



# SENATE URBAN AFFAIRS & HOUSING COMMITTEE

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## Bill Summary

Bill Number: House Bill 1363, P.N. 1962

Prime Sponsor: Representative Taylor

### Synopsis

An Act amending the act of November 26, 2008 (P.L.1672, No.135), known as the Abandoned and Blighted Property Conservatorship Act, further providing for definitions, for initiation of action, for appointment of conservator, for powers and duties of conservator, for incurring indebtedness and for sale of property.

### Bill Summary

House Bill 1363 amends the Abandoned and Blighted Property Conservatorship Act to encourage private investments for abandoned property.

Specifically, HB 1363:

- Defines “abandoned property” as any property that meets requirements listed in act under section 5(d), which means the building has not been legally occupied for one year.
- Expands the definition of “building” to include a vacant property where a building has been demolished.
- Adds legal “costs” to the definition of “costs of rehabilitation.”
- Defines “developer’s fee” as a “fee equal to the greatest of the following:
  - \$2,500, adjusted upward by 2 % each year;
  - a 20% markup of the costs and expenses for construction, stabilization, rehabilitation, maintenance and operation or demolition as described in the proposed conservator’s plan and any subsequent plan approved by the court; or
  - 20% of the sale price of the property.”
- Adds “remediation of blight” to the list of purposes served by a “nonprofit corporation.
- Changes the definition of “party in interest” from a resident or business owner within 500 feet of the building to 2,000 feet of the building, as well as for a building located in the City of Philadelphia that has participated in a project within a one-mile radius of the location of the building to a five-mile radius of the location of the building.

- Allows a petition to include one or more adjacent properties if the property that is the primary subject of the action is owned by the same owner as the adjacent property and the properties are or were used for a single or interrelated function.
- Decreases the time for court action from 120 days to 60 days of receipt of petition.
- Adds to the list of “conditions for conservatorship”:
  - The owner fails to present compelling evidence that he has made a good faith effort, during the preceding 60 days, to sell the property at a price which reflects the circumstances and market conditions.
  - The property is not subject to a pending foreclosure action by an individual or nongovernmental entity.
- Most senior nongovernmental lienholder on the property shall be given first consideration for court-appointment as conservator.
- Increases the one-mile radius to a five-mile radius a nonprofit entity in the City of Philadelphia must be located to the property and must have participated in a project in order to be considered for court-appointment as conservator.
- Requires the court to require the owner to post a bond in the amount of repairs costs estimated in the petition as a condition to retaining possession of the building.
- Provides that following the filing of the petition, a contract for sale shall be subject to court approval and the petitioner may recoup costs incurred in preparing and filing the petition.
- Includes costs of rehabilitation, attorney fees and court costs to the allowable costs that the conservator may file as a lien against the property.
- Inserts an exception on bid solicitation when a contractor or developer provides or obtains financing for the conservatorship.
- Clarifies that proceeds of sale, after court costs, shall be applied to Commonwealth liens, liens for unpaid property taxes, and properly recorded municipal liens.
- Adds the costs incurred by the petitioner in preparing and filing the petition to the priority ranking for distribution of sales proceeds.