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An analysis of Allegheny County's demolition awards

Summary: A 2020 *Policy Brief (Vol. 20, No. 30)* described the increase in Allegheny County's document-recording fee to pay for demolishing blighted structures. In August the county published a list of 100 structures to be demolished with $1.9 million generated from the fee.

Effective June 1, 2020, Allegheny County's document-recording fee, which includes mortgage and deed filings, was raised by $15 to $181.75. Revenue from the increase, permitted for all counties by Act 152 of 2016, is placed in a special county fund. The 2022 county budget projects $4 million will be in the fund. There are over 581,000 parcels in Allegheny County.

The initial demolition list was published in August after the county received and processed applications from eligible parties (municipalities, authorities, councils of governments, etc.) for structures to be taken down. Based on the county's guidelines, the maximum award is $250,000, though exceptions can be made on a case-by-case basis.

This *Brief* examines the macro-level characteristics of the demolitions based on the award spreadsheet and data on the structures obtained from the county's real estate website.

The 100 structures are located in 32 of the county's 128 municipalities and in 22 of the 43 school districts. The maximum award was granted for a commercial structure demolition in Clairton. In 27 municipalities the award will fund multiple demolitions.

The county's property condition scale, which ranges from "excellent" to "unsound" shows 54 structures are rated "poor," "very poor" or "unsound" which entails structural deficiency, deferred maintenance and barely livable conditions.

By property type, 88 structures are classified as residential and 71 of those are single-family homes. The remaining 12 are non-residential, including commercial structures like retail with apartments, a warehouse and a church. Three structures are situated on an acre or more on their own.

By taxable status, 93 structures are taxable and seven are tax-exempt due to being owned by a government (three owned by the county's Redevelopment Authority, three by the City of Pittsburgh and one by the East Allegheny School District). The combined assessed value of the 93 taxable structures is $3.1 million. Between January 2020 and January 2021 countywide taxable assessed value increased from $81.5 billion to $82.6 billion (1.3 percent). There were 20 municipalities that saw a decrease in taxable assessed value over that time frame. Of those, five will have at least one structure demolished. In all, 20 demolitions are to occur in those five municipalities.

At the county's current property tax millage rate (4.73 mills) and the average municipal and school district millage in the county (6.39 mills and 23.18 mills, respectively) the taxable properties slated for demolition would be paying $104,954 in total property taxes.

Not surprisingly, data on county property taxes paid for the years 2018-2021 show that eight owners paid taxes for any of those years and, if they did, typically it was for one or two of the four years. It is very likely that if county taxes have gone unpaid so, too, have municipal and school taxes. That forces other taxpayers to pay for the public services that benefit the structures.

The last recorded sale on the structures shows a date range from 1939 to 2020. Of the single-family homes, 17 were sold prior to 1990. It is possible to infer that these might be homes where the owner passed away and heirs were not interested in the property or could not be located, leaving the structure to deteriorate. More curious are the 21 residential and non-residential structures that sold from 2010 forward and now are slated to be demolished. Perhaps these were planned renovation projects that did not materialize.

Once the structures are demolished, what happens? The county's ordinance authorizing the fee notes that its purpose is to improve "the health, safety and well-being of the County's residents, while encouraging economic development and strengthening the tax bases of the County's municipalities and school districts."

If it is a single lot with an abutting property owner, perhaps the owner purchases the lot to make a side yard. If it is a large piece of land that might be more attractive for development. Hopefully the structures are demolished and the land quickly purchased by an owner who will maintain and pay taxes on the property.

Will economic development occur without the intervention of a government agency? Many years of having an abandoned property with no one paying property taxes is not a good thing; neither is ownership by a governmental entity trying to figure out what to do while the property sits vacant and tax-exempt.

Out of the $1.9 million an award of $25,000 will be made to a preservation group. As mentioned in last year's *Brief* in the county's initial report to the state Department of Community and Economic Development it was noted that funding might go to "demonstration projects that lead to novel approaches to demolition and blight remediation," so it is possible that is what the award is for.

Act 152 is to sunset in 2027. That would make sense to give time to evaluate what has been accomplished by the fee and decide whether to reauthorize it. Currently, 23 counties have enacted the fee. If there are counties that don't enact the fee they can serve as a comparison group.

But a proposal to end the sunset and let the fee continue indefinitely passed one chamber of the General Assembly this summer and is now under consideration in the other. That seems imprudent. The fee should be sunset as originally intended, evaluated and then enabled again if merited.

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