td>Difficult</td>
<td>1-3 years</td>
<td>Only open to Easton and Bethlehem - can use CDBG or RDA budget dollars</td>
</tr>
<tr>
<td>Conservatorship</td>
<td>Municipality</td>
<td>Courts, Non-Profits, Neighbors</td>
<td>Average</td>
<td>Within 1  year</td>
<td>Recover all expenses from sale or rental</td>
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<tr>
<td>Explore Shared Code Enforcement</td>
<td>Municipality</td>
<td>Neighboring municipalities</td>
<td>Average</td>
<td>1-3 years</td>
<td>Cost savings by sharing code enforcement officers</td>
</tr>
</tbody>
</table>
County Tools

Counties across Pennsylvania have begun to take an active role in addressing blight and problem properties using new state authorized tools. The Northampton County Blight Reversal and Remediation Plan Task Force has requested a list of potential approaches that the County can adopt to help municipalities eliminate blight and reactivate vacant and underutilized properties.

The County currently has no single agency responsible for addressing problem properties. The County does have the power to foreclose on tax delinquent properties under the Real Estate Tax Sale Law of 1947. The County does not have a Redevelopment Authority with the power to take title to a property using eminent domain, however, the County does have a General Purpose Authority that has the authority to condemn and take properties.

This section of the plan explores a number of strategies and approaches other Pennsylvania counties have adopted to prevent and eliminate blight. Counties often use more than one approach simultaneously. Estimates for costs to implement these tools are provided to assist County leaders in evaluating the feasibility of different tools. Some tools, like the Demolition Fee recently authorized by the State, are self-financing. Continuing the Task Force would take little money or time. Others, like a land bank, will require outside funding. Potential funding sources for county-wide blight elimination efforts include Local Share Accounts for Northampton and Lehigh Counties as well as Monroe County, Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) Grants and Keystone Community Grants as well as philanthropy, private capital construction loans and municipal fees.

Eight Potential County Approaches

1. Educate Magistrates to Adjudicate Blight-Related Cases

The County could partner with the State of Pennsylvania Court of Common Pleas to ensure busy magistrates have the information and protocols that they need to hold owners responsible for the condition of their property. There are fifteen Magisterial District Courts strategically located throughout Northampton County. Magisterial District Judges are elected to six-year terms and are employees of the Commonwealth of Pennsylvania. These courts have jurisdiction over municipal code violations. These judges are busy and handle a diverse variety of cases. In 2011, the Northampton County Magisterial District Courts handled a total of 65,636 cases including 45,467 traffic cases, 7,344 summary cases, 7,147

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6 Pennsylvania Act 71 requires that 2 percent of proceeds at local gambling establishments be used to fund projects that improve the local quality of life, the community, area roads or civic or cultural activities. Monroe County, home to Mount Airy, is the only host county to a Pennsylvania gambling facility that is required to share its proceeds with neighboring counties. Half of the proceeds go to Monroe County projects and half go to projects in either Pike, Carbon, Northampton, Lackawanna or Wayne counties. In 2017, the Casino reported gaming revenues of about $235 million. 1% of this amount is 2,350,000.

7 The Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) Fund was created in December 2010 to fund competitive grants for affordable housing and blight remediation in the Shale region. The original fund was financed through a Marcellus Shale Impact fee. (Act 13 of 2012) In November 2015, the program was expanded drawing revenues from the future growth of the Realty Transfer Tax (Act 58 of 2015) and now offers the opportunity to apply for competitive grants to all Pennsylvania counties and municipalities.
civil cases and 5,678 criminal cases. As a result, according to several municipal officials, magistrates frequently fail to enforce municipal fees and grant multiple continuances to a repeatedly cited owner without consequence. With the cooperation of the State of Pennsylvania Court of Common Pleas and the magistrates assigned to Northampton County, the Magisterial District Courts could adopt an education curriculum around code enforcement actions and a protocol to better ensure that real property is maintained in a manner that is safe and healthy and complies with International, state and municipal property maintenance codes. The County can approach the Presiding Judge and the Magisterial District Judge Association of Northampton County to help to bring municipal officials and magistrates together to discuss the types of code violations that commonly come before the court, the goals for ensuring healthy, safe buildings in the community and the evidence local government leaders should provide to inform the magistrate’s consideration of each case. The cost here would be minimal as it would involve a training for magistrates at either one of their regularly scheduled gatherings or at a separate event scheduled for maximum convenience.

2. **Provide Municipalities with Legal Technical Assistance**

The Northampton Blight Remediation Plan is designed to assist municipal staff and officials in the use of state authorized legal tools to address problem properties. Some of these tools require a high level of sophistication and legal assistance to implement in a manner required according to law. In fact, during interviews some local officials stated that they were not enforcing the code due to concerns about violating trespass or other laws and do not want to risk legal liability. Sharing critical legal “dos and don’ts” will improve the level of knowledge and embolden a more proactive response to blight throughout the county. In addition to providing answers to key questions around the use of blight-related tools, the technical legal manual could share legal documents and forms that have been upheld by Pennsylvania courts or used over a series of years without challenge. The cost of this option is limited to the cost of production and a legal update every couple of years.

3. **Continue the Blight Plan Task Force**

The Blight Plan Task Force was instrumental in developing a plan that accurately reflected local conditions and priorities. It also provided a forum for officials and staff from municipalities across the county to learn from one another, identify communities confronting similar issues, and to engage with County staff. Enlisting interested task force members in meeting monthly or quarterly on an ongoing basis is a low-cost way to keep up momentum, provide peer support throughout implementation, and build support for longer-term county-level interventions.

4. **Create a Demolition Fund**

Northampton County contains a number of vacant properties that pose risks to health and safety and should be demolished. Pennsylvania Act 152 authorizes counties to impose an additional Recorder of Deeds fee to be used for demolition of problem properties. This fee is optional, may not exceed $15, and must be deposited into a demolition fund that will exclusively fund the demolition of blighted property in the county. Within 90 days of imposing the fee, a county must file an initial report with the Department of Community and Economic Development, which includes plans for how the funds will be spent. Each county must also submit an annual report detailing how many properties were demolished and the cost

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8 Magisterial District Courts FAQ Northampton County Court of Common Pleas website, downloaded March 5, 2019
https://www.nccpa.org/magisterial-district-judges/mdj-faq
of demolition per property. Act 152 of 2016 will expire 10 years from its effective date, January 4, 2017. Northampton County can take advantage of this funding source by adopting a resolution or an ordinance that authorizes the recorder of deeds to charge and collect a maximum fee of $15 for each deed and mortgage recorded. This tool is self-financing. The County currently charges $75.25 to record a deed. The demolition fee would raise this fee to $90.25,\(^9\) resulting in approximately $50,000-$70,000 in new revenue annually from residential deed recording alone, based on the average number of sales transactions in the last three years. Fees associated with commercial properties and mortgages would add to this amount.

5. Maintain County-Wide List of Blighted Properties
The County can help municipalities to understand the best strategies to address different types of properties and find grant dollars to fund blight remediation by creating and maintaining a list of the three to five worst problem properties in each city, borough or township. For example, with access to property data available through large national databases, County staff or interns could help municipalities to identify and contact current owners responsible for the condition of the property. Similarly, a priority list will allow the County to bring in experts to talk through the appropriate response to the most common types of properties. A countywide list of the worst blighted properties also may be made public in order to shame the owners that fail to take care of their properties into fixing code violations. Finally, this list allows the County to prioritize its limited resources to address the properties that the municipalities see as high priority when new funding becomes available. Assembling this data and updating it each quarter will cost very little.

6. Start a Home Repair Loan Fund
Many homeowners seek to repair their property but lack access to home improvement loans that will allow them to keep their property up to code. An analysis of Home Mortgage Disclosure Act Data for the county shows that 1,130 homeowners applied for a home improvement loan in 2017 (the most recent year available) and 36% were denied. In neighborhoods like the Southside of Bethlehem, the denial rates are as high as 67%. The analysis showed that county homeowners were less likely to be approved for a loan if the loan they chose was small (i.e. under $20,000) and if their income was below $52,000 (80% AMI), yet these low-to-moderate income homeowners need this amount to replace a roof or make their house accessible as they age without taking on excessive debt.

The County may be able to join with local lenders to extend credit for smaller loans with a loan guarantee fund. The loan guarantee allows the County to share the risk of non-payment with the lender. A non-profit organization in Cleveland Heights Ohio guaranteed over $6 million to households considered “un-lendable” over 40 years with a guarantee of $160,000 placed in the form of a Certificate of Deposit (CD) with a lender partner. Philadelphia has just established a home repair loan fund to fill a similar need.\(^{10}\)


7. Reform Tax Sale Process
Northampton County has a high-functioning tax foreclosure and tax sale process. Two reforms, however, could help to ensure that properties sold at tax sale are brought quickly up to code and returned to the tax rolls. First, the County can enhance eligibility standards for all bidders at tax sale. In order to bid at tax sale, an individual, LLC or company must already attest to the fact that they do not have outstanding code violations or unpaid utility bills. The County could further require a listing all of the properties for which they have an ownership interest and any outstanding issues. Second, the County can more actively market properties within its repository to civic groups for community gardens. Currently, the properties in the repository tend to be small pieces of land that will not be attractive to an investor but may serve to add greenspace and other small amenities for neighborhoods.

8. Form a Land Bank or a Redevelopment Authority with Land Bank Powers to Address Blight or Expand Mission of the General Purpose Authority

Option 1: Land Bank
A land bank is a governmental or non-profit agency formed to eliminate blight and return vacant, abandoned, tax-delinquent, and foreclosed properties to productive use. Under PA Act 153, the County could create a land bank as the county agency responsible for addressing vacant properties and blight with the power to clear debt from vacant properties, quiet title and offer the properties for purchase to responsible buyers for specific uses.

A land bank, under Pennsylvania law, has several important powers to address blight including the ability to intervene in a tax sale and where there are no bids for the property at Upset Sale, acquire the property without any cash payment. Instead the land bank may provide “performance-based” consideration such as the rehabilitation, demolition or maintenance of properties in return for the land transfer. A land bank is then able to extinguish property tax liens and claims subject to the consent of all taxing bodies including the school district and sell or transfer the property to a responsible owner for a use that is consistent with community priorities and neighborhood markets.

The costs for starting a land bank and operating it for its first year vary, but approximately $400,000 will give a land bank adequate staff and resources to begin its work to acquire, repair, demolish, assemble and sell properties based upon Schuylkill County Land Bank’s budget that they generously shared.11 Supporting the accuracy of this estimate, Westmoreland County Land Bank’s budget is approximately $391,000.12 Under Pennsylvania law, land banks are allowed to retain up to 50% of the taxes on properties returned to the tax rolls for five years if the county, municipality and school district agree to this arrangement. (See below for further details.)

11 Chris Gulotta, the land bank’s administrator noted that the most difficult piece to finance is the skilled staff needed to run a land bank. Schuylkill County’s land bank, which covers a subset of municipalities within the county, began with a very small budget that included approximately $50,000 for construction and renovations, $150,000 for demolition and $45,000 for administrative costs that include legal fees, advertising, insurance, appraisals, closing costs, audits and general operating expenses. This budget of $225,000 for direct costs does not include salary and benefits for needed staff. Adding salaries and benefits for at least two people brings the initial costs up to about $400,000. Schuylkill County Land Bank budget spreadsheet provided by Chris Gulotta and described by Gulotta in March 15, 2019 interview with Karen Black.
12 Westmoreland County Land Bank budget and notes provided by Winifred Branton to Karen Black on March 11, 2019.
Option 2: Redevelopment Authority RDA
As an alternative to creating a land bank to address blight, the County could create a Redevelopment Authority to serve these functions. PA Act 33, passed into law in 2018, allows a county to designate a redevelopment authority (RDA) as the land bank for its jurisdiction. This law could be used by Northampton County to establish an RDA with all the powers of a land bank as well as the power to condemn and take properties of last resort through eminent domain. The budget for an RDA would be similar to those of a land bank. According to Kelly Hicks, Executive Director of the Pennsylvania Association of Housing and Redevelopment Agencies, there would be few additional costs and those would involve registering with the Department of State and IRS and obtaining applicable insurance coverage.\textsuperscript{13}

It is worth noting that taking a property through eminent domain is a labor-intensive and time-consuming process that will require significant costs in advertising, notice and staff time to complete the rigorous process for takings under law. That said, both Bethlehem and Easton have successfully used the threat of eminent domain to gain the attention of property owners of long-term blighted properties.

Option 3: General Purpose Authority
Another option is to utilize the existing Northampton County General Purpose Authority, organized under Chapter 56 related to Municipal Authorities, to perform some of the functions of the land bank. Based upon the opinion of the General Purpose Authority’s Counsel, this existing Authority has the power of eminent domain as well as the power to purchase, repair, maintain, and lease property.\textsuperscript{14} The authority’s goal includes promoting community and economic development through partnerships with businesses, organizations, local governments, and individuals that will impact the economic vitality of Northampton County. More specifically, the authority “may engage in financing working capital; acquiring, holding, constructing, financing, improving, maintaining and operating, owning or leasing either in the capacity of lessor or lessee, projects of a particular kind and character”. The General Purpose Authority would not have the power to bid for foreclosed properties paying only the costs of the sale and “performance-based terms” such as rehabilitation, demolition or maintenance of transferred properties or to retain a percentage of taxes paid on properties returned to the tax rolls.

Recommendation
Pennsylvania state law authorizes land banks and redevelopment authorities the power to address blight, to compete for foreclosed property without having to pay in cash and to capture a portion of the tax revenue from reactivated properties for its budget. There is little or no difference as to the cost to create a land bank or a Redevelopment Authority, but the latter agency also has the power of eminent domain which was not granted to land banks. The General Purpose Authority already exists but it cannot compete for properties at tax sale without outlaying significant cash and it cannot self-fund using tax revenues. Given these facts, establishing an RDA will give the County the greatest ability to address blight.

\textsuperscript{13} Email from Kelly Hicks, Executive Director of the Pennsylvania Association of Housing and Redevelopment Agencies to Karen Black, May 8 Consulting on January 11, 2019.

\textsuperscript{14} Email from Jonathan Heuerta, Associate Attorney at King, Spry, Herman, Freund and Faul, LLC to Karen Black dated 3/8/19 responding to Black’s questions around the powers of the Authority.
Using A Land Bank as a Tool to Fight Blight

Center for Community Progress, a nationally known nonprofit dedicated to blight reduction, sets out these criteria for when it makes sense to create a land bank.

- Large inventories of vacant and abandoned property
- Properties with little to no market value
- Properties with delinquent taxes in excess of fair market value
- Properties with title problems
- Inflexible policies that dictate the disposition of public property, denying local governments the chance to be strategic and nimble
- The speculation and uncertainty inherent in the auction sale of tax-foreclosed properties

Applying these criteria to Northampton County may help the County to determine whether a land bank is an appropriate tool to address blight. The county has 153 properties in its Tax Sale repository and 4,550 properties that have low or no electricity use over the past year – a key marker of being vacant. Approximately 4% of total properties within the County have at least one symptom or marker of a vacant property. Of the thousands of residential properties in the county repository that have been tax foreclosed upon and failed to sell at tax sale, only 4 include structures. The remaining repository parcels are vacant pieces of land that are too small for profitable market rate development but are appropriate for a side yard for an adjacent home or a community garden for the neighborhood.

Local officials interviewed do not perceive a significant issue with “tangled title properties” (where the deed does not reflect the legal owner) or “underwater properties” (where the mortgage and tax debt exceed the value of the property). The tax foreclosure system works effectively in the county although a few local officials complain about tax delinquent properties that are purchased by irresponsible tax sale bidders and “mothballed” to cycle back into delinquency.

If the County chooses to establish a land bank, it will need:

- Staff who understand real estate markets and transactions to acquire, sell, assemble and manage properties;
- Financial resources to board up and maintain property during holding period;
- Clear guidelines and policies for acquisition and disposition including priority uses;
- Properties with value that can be sold to support properties with little or no value;
- Fundraising capacity – few if any land banks are self-supporting; and
- Accurate property records and transparent annual reporting.

Local Tool Implementation Considerations

The table below indicates the relative difficulty, time to implement, and required resources for the tools described above.

Table 2: Tool Implementation Considerations

<table>
<thead>
<tr>
<th>County Tools</th>
<th>Lead Entity</th>
<th>Supporting Organization(s)</th>
<th>Level of Difficulty</th>
<th>Timeframe</th>
<th>Resources Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educate Magistrates to Adjudicate Blight-Related Cases</td>
<td>County</td>
<td>Magisterial District Judge Association of Northampton County</td>
<td>Average</td>
<td>1 - 3 years</td>
<td>Minimal cost to draft educational materials and preferred protocol</td>
</tr>
<tr>
<td>Provide Technical Assistance in Form of Legal Manual for Municipalities</td>
<td>County</td>
<td>Attorneys</td>
<td>Easy</td>
<td>Within 1 year</td>
<td>Cost for lawyer/consultant to draft</td>
</tr>
<tr>
<td>Continue the Blight Plan Task Force</td>
<td>County</td>
<td>Municipalities</td>
<td>Easy</td>
<td>Immediate</td>
<td>Minimal cost, mostly staff time</td>
</tr>
<tr>
<td>Create a Demolition Fund Under Act 152</td>
<td>County</td>
<td></td>
<td>Easy</td>
<td>Within 1 year</td>
<td>Revenues will cover costs of demolition</td>
</tr>
<tr>
<td>Maintain a County-Wide List of Priority Blighted Properties</td>
<td>County</td>
<td></td>
<td>Average</td>
<td>Within 1 year</td>
<td>Minimal cost</td>
</tr>
<tr>
<td>Start a Home Repair Loan Fund</td>
<td>County</td>
<td>Lenders and CDFI's (eg. Rising Tide Community Loan Fund)</td>
<td>Average</td>
<td>1-3 years</td>
<td>Private capital plus loan reserve fund for loan program (not CDBG due to constraints on use)</td>
</tr>
<tr>
<td>Reform Tax Sale Process</td>
<td>County</td>
<td></td>
<td>Easy</td>
<td>Within 1 year</td>
<td>Minimal cost</td>
</tr>
<tr>
<td>Form Land Bank, Redevelopment Authority, or Adapt General Purpose Authority</td>
<td>County</td>
<td>Municipalities, School Districts</td>
<td>Difficult</td>
<td>1-3 years</td>
<td>Funding from fees, property sales, grants and increased tax revenue</td>
</tr>
</tbody>
</table>
Online Toolkit

The online toolkit at provides a variety of resources and helpful quick links to information on Pennsylvania-specific tools to address blight. The online toolkit is also a peer-to-peer learning center where municipalities can share their ordinances, documents and experiences with various blight-related tools. The resources are organized into four sections:

1. Reports and Studies
2. Pennsylvania Laws
3. Local Ordinances
4. State Funding Tools

The County plans to regularly update the site with new laws, policies and procedures, forms, documents and court cases as they become available.\(^\text{16}\)

*See Appendix A for case studies of how municipalities have successfully remediated blighted properties.*

\(^{16}\) Many of the materials provided through the Online Toolkit were originally assembled by Karen Black at May 8 Consulting, Inc. for the PA Blight and Land Bank Library.
MARKET VALUE ANALYSIS

The Market Value Analysis (MVA) is an objective tool built on local administrative data (e.g., property transactions, tax lien sales) to help stakeholders understand their real estate markets. The MVA identifies where different types of investment or intervention strategies will be most effective. Although it includes data related to blight—such as vacancy—it not a map of blight concentrations. In fact, blighted properties identified by Northampton County municipalities are located in all of the MVA market types. Since 2001, Reinvestment Fund has created over 40 MVAs for municipal, county and state geographies across the county including Bethlehem, Allegheny County, Philadelphia and Pittsburgh in Pennsylvania.

Reinvestment Fund typically works with an MVA Task Force throughout the study process to provide local expertise. In Northampton County, the Task Force members reviewed the underlying data and the preliminary results. This allowed for stakeholders to be involved throughout the process as they thought about the blight regulations and tools currently in place and the potential to more precisely match tool to market conditions in the future. The Reinvestment Fund team validated the underlying data and the MVA categories by driving throughout the county to make sure that the analysis matched actual conditions.

The MVA creates a set of categories that describe the different residential real estate submarkets (also known as a typology). For any geographic area—in this case, all of Northampton County—there is a unique spectrum of markets ranging from the strongest (high sales prices, little vacancy, few tax sales) to the most distressed (low sale prices, high vacancy, lots of tax sales), with a range of market types in between. The MVA is conducted at the Census block group level; these areas, which are smaller than a Census tract, are small enough to capture market differences within neighborhood boundaries but also big enough for statistically reliable results. A type of analysis, called cluster analysis, is used to sort block groups into distinct categories (clusters). The goal is that the block groups in each category are similar to one another and that each category is notably different from all the others. For example, the average of sale price for block groups that fall into Northampton County’s Cluster “A” is $278,981 while block groups in Cluster “H” average less than $75,000. Even though block groups in Clusters “B” through “D” have relatively similar sales prices, they are very different when it comes to housing density and the presence of new development as measured by new parcel area.

About the Northampton County MVA Data

To perform an MVA, Reinvestment Fund collects and analyzes data that uniquely define the local real estate market and sub-markets. Data indicators must measure Value and Investment, Distress and Vacancy, and general Housing Characteristics. The indicators for Northampton County were:

| Value and Investment | • Median Sales Price (LVPC)  
| | • Sales Price Variance (LVPC)  
| | • Area of New Parcels since 2015, new construction proxy (LVPC)  
| | • Investor Sales  
| Distress and Vacancy | • Distressed Residential Properties  
| | o Sheriff Sale or Tax Lien Sale Listing Northampton County  
| | • Low Electricity Usage, vacancy proxy (PPL Electric Utilities, Met-Ed FirstEnergy Corp.)  

### Housing Characteristics

- Owner-Occupancy Rate, *distinct from strength (Census ACS)*
- Percent of Area that is Residential (*RF Calculation*)
- Density of Housing Units in Residential Land Area (*RF Calculation*)
- Subsidy (*County and local housing authorities*)
  - HUD Multifamily Rental Units and Choice Vouchers

Sources for the MVA data includes Northampton County, LVPC, the local housing authorities, and the two electricity utility companies serving the area. Some data elements that Reinvestment Fund typically uses for the MVA were not available consistently across the entire county, so proxies were used. Several of the datasets collected required substantial processing to be useful for analysis. The single biggest challenge was a lack of consistent record keeping related to blight; this limitation is important for the county to keep in mind as it moves forward with implementation and monitoring of blight remediation. See Appendix B for a model Blight Survey Tool that can be used to identify and track blight.

**Northampton County’s Market Types**

The MVA identified nine distinct market types in Northampton County.\(^{17}\) Markets were notably clustered at the strong end of the spectrum, with a quarter of block groups in the highest value “A” category and only 13% of block groups in the two most distressed categories. Blighted properties are present, at varying levels, in all nine market types. See the Online Tool for detailed maps of municipalities. For an example of the municipal maps, see Figure 6 below.

Reinvestment Fund staff field validated the MVA by driving throughout the county to confirm that the data matched conditions on the ground. Staff conducted subsequent rounds of field validation to ensure the accuracy of the model results. Where the model did not adequately capture differences within smaller areas, Reinvestment fund split block groups into smaller geographies to more accurately reflect market variation.

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\(^{17}\) It is important to note that the Northampton MVA categories are distinct from those in the 2018 Bethlehem MVA due to different data inputs (indicators such as code violations were not available at the county level), the impact of including a significantly larger number of block groups on the statistical cluster modeling process, and the wider degree of variation in housing unit density and sale price across the county.
Figure 6: Northampton Market Value Analysis

Figure 7: Northampton County MVA-Bangor and Adjacent Municipalities Detail (See Online Tool for additional municipalities)
The table below shows the average values for all MVA data inputs for each market category. Although median sales price was an important factor in clustering the block groups, across the county the MVA process found that owner occupancy, housing unit density, and the presence or absence of new parcels were also critical to understanding market differences.

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Block Group (#)</th>
<th>Median Sales Price</th>
<th>Variance of Sales Price</th>
<th>2-4 Family Homes</th>
<th>Own Occ.</th>
<th>Rentals with Subsidy</th>
<th>Housing Density</th>
<th>Residential Area</th>
<th>Invest. Purch.</th>
<th>New Parcel Area</th>
<th>Percent New Parcel</th>
<th>Distressed Residential Properties</th>
<th>Low Electricity Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>52 (25%)</td>
<td>$278,981</td>
<td>0.45</td>
<td>0.8%</td>
<td>80%</td>
<td>0%</td>
<td>1.22</td>
<td>56%</td>
<td>5%</td>
<td>15.92</td>
<td>1.6%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>B</td>
<td>4% (22%)</td>
<td>$174,583</td>
<td>0.35</td>
<td>0.8%</td>
<td>74%</td>
<td>1%</td>
<td>5.28</td>
<td>72%</td>
<td>6%</td>
<td>0.54</td>
<td>0.1%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>C</td>
<td>39 (19%)</td>
<td>$173,897</td>
<td>0.5</td>
<td>2.1%</td>
<td>67%</td>
<td>1%</td>
<td>3.48</td>
<td>36%</td>
<td>7%</td>
<td>5.69</td>
<td>0.2%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>D</td>
<td>11 (5%)</td>
<td>$189,609</td>
<td>0.63</td>
<td>9.5%</td>
<td>42%</td>
<td>41%</td>
<td>15.23</td>
<td>48%</td>
<td>12%</td>
<td>0.48</td>
<td>0.5%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>E</td>
<td>6 (3%)</td>
<td>$120,967</td>
<td>0.68</td>
<td>14.8%</td>
<td>21%</td>
<td>3%</td>
<td>23.47</td>
<td>23%</td>
<td>53%</td>
<td>0.01</td>
<td>1.1%</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>F</td>
<td>26 (13%)</td>
<td>$113,040</td>
<td>0.51</td>
<td>6.5%</td>
<td>56%</td>
<td>4%</td>
<td>11.24</td>
<td>51%</td>
<td>16%</td>
<td>0.14</td>
<td>0.4%</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>G</td>
<td>9 (4%)</td>
<td>$91,768</td>
<td>0.52</td>
<td>4.7%</td>
<td>37%</td>
<td>81%</td>
<td>27.78</td>
<td>36%</td>
<td>20%</td>
<td>0.13</td>
<td>0.0%</td>
<td>13%</td>
<td>8%</td>
</tr>
<tr>
<td>H</td>
<td>19 (9%)</td>
<td>$73,778</td>
<td>0.77</td>
<td>10.7%</td>
<td>40%</td>
<td>9%</td>
<td>19.06</td>
<td>57%</td>
<td>2%</td>
<td>0.01</td>
<td>0.0%</td>
<td>18%</td>
<td>7%</td>
</tr>
<tr>
<td>County</td>
<td>208</td>
<td>$180,195</td>
<td>0.49</td>
<td>4%</td>
<td>64%</td>
<td>8%</td>
<td>7.96</td>
<td>53%</td>
<td>11%</td>
<td>5.21</td>
<td>0.6%</td>
<td>6%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Table 3: Northampton MVA Market Characteristics

**Strong Markets**

Northampton County’s “A” markets are the strongest markets and also the largest market category, accounting for 25% of all block groups. They are largely comprised of single-family, owner-occupied homes with a median sales price ($278,981) that is 55% higher than the county average. The “A” markets are found in suburban communities that are majority residential (56%) and the least dense (1.22 home per acre) in the county. There are very low levels of distress, vacancy, and investor sales. Much of the county’s new development is concentrated in these markets.

**Middle Markets**

“B”, “C” and “D” Markets have similar median sales prices to one another (and to the county median) but they are differentiated by other market characteristics. Although sale prices are notably more affordable than in the “A” Markets, these are generally steady areas.

The “B” markets make up 22% of the county’s block groups. The median sales price in “B” markets ($174,583) is slightly below the county average, but the overall characteristics indicate that “B” markets comprise steady, highly residential (72%) neighborhoods with low density. Most homes are single-family, owner-occupied, and there is little investor sales activity. “B” markets also show low levels of housing distress and vacancy.

The “C” markets account for 19% of the county’s block groups. The “C” markets share some market characteristics with the “B” markets, such as in the average median sales price ($173,897) and low levels of distress, vacancy, and investor purchases. “C” markets, however, are substantially less residential (36%) with relatively lower housing density. Although “C” markets are the only other market than “A”
markets with a substantial amount of new construction, the newly created parcels amounted only to 0.2% of their land area.

The “D” markets are the county’s most dense middle market type, appearing mostly in urban areas, and are the smallest category of the middle groups, accounting for 5% of county block groups. This category includes the block groups designated “A” in the Bethlehem MVA; while these areas are in many ways strong (the median sales price in “D” markets of $189,609 is the highest among the “middle” markets), within the county context there appears to be a market premium for the low-density, high-homeownership areas that make up Northampton’s “A” and “B” markets. More than half of the residents in “D” markets (58%) are renters and about 41% of the rental homes are subsidized. “D” markets are characterized by a higher percentage of multifamily homes (10%) than county average (4%) and high housing density. “D” markets have average levels of distress, vacancy, and investor purchases.

Transitional Markets

The six “E” markets account for only 3% of the county’s block groups and are only found in the cities of Bethlehem and Easton. “E” markets are distinct in their low share of land use that is residential (23%) and high housing density and high concentration of renters (79%) and multifamily housing units (15%). Despite being primarily renter markets, only 3% of the rental units in “E” markets were subsidized. The median sales price ($120,967) is about 33% below the county average, and investor activities were most concentrated in the “E” markets, accounting for more than one in two (53%) home sales. “E” markets show levels of housing distress (14%) and vacancy (20%) that are significantly higher than average.

The 26 “F” markets represent 13% of all county block groups and are often found within Northampton County’s cities and boroughs. Both median home sales price ($113,040) and homeownership rate (56%) are slightly below the countywide average. Only about 51% of the block groups in “F” markets are designated for residential use. The signs of housing distress (8%), vacancy (4%), and investor purchases (16%) are slightly above the county averages.

Distressed Markets

The “G” markets are comprised of nine block groups (4%) with the heaviest concentrations of subsidized rental housing (81%). In “G” markets, most of the residents are renters (63%), and their residential areas (36%) are the densest in the county. However, only about 5% of the homes are multifamily housing, just above the county average; much of the stock is attached single family (i.e. row homes). The median home sales price ($91,768) is about half the countywide average, paired with twice the levels of housing distress (13%) and vacancy (8%). Investors make up about one in five home sales in “G” markets.

The 19 “H” markets represent the most stressed block groups in the county. The median sales price in “H” markets ($73,778) is the lowest in the county, but home sales price varies widely within the same block groups. About 40% of the homes are owner-occupied, while 11% are multifamily housing units. “H” market areas are largely residential (57%) with a relatively high level of density. The share of investor activity in home sales is significant, making up more than a quarter of all home sales. “H” market block groups have the highest rate of distressed residential properties (18%) in the county along with estimated vacancy rates about twice the county average.
Locally Identified Problem Properties

Few Northampton municipalities have a process to officially designate problem properties as blight. The team asked municipalities, via the Task Force, to submit lists of what they considered to be their most blighted properties. Cities and boroughs, suburban townships, and rural townships were all able to identify problem properties; the countywide list compiled from these submissions totaled 112 parcels. Almost half (46%) were single family residential and about 10% were small multifamily buildings (2-4 units). The rest were a mix of commercial and industrial properties; just 2 properties were vacant land. These properties appeared in the context of strong, middle, and weak real estate markets.

County Repository

The County repository was created to track properties that did not sell at Sheriff’s sale, but it also includes easements and other essentially “undevelopable” parcels. Although the Task Force initially thought the repository might be useful to locate blight, it turned out that the most properties on the list did not reflect blight as local leaders broadly defined the term for this study. A close analysis of repository properties found that many were not blight, and that the majority locally identified blighted properties did not appear in the repository.
Implementation

Market-Specific Tools

When it comes to blight remediation and prevention, it is essential to understand what types of real estate markets exist in various neighborhoods and tailor actions to those markets. For example, conservatorship will work in markets where there is sufficient value in a property that a neighbor could fix up the property and recover their investment through rental or sale. This is not true of a very weak market with extremely low values and demand. The table below indicates the most appropriate market for each tool, along with additional considerations for implementation.

<table>
<thead>
<tr>
<th>Market-Specific Tools</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>Other considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Life Violation Ticketing Ordinance</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Use in single family or commercial areas where a ticket can alert owner early to violations and allow for a quick repair. Use along with home repair grants and loans.</td>
</tr>
<tr>
<td>Municipal Code and Ordinance Compliance Act</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reserve for “worst of the worst” investors who own multiple blighted properties</td>
</tr>
<tr>
<td>Doors and Windows Ordinance</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Focus on “board ups” in otherwise stable areas</td>
</tr>
<tr>
<td>Asset Attachment</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Target investor owners of blighted property in weaker markets who have significant assets</td>
</tr>
<tr>
<td>Conservatorship</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Encourage for vacant properties with nonresponsive owners where market value allows conservator to eventually recoup costs</td>
</tr>
<tr>
<td>Vacant Lot Remediation (side lots, community gardens)</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Green lots where size, dimensions or lack of market demand make development improbable in short or long term</td>
</tr>
<tr>
<td>Targeted Land Bank or Redevelopment Authority Activities (if formed)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>A mix of more and less valuable properties is key to making land bank budget financially sustainable</td>
</tr>
<tr>
<td>Home Repair Loans</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Aimed at seniors on fixed incomes and homeowners who cannot obtain private market home improvement loans; equity in the “A” markets should eliminate need</td>
</tr>
<tr>
<td>Estate Administration</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Redevelopment Authority required so currently only available to Bethlehem and Easton</td>
</tr>
<tr>
<td>Target Tools to Commercial Corridors</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Focus ticketing and repair grants to commercial corridors with core set of viable businesses</td>
</tr>
</tbody>
</table>

*Table 4: Matching Tools to Markets*
Universal Tools

A number of tools work in many different market types and municipalities, and could be beneficial if universally applied. These tools can increase predictability and fairness, create stronger enforcement leverage, raise revenue to maintain vacant properties, and generally promote a culture of compliance at a larger scale.

### Systemic Tools

<table>
<thead>
<tr>
<th>Tool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopt International Property Maintenance Code or Local Property Maintenance Code</td>
</tr>
<tr>
<td>Rental Licensing/ Registration</td>
</tr>
<tr>
<td>Vacant Property Registration</td>
</tr>
<tr>
<td>Registration of Foreclosed Properties</td>
</tr>
<tr>
<td>Maintain County-Wide List of Blighted Properties</td>
</tr>
<tr>
<td>Permit Denial</td>
</tr>
<tr>
<td>Strategic Demolition of Unsafe Properties</td>
</tr>
<tr>
<td>Tax Sale Reform</td>
</tr>
<tr>
<td>Pre-Sale Inspections</td>
</tr>
<tr>
<td>Educate Magistrates to Adjudicate Blight-related Cases</td>
</tr>
</tbody>
</table>

Through the Task Force discussions, the survey and interviews, two tools emerged as particularly relevant for municipalities with very little capacity for administrative action due to small staff size, limited budget, or both.

### Tools for Municipalities with Limited Administrative Capacity

<table>
<thead>
<tr>
<th>Tool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared Code Enforcement</td>
</tr>
<tr>
<td>Technical Assistance in Form of Legal Manual</td>
</tr>
</tbody>
</table>

**Municipal Education Curriculum**

The team worked closely with DCED and LVPC to develop a curriculum to educate municipalities about the Blight Reversal and Remediation Plan. The two-hour course will help Northampton County local leaders use the plan and online toolkit to reduce blight, improve quality of life, and promote sustainable economic activity across the county. The curriculum addresses what blight is, where it is located, what legal authority municipalities have to address blight, how to match the right tool to the right neighborhood market or property type and a few ideas about how Pennsylvania communities have funded blight fighting tools. Northampton County DCED will oversee the municipal education effort.
METRICS FOR MONITORING SUCCESS

Northampton County will take a lead role in monitoring the implementation and outcomes of this plan. The Plan describes 13 local activities and 8 county-level tools that could prevent and remediate blight. While no one tool alone can eliminate blight, it is not necessary to employ all the tools to have a substantial impact. Given the many different types of communities across the county, it would not be expected that all the activities can or will be implemented. However, for accurate and complete measurement, the County and its partners will need to develop a system to ensure that as new activities move forward, data are collected, summarized and shared at regular intervals.

The County will be able to monitor success along three dimensions with a relatively “light touch”:

**Municipal Education and Continuing Engagement**

Northampton County DCED will lead the municipal education process, offering the 2-hour course at locations across the county. Some Task Force members expressed interest in continuing to meet on a quarterly or semi-annual basis for peer learning and to build support for countywide approaches.

**Tool Implementation**

On an annual basis, the County should circulate a brief survey to municipalities requesting information on any new or expanded blight tools, as well as any challenges that might require County support or technical assistance. DCED should track relevant county-level activities.

**Blight Remediation**

An annual survey can ask municipalities to submit an updated list of blighted properties and the number of blighted properties remediated. Ideally, the county would work with localities to conduct a regular property survey (see Appendix B) to identify blighted properties for several reasons: to flag properties in need of attention that may not be high-profile enough to make the priority properties list and to track successful remediation of individual properties, and to track the level of blight over time at the local and county level. The County should be prepared to see a spike in reported blight for a period of time as reporting improves before seeing a decrease resulting from new remediation activities. Bethlehem and Easton already have a process to certify blight; the challenge is to support the smaller municipalities to track blight using a standard definition and at regular intervals (every 1-3 years).
<table>
<thead>
<tr>
<th>Dimension</th>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Municipal Education and Continuing Engagement</strong></td>
<td>• Number of municipal education sessions, number of attendees at each</td>
</tr>
<tr>
<td></td>
<td>• Number of education sessions with Magisterial District Judges and</td>
</tr>
<tr>
<td></td>
<td>other key audiences</td>
</tr>
<tr>
<td></td>
<td>• Number of meetings with Blight Task Force members after plan</td>
</tr>
<tr>
<td></td>
<td>adoption</td>
</tr>
<tr>
<td></td>
<td>• Traffic to online tool</td>
</tr>
<tr>
<td><strong>Tool Implementation</strong></td>
<td>• Number of local tools adopted</td>
</tr>
<tr>
<td></td>
<td>○ Local tracking of outcomes (e.g., properties registered, tickets</td>
</tr>
<tr>
<td></td>
<td>issued, fees collected)</td>
</tr>
<tr>
<td></td>
<td>• Number of county/systemic tools adopted</td>
</tr>
<tr>
<td><strong>Blight Remediation</strong></td>
<td>• Number of blighted properties reported</td>
</tr>
<tr>
<td></td>
<td>• Number of blighted properties remediated</td>
</tr>
<tr>
<td></td>
<td>• Tax revenue generated by remediated properties</td>
</tr>
</tbody>
</table>
APPENDIX A: CASE STUDIES

The following case studies share three different approaches to reactivating vacant properties in Northampton County. Each case study includes detailed information about the cost of the rehabilitation, the sources of funding used, and the design standards applied. The first case study discusses the redevelopment of a multi-story historic property in Easton that was acquired and sold to a developer with additional grants by the Redevelopment Authority of the City of Easton to build 14 apartments. The two remaining case studies detail the rehabilitation and repair of three single-family houses in the Slate Belt. The two Bangor homes are owner-occupied and were repaired with the help of loans and grants. The Pen Argyl home was purchased, rehabilitated and protected as permanently affordable by the Lehigh Valley Community Land Trust.

Case Study 1

Easton: 118 and 120 Northampton Street

**Goal of Rehabilitation:** Reactivate and improve the exterior appearance of two multi-story blighted historic properties located on a gateway block that visitors view as they enter Easton from New Jersey.

**Property Type:** Mixed-use four-story historic buildings. The building at 118 Northampton was first mentioned in 1880. The building at 120 Northampton was built in 1850.

**Acquisition and Repair Loan/Grants:** RDA acquired properties and sold them at cost to developer.

**Rehabilitation Work:** Developer performed a gut rehab while preserving historic facades and interior features wherever possible.

**Partners:** Redevelopment Authority of City of Easton, Post Road Management, County of Northampton and State of Pennsylvania Department of Community and Economic Development.

**Costs:** Approximately $2.5 million to redevelop two historic buildings.

**Funding Sources:** State $500,000 Anchor Building Grant provided to RDA and loaned to developer as 0% interest loan, 25-year loan; first mortgage; State and Federal Historic Tax Credits and environmental remediation grant.

**Disposition:** Developer has rented all 14 modern apartment units and leased one of the two street level commercial spaces.

**Impact:** Reactivated two critically located blighted buildings at gateway to city from New Jersey and on pedestrian path from Center Square to the city’s Waterfront.

In 2005, the Redevelopment Authority of the City of Easton (RDA) acquired 118 Northampton Street. The property had sustained extensive damage in a fire thirty years earlier and had no roof. The RDA acquired
the property in trade. A property owner who owned 118 Northampton Street also owned another Easton property which had been severely damaged by fire. The city demolished that second property and planned to impose a lien for the cost of demolition. The owner offered to deed 118 Northampton Street to the RDA in trade rather than have a lien imposed. The RDA agreed in order to gain control of 118 Northampton and hopefully find a developer willing to rehabilitate the property. RDA efforts to find a developer for the property were largely unsuccessful. At one time a developer purchased the property but when he failed to invest in the property, the RDA took the property back using a clawback provision in the sales agreement.

In 2010 the RDA decided to assemble a larger site to spur development. The RDA acquired 120 Northampton Street, a deteriorated multi-story building immediately adjacent to the property that had no rear wall and multiple code violations. The property was on the city’s Certified Blighted List and posed a health and safety risk as portions of the facade had fallen on cars parked at the hotel located behind the property. The RDA filed a declaration of taking for 120 Northampton using its eminent domain power and the owner filed a preliminary injunction in court opposing the taking which tied up the condemnation for over a year. The court denied the owner’s objections in part because the owner stated that he had no plan to fix up the property. The RDA paid into the court the fair market value for the property of approximately $100,000 and gained possession in April 2012. Subsequently the RDA obtained a reverse subdivision permit merging the 118 and 120 Northampton into a single property. In addition, the RDA bought a surface parking lot across the street at 129 Northampton Street in December 2011 to make a residential conversion project more attractive due to dedicated parking.

In September 2012, the RDA issued a Request for Proposal (RFP) for a developer. Six developers attended the mandatory information session and two developers bid for the project. The RDA selected Post Road Management as the developer. Post Road Management had successfully rehabilitated 65 E. Elizabeth Avenue in Easton. Post Road Management paid the RDA $160,000 for the purchase of 118-120 Northampton Street and the parking lot across the street. The purchase price reflected the RDA’s costs to acquire 120 and 129 Northampton Street.
The properties were located on a block that had not seen significant investment. The RFP made clear that the RDA would work with the developer to help make the numbers work by providing a large loan, a grant for environmental remediation and technical assistance on applications for historic tax credits, tax abatements and subsidy. The project would create 12-14 residential units and two street-level commercial units at an estimated cost of $2.5 million.

The RDA sought grants from the state for environmental remediation and rehabilitation and applied for a Keystone Opportunity Zone designation. The RDA also took the developer through the process for applying for federal and state historic tax credits successfully. First, in January 2013, the RDA applied for and received a Pennsylvania Industrial Sites Reuse Program (ISRP) grant for environmental remediation of lead and asbestos on the 118 and 120 Northampton Street property. In July 2013 the remediation work began and in April 2014 it was completed.

Second, the RDA applied for and won an Anchor Building Grant for $500,000 from the State of Pennsylvania Department of Economic Development. Under the RDA’s Grant to Loan Program the RDA loaned the developer the $500,000 at 0% interest 25-year loan. The developer benefited because a loan doesn’t trigger prevailing wage requirements. The RDA benefited because they will obtain the return of the dollars to re-loan to another project.

Third, the RDA filed an application with the state for the area to be designated a Keystone Opportunity Zone and their application was granted. Under the KOZ designation, the properties received a full abatement from local property taxes as well as state and local income taxes. The developer also received a sales tax abatement for the construction period. The properties also were located in a LERTA zone which meant that the difference between the current appraised value and the value after redevelopment would not be taxed for ten years after the Certification of Occupancy was issued.

Fourth, the RDA offered technical assistance to help the developer apply for and obtain historic tax credits to support the redevelopment of the properties in a historically respectful manner. The federal historic tax credit offers a 20% tax credit for the rehabilitation of historic income-producing buildings. The Pennsylvania state historic tax credit program offers an additional 25% state tax credit to buildings already approved for the federal tax credit. The historic building at 118 Northampton Street received federal tax credits valued at $171,000 and state tax credits valued at $105,000. The structure at 120 Northampton received federal historic tax credits with a total value of $152,400 and state tax credits of $95,000. The developer credits staff at the RDA for making it possible to obtain the historic preservation grants as they did the legwork and instructed him on how to fill out the lengthy application. The buildings retained their original windows and 120 Northampton retained key historic details such as solid wood doors, failings and columns that qualified the property for the grant.

From October 2014 to May 2015 the architectural plans were finalized to include 14 residential units. The developer, Post Road Management, obtained a first mortgage loan from Peoples Security Bank and Trust Company for $1.6 million. Construction began Spring 2016 and was completed Spring 2018. The developer also chose to include a bright and colorful mural on one side of the new development to bring art to the block.
As of January 2019, all 14 residential units have been leased. One of the two commercial units has been rented and the developer/owner continues to look for another tenant for the other street level retail space. The RDA and the developer view the project as a major success. While the work was far more complex than anything this private developer had ever worked on because it required so much state and local subsidy, the reactivated buildings are starting to bring new investment opportunities to the 100 block of Northampton, the first block visitors from New Jersey see when they cross the Free Bridge.
### Case Study 2

**Bangor Borough: 210 Northampton Street and 420 South 3rd Street**

<table>
<thead>
<tr>
<th>Goal of Rehabilitation:</th>
<th>Cost-effectively improve single-family houses of owners with incomes at or below 80% of area median income while improving neighborhood appearance.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Types:</td>
<td>Single-family residential. 210 Northampton Street was built in 1900 and offers 3 bedrooms, 1.5 baths, and 1,160 square feet of space. 420 S. 3rd Street was built in 1890 and includes 4 bedrooms, 2 baths, and 1,784 square feet of space.</td>
</tr>
<tr>
<td>Acquisition or Repair Loan/Grant:</td>
<td>Repairs to facade are funded through borough and/or NPP funds and a matching county grant. The façade grants are in the form of a loan that is forgiven after five years of owner occupancy. Repairs to the house interior are funded through a deferred no interest loan that is forgiven over time with at least 25% of the principal amount due upon sale or transfer of the home.</td>
</tr>
<tr>
<td>Rehabilitation Work:</td>
<td>Facade and interior work performed on each house is described within case study.</td>
</tr>
<tr>
<td>Partners:</td>
<td>Slate Belt Rising and Lehigh Valley Community Land Trust, programs and subsidiaries of the non-profit Community Action Committee of the Lehigh Valley, County of Northampton, the Boroughs of Bangor, Pen Argyl, Portland and Wind Gap, and Pennsylvania Department of Community and Economic Development.</td>
</tr>
</tbody>
</table>
| Funding Sources: | Façade funding: Borough funding matches grants from the Northampton County Community Investment Partnership Program.  
Interior funding: CDBG dollars fund the Northampton County County-wide Housing Rehabilitation Program. |
| Eligibility Requirements: | To be eligible for both programs the homeowners must demonstrate that they have an income at or below 80% of Area Median Income – roughly $47,800 for a two-person household. The facade program is only open to homeowners living within the Boroughs of Bangor, Pen Argyl, Portland, and Wind Gap. The housing rehabilitation program is open to Northampton County homeowners residing outside Easton and Bethlehem city limits. |
| Disposition: | None. Owners are encouraged to remain in the house. |
| Impact: | The health and safety of the houses is improved as risk from exposure to lead, asbestos and substandard electrical work is eliminated. The property facades look more attractive from the street. Anecdotally there is evidence that the completed residential properties have inspired nearby owners to privately fund improvements. |
The owners of 210 Northampton Street and 420 S. 3rd Street each received two separate loans that are forgivable over time to finance needed facade and interior improvements to their single-family homes through the Slate Belt Rising facade repair program and the Northampton County County-wide Housing Rehabilitation Program. The homeowners were eligible for these loan programs as each had a household income of less than 80% of area median income and were current on their taxes.

210 Northampton Street Bangor

The owners of 210 Northampton Street are seniors over age 60 who bought their nearly 100-year-old home in 1986. They own the property outright with no mortgage. When trying to make bathroom improvements recently, the owner discovered dangerous conditions including asbestos in the heating system and electrical wiring surrounding the plumbing system. The exterior of the house also needed immediate work as the porch was rotting and the wood paneled walls of the facade were tearing apart. Bangor Borough staff referred the owner of 210 Northampton Street in Bangor to Slate Belt Rising and encouraged them to apply for the facade repair program.

Slate Belt Rising confirmed the eligibility of the owners and requested bids from general contractors to begin work. The Slate Belt Rising facade program has a maximum budget of $10,000 per house. In this case, the program performed $7900 dollars' worth of work funded through a forgivable loan. The work covered by the loan included a new front porch, new windows, replacement siding, painting of the front of the house facing the street and removal of a rotting exterior mudroom.

Slate Belt Rising also collaborated with the Lehigh Valley Community Land Trust to see if the owners could also qualify for a loan to fix the interior of the house. The owners qualified for the Northampton County
County-wide Housing Rehabilitation Program. The program has a maximum budget of $25,000 per house. A comprehensive scope will be developed, including items that impact health and safety and painting of the sides of the house that are not facing the street. The work paid for through the Northampton County County-wide Housing Rehabilitation Program will included the replacement of windows and interior doors with lead, extensive electrical work remodel of bathroom that was not structurally adequate and removal of asbestos on boiler piping. The program also hopes to cover the painting of non-street facing sides of house as well.

420 S. 3rd Street Bangor

The owner of 420 S. 3rd Street heard about the Slate Belt Rising facade loan program through an advertisement and contacted the organization directly. The owners are in their 50’s and 60’s with older children. The owners worked with staff to define the work scope that fit within the available budget. The entire process from application to work completion for the facade program took approximately four months. A contractor who responded to Slate Belt Rising’s bid announcement was selected for the project. The contractor replaced the gutters and downspouts as well as installing new siding, a new garage door, and lights. The contractor also painted the street facing sides of the facade. The homeowner signed two contracts for this work. The first contract is between the non-profit and the homeowner and this involves a small mortgage for the forgivable loan amount that will remain in place for five years. The second contract is a contract between the homeowner and the contractor to complete an agreed upon scope of work.
The owners very much wanted to entire house to be painted but Slate Belt Rising’s facade program can only be used to paint the sides of the house visible from the street. As a result, Slate Belt Rising again contacted the Lehigh Valley Community Land Trust to see if the owner could be eligible for their interior rehabilitation program which can also cover the painting of the exterior sides not visible from the street. After confirming the eligibility of the owners, the program painted the remaining exterior walls and performed lead-based paint remediation that involved installing new carpet on stairs and new windows. The scope of work also included new electrical outlets and the elimination of exposed knob and tube wiring in order to meet code requirements. LVCLT bid out all improvements to its pool of general contractors and assisted the homeowner in executing a contract with the lowest qualified bidder to complete the work.

Two Funding Programs

Slate Belt Rising Facade Program: Slate Belt Rising is the State of Pennsylvania’s first multi-municipal, rural neighborhood partnership program through the Pennsylvania Department of Community and Economic Development. Only homeowners located in Slate Belt municipalities of Bangor, Pen Argyl, Portland, and Wind Gap are eligible for the facade program. The facade program aids in the form of a forgivable loan which is matched by a county grant. The entire loan is forgiven where the owner remains in the home for five years. If an owner sells their home sooner than five years from the loan issue, they must pay back the loan principal at the time of sale. The program prioritizes houses that have high visibility from streets in or near main street corridors. Slate Belt Rising staff provide about 25-30 hours to vet the owner, put the project out to bid and oversee the work. If the household is eligible, a designer creates a scope of work and a color palette for the exterior. Slate Belt Rising next issues an RFQ to a list of local contractors asking for a quote to serve as the general contractor for the project. Where all bids exceed the $10,000 per house program maximum, Slate Belt Rising will negotiate with the low bidder to adjust the scope in a way that allows them to bring the property up to code for $10,000. The contractors receive half the total payment at the start of the work and the remainder when the homeowner signs off on the acceptable completion of the work.

Northampton County County-wide Housing Rehabilitation Program: The Lehigh Valley Community Land Trust implements the interior rehabilitation deferred loan program that is funded with Community Development Block Grant (CDBG) dollars. The use of CDBG dollars requires that all projects address lead paint and electrical system hazards. The borrower does not have to pay monthly loan payments. The unforgiven portion of the loan is due upon sale or transfer. Ten percent of the principal of the loan is forgiven immediately. After six years, 50% is forgiven and after 10 years 75% is forgiven. This means that after ten years, the owner solely needs to repay 25% of the principal at the time they sell or transfer their home. Any income eligible Northampton County homeowner, residing outside of Bethlehem or Easton city limits, who earns less than 80% of area median income can qualify for the program. Once a house and owner are deemed eligible, the program prepares a work scope and invites bids from small contractors. The program contract calls for payment to contractors within 30 days of completion, but the program endeavors to pay within 7 days in order to make the program more attractive to the local small contractors who will typically accept government-funded residential rehabilitation work. (Note that HUD will not allow the program to pay any portion of developer fees until 30% of the work is completed.) The program sends in their own inspectors to review the work and to make sure it was completed properly, and where permits are required, municipal inspectors will also inspect the work. The owner’s approval of all completed work is also obtained prior to the issuance of payments to the contractor.
Case Study 3

Pen Argyl: 401 West Mountain Avenue

**Goal of Investment:** Create a long-term affordable home by purchasing house in stable neighborhood, rehabilitating the property and selling the structure for a price that is sufficient to cover purchase price, rehabilitation and operating costs. Community land trust retains ownership of land to make home long-term affordable.

- **Property Type:** Single-family residential
- **Age:** Built in 1959
- **Condition:** Good
- **Location:** Residential Pen Argyl neighborhood with market demand

**Acquisition or Repair Loan/Grant:** Acquisition from HUD. HUD listed property in July 2017 for $85,500.

**Rehabilitation Work:** Lead remediation, updating of kitchen and bathrooms, carpeting, and painting.

**Partners:** Lehigh Valley Community Land Trust (LVCLT), a subsidiary of non-profit Community Action Committee of the Lehigh Valley (CACLV), County of Northampton

- **Costs:**
  - Acquisition: $75,240
  - Rehabilitation: $57,000

**Funding:** $40,000 from County CDBG dollars. All remaining expenses covered by sales price of house for $149,900 after rehabilitation.

**Disposition:** Sold single-family house structure and leased land to income-qualified buyer for $149,900.

**Impact:** Created a long-term affordable home. Improved what appeared to be worst home in neighborhood.

The Lehigh Valley Community Land Trust (LVCLT), a subsidiary of the non-profit Community Action Committee of the Lehigh Valley (CACLV), acquired the house at 401 West Mountain Avenue as an acquisition and rehabilitation project that would require minimal subsidy. The single-family ranch house was vacant, but in good condition, and LVCLT’s goal was to remodel it and sell it for an affordable price to an income-qualified family.

LVCLT’s primary mission is to create long-term affordable housing. Under the community land trust model, the buyer purchases the structure with a traditional mortgage and receives a 99-year land lease. The lease allows for the home to be inherited but contains provisions requiring the home to be owner occupied and resold at an affordable price throughout the 99-year lease period. LVCLT identified 401 West Mountain Avenue as a property where the potential as-improved sales price, plus a $40,000 subsidy provided by County CDBG dollars, could cover the purchase price plus the cost of lead remediation, rehabilitation and operating expenses. An additional goal was to improve the façade of the house and therefore improve the curb appeal and property values of surrounding homes.
To identify the Pen Argyl house, LVCLT reviewed the local Multiple Listing Service and the HUD Home inventory lists. They identified the ranch house at 401 West Mountain Avenue as a HUD home with a good floor plan, three bedrooms, one bathroom and an attached garage. The house became vacant in 2016 when the owner lost the home to foreclosure. The property offers approximately 1,320 square feet of floor space and was built in 1959.

LVCLT walked through the home and found it to be in good condition and in a neighborhood market that income-qualified buyers would find appealing. It offered easy proximity to of Pen Argyl Area High School and the borough’s main commercial center and was in a commuting location convenient to both the Allentown-Bethlehem-Easton and Pocono areas. There was limited presence of lead paint. The windows in the house were relatively new. The home was additionally located in a community prioritized for investment by sister program Slate Belt Rising, allowing both programs and CACLV to consolidate and maximize their impact on the community.

LVCLT acquired the property for $75,240 and spent $57,000 on rehabilitation for a total hard cost expenditure of $132,240. They then sold the property for $149,900 which allowed LVCLT to cover some program and operating costs, including about thirty hours of their director’s time. While the final sales price self-funded much of the rehabilitation work, LVCLT obtained a $40,000 grant from County Community Development Block Grant (CDBG) funds. LVCLT used these funds towards the purchase of the property. If CDBG funds had been used for rehabilitation, rather than acquisition, it would have triggered a prevailing wage requirement that would have increased remodeling costs sufficiently to alter the viability of the project.

LVCLT developed a scope of work and bid it out competitively to local contractors. The low bidder was placed under contract to complete a detailed scope of work to remediate all lead paint, update the
bathrooms and kitchen and ready the house for market. LVCLT listed the property in April 2018 before the remodel was complete. In their marketing, LVCLT included current pictures of the property along with photographs of comparable properties where the CLT had updated the kitchen, bathroom so that potential buyers could picture what the property would look like when the work was complete.

In June 2018, just as the rehabilitation was completed, a buyer with high school age children came forward and made an offer. The buyers worked in the service industry and had a small but stable household income. The new owners own the home but are required to sell the property at an affordable price to new owner-occupied buyers if they choose to sell.
# APPENDIX B: SAMPLE BLIGHT SURVEY TOOL

This tool can be used by county or local officials and adjusted to suit local standards. The plan’s definition of blight should be considered: *Properties that have broken or severely damaged windows, doors, walls, or roofs which create hazardous conditions and encourage trespassing; or; Properties whose maintenance is not in conformance with the maintenance of other neighboring properties causing a decrease in value of the neighboring properties; or Properties cited for a public nuisance pursuant to Municipal Codes; or Properties that endanger the public’s health, safety, or welfare because the properties or improvements thereon are dilapidated, deteriorated, or violate minimum health and safety standards or lacks maintenance as required by the applicable codes.*

<table>
<thead>
<tr>
<th>A - Property Type</th>
<th>B - Occupancy Type</th>
<th>C - Occupancy</th>
<th>D - Building/Lot Conditions</th>
<th>E - Evidence of Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Residential</td>
<td>1 Single Family</td>
<td>1 Fully Occupied</td>
<td>1 Excellent/Clean/Maintained</td>
<td>1 No Recent Improvements</td>
</tr>
<tr>
<td>2 Commercial</td>
<td>2 Multi Family</td>
<td>2 Partly Occupied</td>
<td>2 Good/Fair/Signs of Occasional Maintenance</td>
<td>2 Recent Improvements</td>
</tr>
<tr>
<td>3 Mixed Use (commercial/residential)</td>
<td>3 Single Commercial</td>
<td>4 NA (lot/ side lot/ park/cemetery)</td>
<td>3 Improvements in Progress</td>
<td>3 Improvements in Progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4 Severely blighted</td>
<td>4 New Construction</td>
</tr>
</tbody>
</table>

- **A** - Property Type: Residential, Commercial, Mixed Use (commercial/residential)
- **B** - Occupancy Type: Single Family, Multi Family, Single Commercial
- **C** - Occupancy: Fully Occupied, Partly Occupied, Vacant Structure, NA (lot/ side lot/ park/cemetery)
- **D** - Building/Lot Conditions: Excellent/Clean/Maintained, Good/Fair/Signs of Occasional Maintenance, Severely blighted
- **E** - Evidence of Improvements: No Recent Improvements, Recent Improvements, Improvements in Progress, New Construction

<table>
<thead>
<tr>
<th>Property Address</th>
<th>A - Property Type</th>
<th>B - Occupancy Type</th>
<th>C - Occupancy</th>
<th>D - Condition</th>
<th>E - Evidence of Improvements</th>
<th>J - Comments</th>
<th>K - Photo #</th>
</tr>
</thead>
</table>