



ALLEGHENY INSTITUTE

FOR PUBLIC POLICY

January 29, 2026

Policy Brief: Volume 26, Number 4

Sifting through demolition fee data

Summary: Each time a deed or mortgage is recorded in Allegheny County, a portion of the recording fee goes toward a fund that pays to demolish blighted structures. Based on annual reports and financial data, the county has spent less than half of the money derived from the fee to achieve that purpose.

Dealing with abandoned, dilapidated and/or tax-delinquent property and converting it to productive use is an ongoing problem. The issue has gained attention in recent months in the City of Pittsburgh. An intergovernmental cooperation agreement with the city, the county and Pittsburgh Public Schools is supposed to help the Pittsburgh Land Bank with its activities (see *Policy Brief Vol. 25, No. 38*). A task force recommended \$32 to \$35 million per year for the next five years for the Land Bank to remediate blight which the task force defines as 13,770 lots and structures in the city. The new mayoral administration brought attention to “Clean and Lien” efforts.

Sometimes buildings are in such bad shape that they cannot be rehabbed and must be demolished. Act 152 of 2016 permits counties to add a maximum \$15 fee to deed and mortgage recordings to fund demolitions. Currently, 28 counties have enacted the fee, including Allegheny County, which passed Ordinance 11-20-OR in 2020. This year, when a deed or mortgage is recorded in Allegheny County, \$15 from the overall \$200 filing fee “is used exclusively for the demolition of blighted property.”

Counties must file an annual report with the Department of Community and Economic Development that shows revenue collected, expended and the number of blighted properties demolished in a 12-month period. Allegheny County has submitted four annual reports, three of which show demolition activity:

Report Year	Fee Revenue Collected	Fee Revenue Spent	Number of Demolished Properties
June 2020-May 2021	\$2,094,106	0	0
June 2021-May 2022	\$2,084,401	\$402,712	7
June 2022-May 2023	\$1,719,386	\$837,669	39
June 2023-May 2024	\$1,426,701	\$903,532	54
Total	\$7,324,594	\$2,143,913	100

Through May 2024, just under 30 percent of revenue from the fee had been spent. This implies a sizeable surplus in the county’s demolition fund, which is reflected in proposed and approved

special accounts budgets of the county. Language in the 2026 proposed special accounts budget notes “the appropriation for 2026 uses the estimated cash balance on December 31, 2025 plus the anticipated annual revenue based on historical trends.” The approved budget appropriation is \$8.6 million.

Determining the amount of fee revenue spent to demolish a specific structure in the annual reports can be hit or miss. For 14 demolitions, there is a spending amount connected to just one address. For the remainder, there is a spending amount that covers multiple addresses, which might have been multi-family structures and/or buildings in proximity to each other.

Thirty-eight municipalities in the county have received funding for at least one demolition, with 15 demolitions in Wilkesburg representing the highest count. No demolitions with the revenue occurred in the City of Pittsburgh.

Using the county’s real estate website shows the following for 98 of the 100 demolished properties (two could not be located) as of Jan. 27:

- The assessed value of the properties ranges from \$95,900 to \$200. There are 26 properties that still have a building value even though the structure was to be demolished. The highest assessed value for a parcel with no structure is \$77,800. The lowest assessed value parcel with a structure is \$4,800.
- The county’s redevelopment authority owns seven parcels, the Tri-Cog Land Bank owns four and two municipalities own one parcel each that are exempt from property taxes. Combined, the \$194,100 in assessed value would produce \$1,248 in county property taxes (6.43 mills).
- For 85 parcels that are taxable, the combined \$1.27 million in assessed value would raise \$8,164 in county property taxes.
- Not too surprisingly, few owners of taxable properties actually paid county taxes in the years 2023 to 2025. It is very likely that if county taxes have gone unpaid so, too, have municipal and school taxes.
- The properties most recent date of sale ranges from as far back to 1951 to as recent as 2025. Thirteen properties sold in 2020 or later, the years where the demolition fee would have been in existence in Allegheny County. Six of those are exempt from property taxes. But two of those appear to have been purchased from entities that were likewise exempt. One private owner purchased a parcel from the Tri-Cog Land Bank. Others that are taxable appear to have been purchased from taxable owners.

What happens with the land upon which the now demolished structure sat may take a long time to determine. Zoning, construction costs, neighborhood concerns, comprehensive plans and a host of other issues are sure to crop up and it is possible nothing may ever be built on the sites. Close to half of the parcels have a lot area of less than 3,000 square feet.

If owners of blighted structures could not be located to pay taxes or upkeep the property, they still own the land unless someone else is able to purchase it, so how much gets spent trying to recoup delinquent taxes? Keeping land under authority or land bank ownership for a long time likewise delays the possibility of returning properties to the tax rolls.

Act 152 was to sunset in 2027. We wrote about the benefits of having a sunset provision in *Policy Briefs* from [2020](#) and [2021](#). But state legislation was passed in 2022 to eliminate that provision. There is proposed legislation that would raise the maximum fee to \$16 and tie it to

inflation, however. That is unfortunate as pausing the program after a decade to evaluate collections, spending and any development statewide would have been useful in determining if goals were being met.

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