



City of Philadelphia Licenses and Inspections: Act 90 Enforcement Analysis

William Penn Data Collaborative
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TRE THE REINVESTMENT FUND
Capital at the point of impact.

Licenses and Inspection's Act 90 Enforcement

- The City's Doors and Windows Ordinance requires all structures on blocks with at least 80% occupancy to have working doors and windows (i.e., not plywood or other blighting materials). Fines are \$300 per opening per day.
- Act 90 allows the City to attach fines to the personal property of Philadelphia Property Maintenance Code violators.
- Taken together, L&I enforcement activity has included:
 - Citing vacant properties that are found upon inspection to violate the Doors and Windows Ordinance
 - Targeting owners of multiple properties for a Blight Court date to arbitrate a resolution of the violations and accrued fines.

TRF Evaluation of Act 90 Enforcement

- Theory: Blighting properties have a depressing effect on real estate sales and sales prices for nearby properties.
- Code enforcement that reduces the number of blighting properties therefore mitigates or eliminates the negative externality on the real estate market.
- Therefore neighborhoods that receive concentrated code enforcement should later exhibit more and higher value real estate sales than similar areas that have not.

Methodology for Testing this Theory

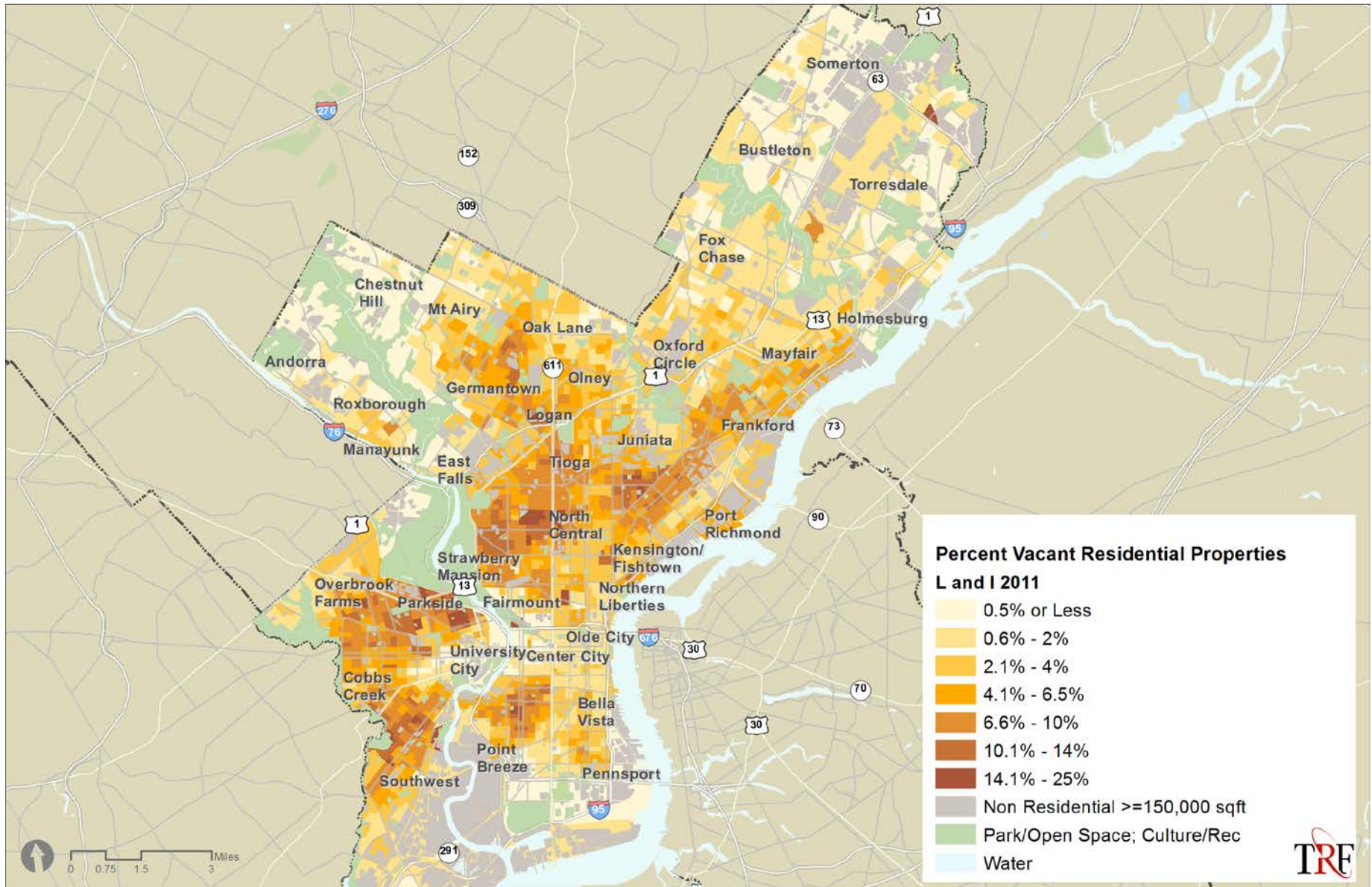
- TRF received a database from L&I containing a variety of data on vacant Philadelphia properties as of May 2013, including:
 - Known vacant properties
 - Whether those properties are in areas eligible for Doors and Windows citations
 - Whether the property was cited
 - If there was a Blight Court date scheduled for the violation
- TRF identifies Census block groups as “Neighborhood Enforcement Clusters” (NEC) based on:
 - At least 50% of known vacant properties cited
 - More than 5 citations in the block group
- Comparable neighborhoods (Comps) are then identified based on a number of data points, including: sales price before the intervention, percentage change in sales price, owner occupancy, number of households, HUD determined *foreclosure risk score*, percentage of properties in foreclosure and distance from the NEC.

Summary of Activity as of May 2013

	Vacant	Cited	Percentage Cited
Philadelphia	25,100	7,533	30.0%
NEC	3,612	2,600	72.0%

Council District	Total OPA Properties	Share of Vacant Properties	Vacant	Percent Vacant	Cited	Percent of Vacants Cited	Share of Cited Properties
1	74,872	10.7%	2,697	3.6%	912	33.8%	12.1%
2	64,509	13.0%	3,260	5.1%	1,326	40.7%	17.6%
3	49,713	15.3%	3,832	7.7%	1,185	30.9%	15.7%
4	53,060	8.1%	2,023	3.8%	705	34.8%	9.4%
5	68,443	18.0%	4,529	6.6%	873	19.3%	11.6%
6	55,634	5.9%	1,492	2.7%	357	23.9%	4.7%
7	60,395	12.6%	3,155	5.2%	791	25.1%	10.5%
8	51,221	10.0%	2,516	4.9%	823	32.7%	10.9%
9	50,347	4.8%	1,198	2.4%	485	40.5%	6.4%
10	50,619	1.6%	395	0.8%	73	18.5%	1.0%
Total	578,813	100.0%	25,100	4.3%	7,533	30.0%	100.0%

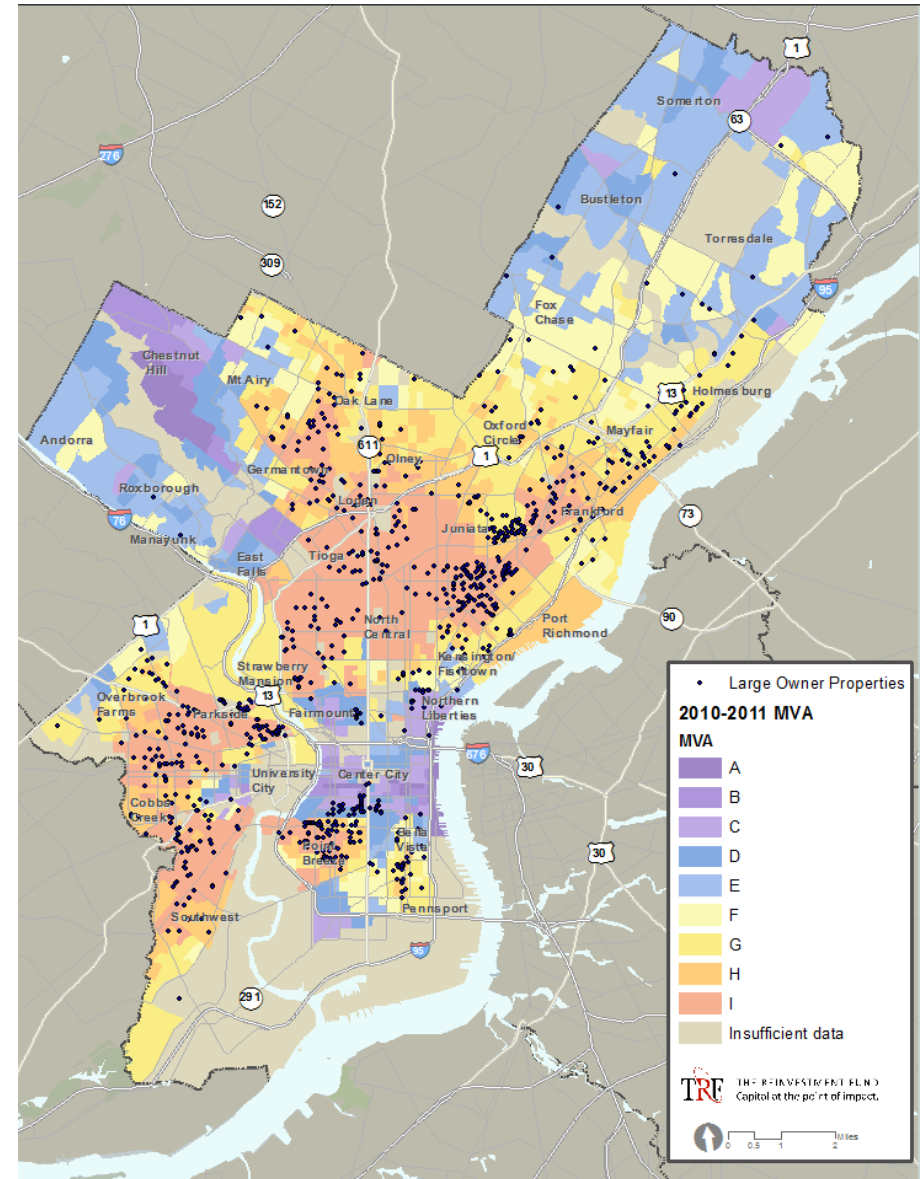
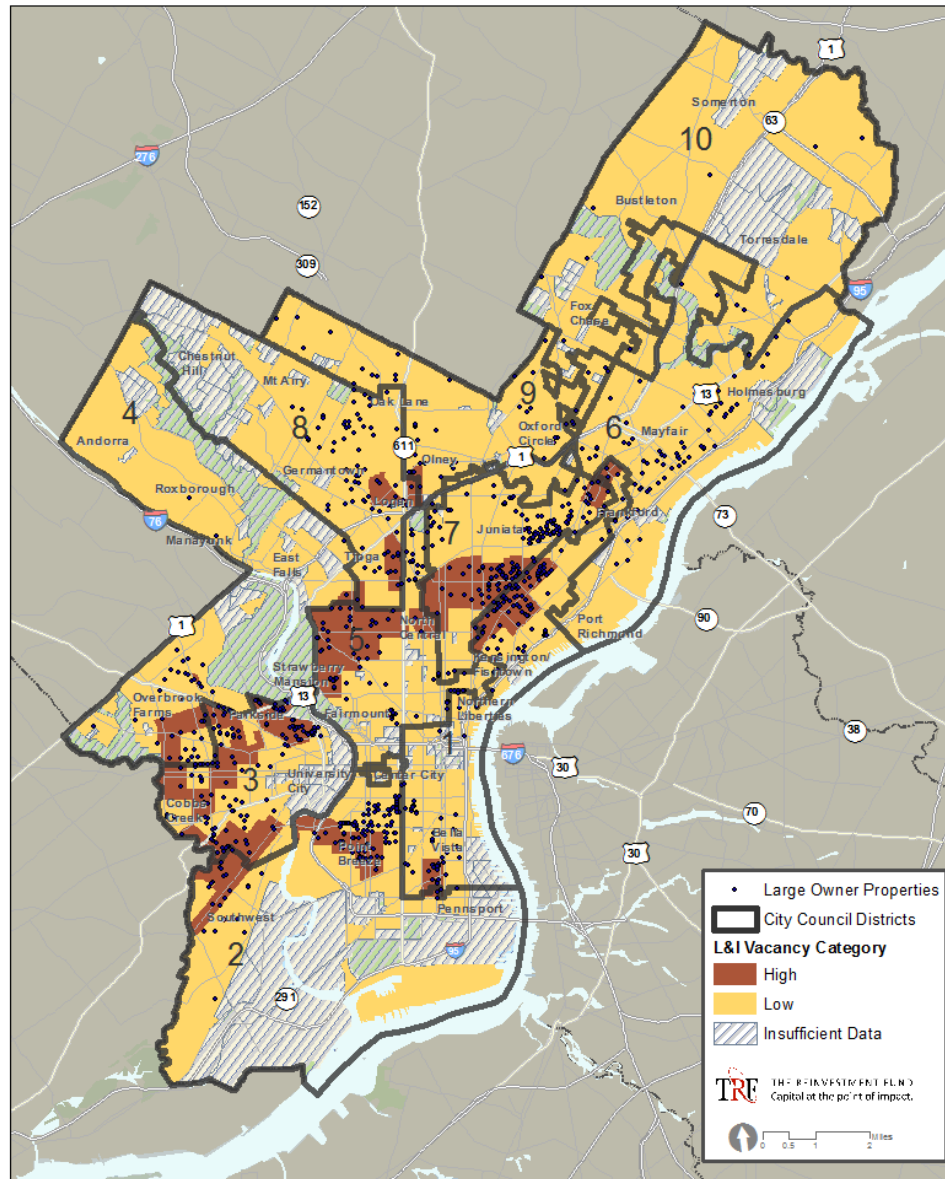
Residential Vacancy in Philadelphia



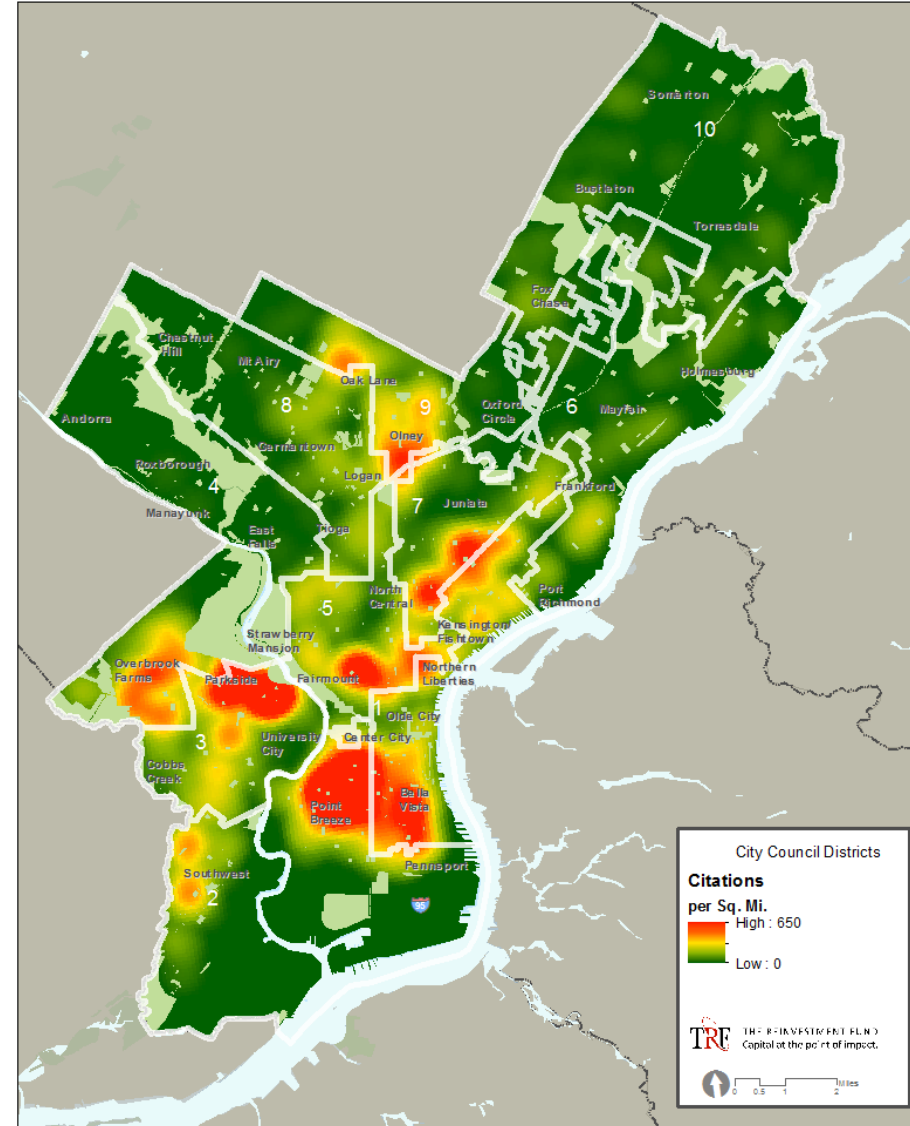
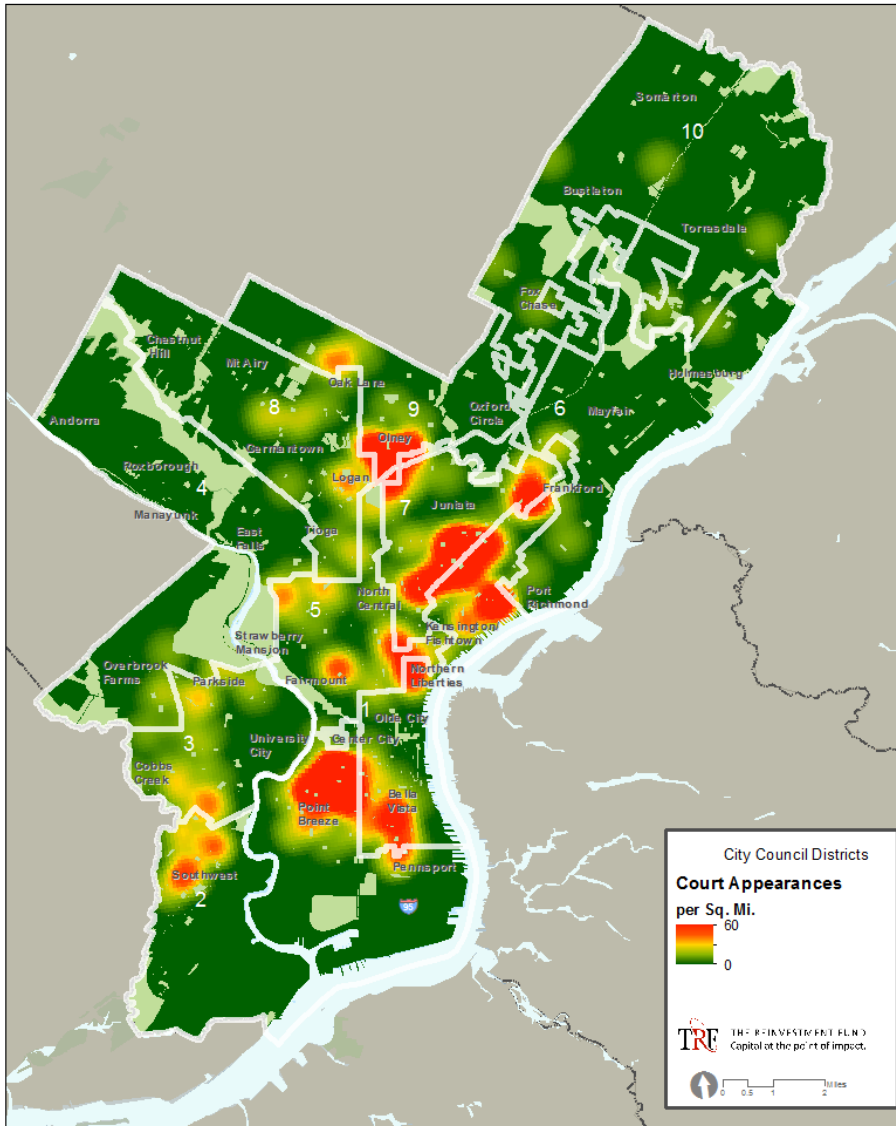
Large Owner Calculations as of May 2013

	Totals	Cited	Complied	% Compliance
Large Owners	1,072	1,072	479	44.7%
Blight Court	144	144	115	79.9%
No Blight Court	928	928	364	39.2%

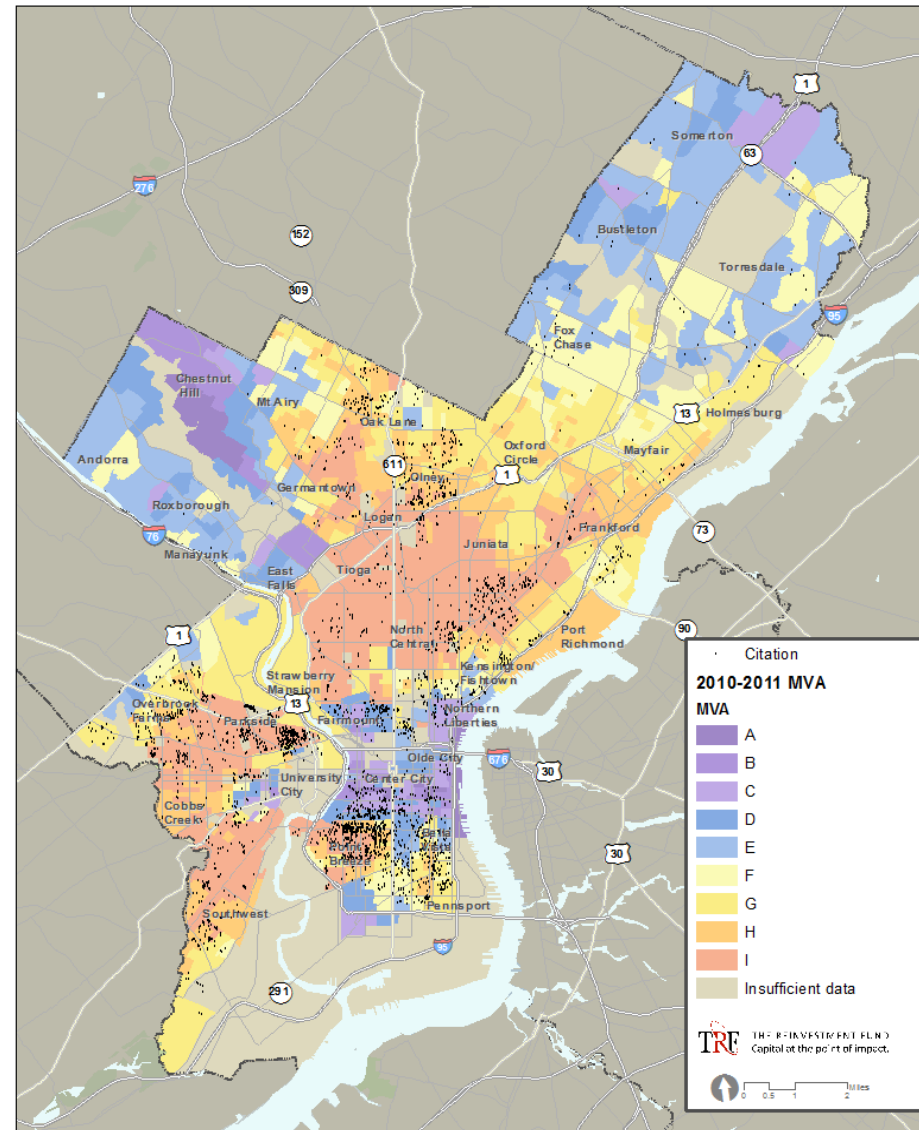
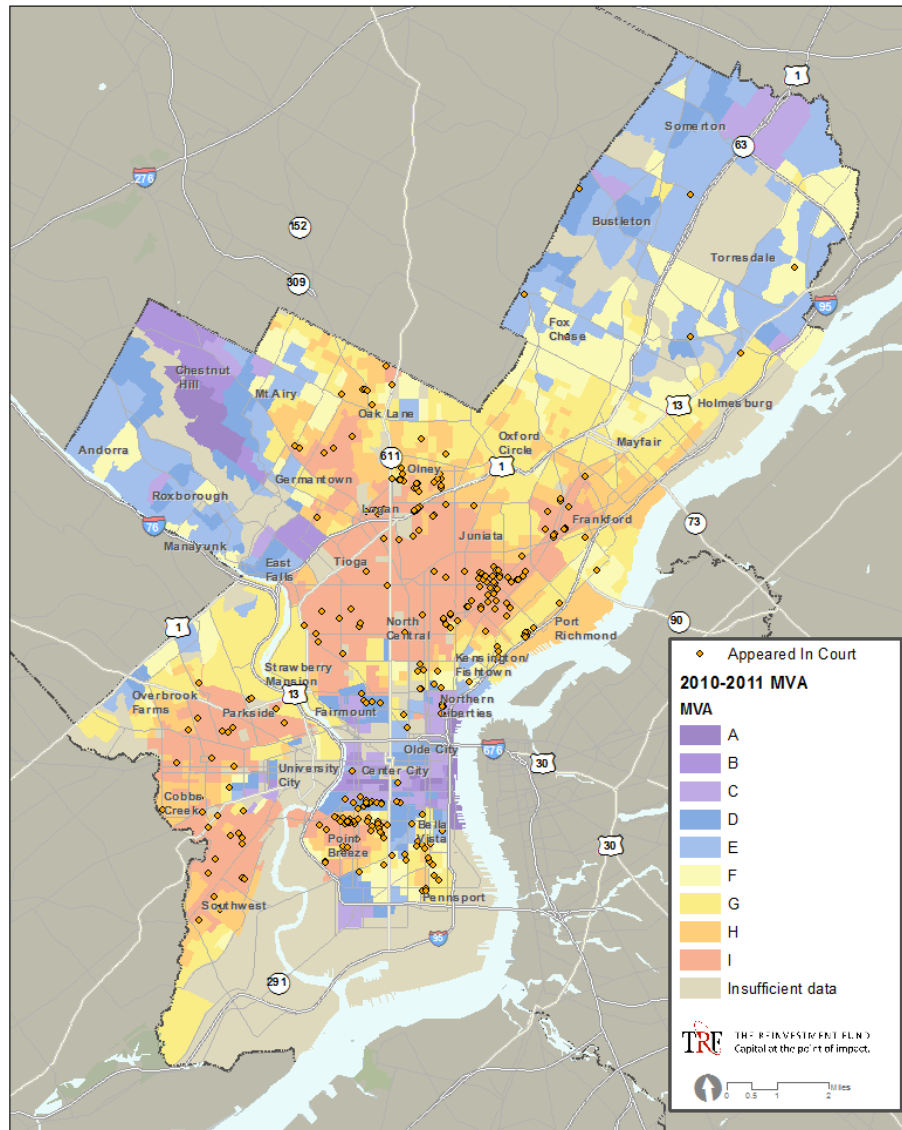
Areas Eligible for L&I Intervention and Location of Large Owner Properties



Location of Act 90 Enforcement Activities by City Council District



Enforcement by MVA Category



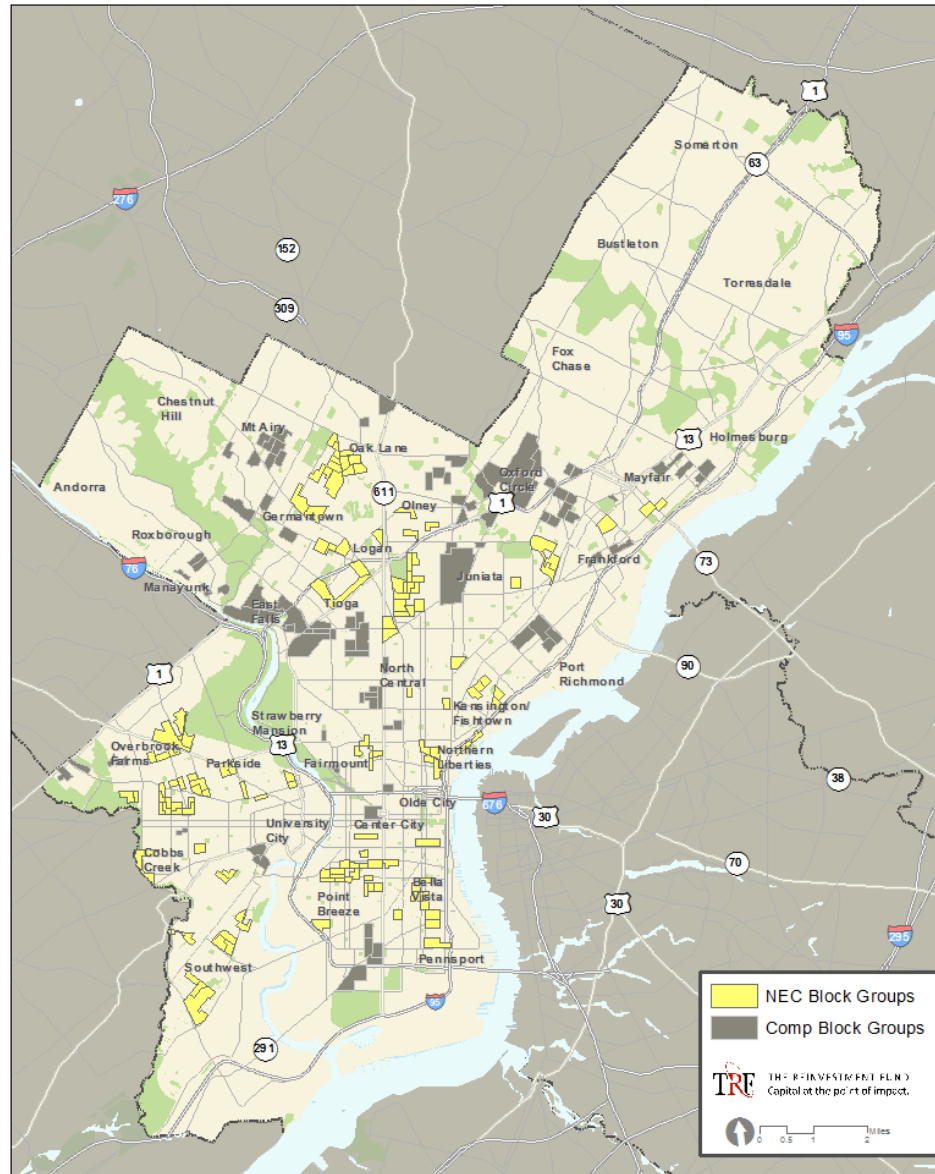
2010/2011 MVA Characteristics

MVA Market Category	Median Sale Price	Mean Sale Price	Coefficient of Variation	Percent Owner Occupied	Percent Vacant (L & I)	Percent New Construction	Percent Commercial	Foreclosures as a Percent of Sales	Percent Public/Assisted Housing
A	\$ 624,122	\$ 707,042	0.584	39.8%	1.6%	11.5%	5.7%	6.3%	0.0%
B	\$ 435,249	\$ 502,392	0.496	48.8%	0.7%	7.0%	7.3%	5.9%	0.0%
C	\$ 325,897	\$ 354,545	0.462	49.3%	1.4%	9.7%	6.6%	9.0%	0.8%
D	\$ 245,930	\$ 267,304	0.497	51.2%	2.1%	6.5%	5.9%	17.7%	2.1%
E	\$ 194,459	\$ 196,960	0.387	63.9%	1.0%	2.8%	3.3%	24.1%	0.5%
F	\$ 148,066	\$ 148,958	0.393	66.4%	1.6%	1.9%	4.0%	33.5%	0.4%
G	\$ 97,860	\$ 100,361	0.480	62.4%	2.7%	1.5%	3.9%	38.4%	3.8%
H	\$ 51,190	\$ 64,001	0.657	61.4%	4.2%	0.6%	3.9%	45.9%	2.3%
I	\$ 19,649	\$ 31,094	0.935	48.1%	8.1%	1.1%	5.1%	33.5%	10.3%

Scoring of NEC Performance Since Intervention

- NECs are compared to their top three comps on:
 - Change in residential real estate market sales price from 2008/ 2009 to 2011/2012 (data source: BRT)
 - Change in number of residential real estate sales per number of housing units from 2008/2009 to 2011/2012 (data source: BRT)
- NECs are then graded from A – D on both comparisons.
Details of grading:
 - A if NEC 'beat' all three comps or all comps for which data were available (if less than 5 arms length sales comp was not graded)
 - B if NEC 'beat' all but one comp
 - C if NEC 'beat' one of three comps
 - D if NEC did not beat any comps

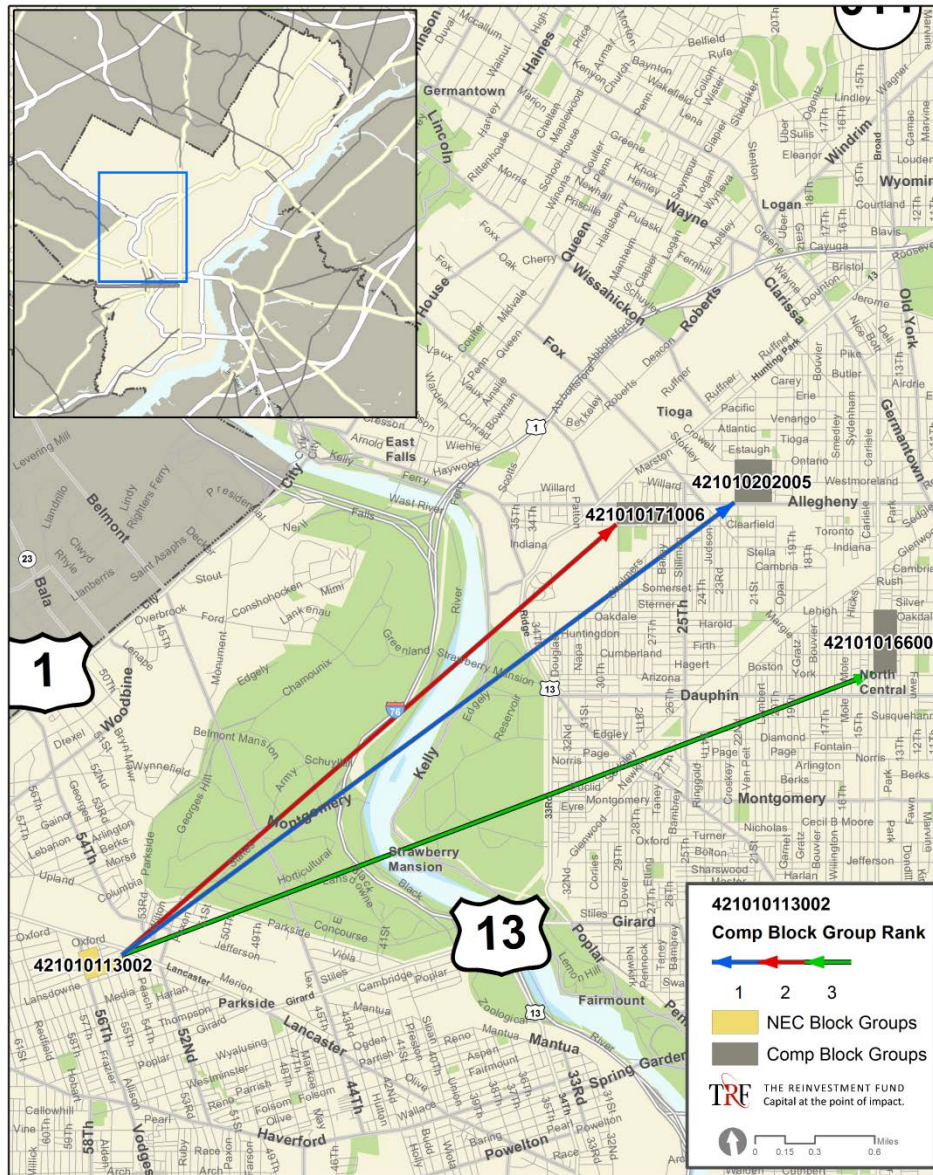
Identified NECs and Block Groups used as Comps



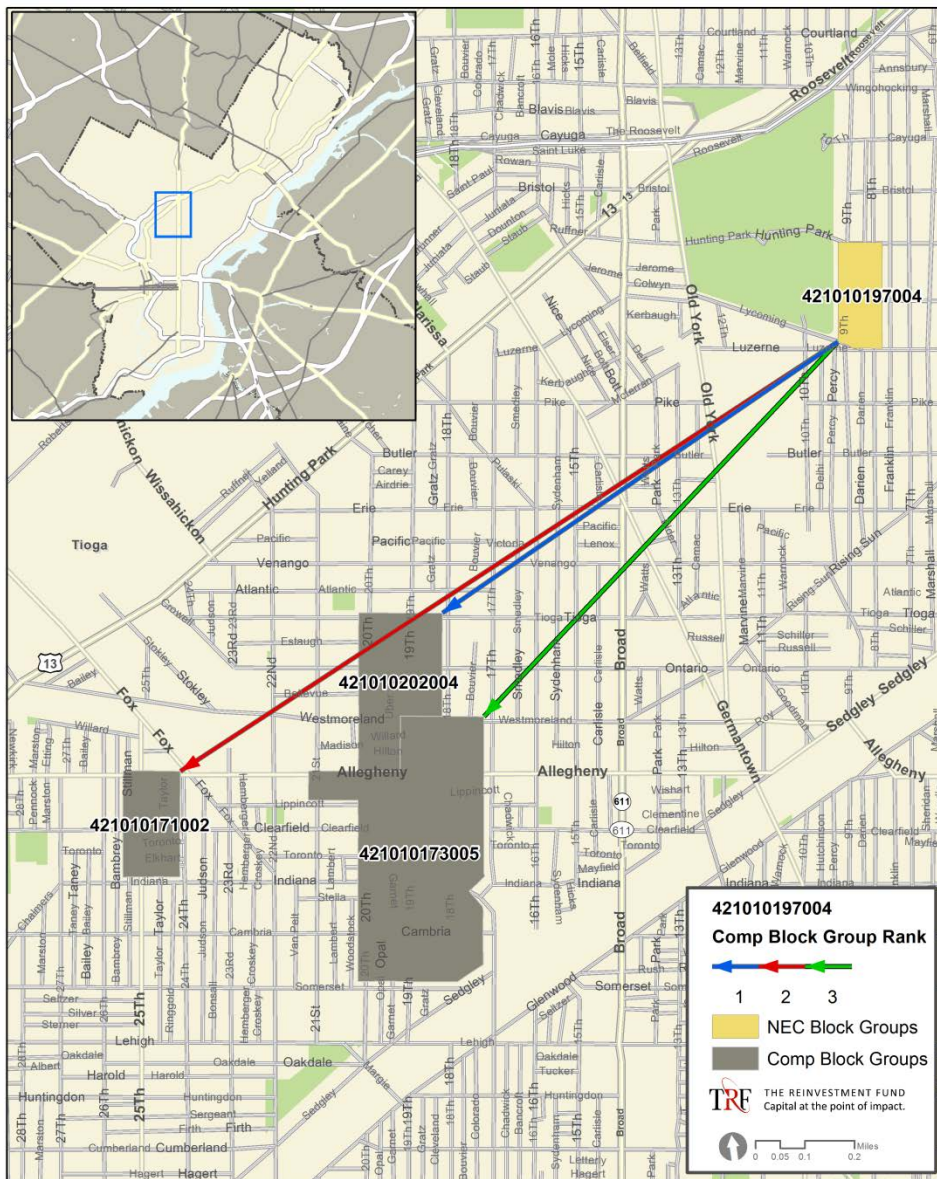
NEC Example #1: Southwest Philadelphia



NEC Example #2: West Philadelphia



NEC Example #3: Hunting Park



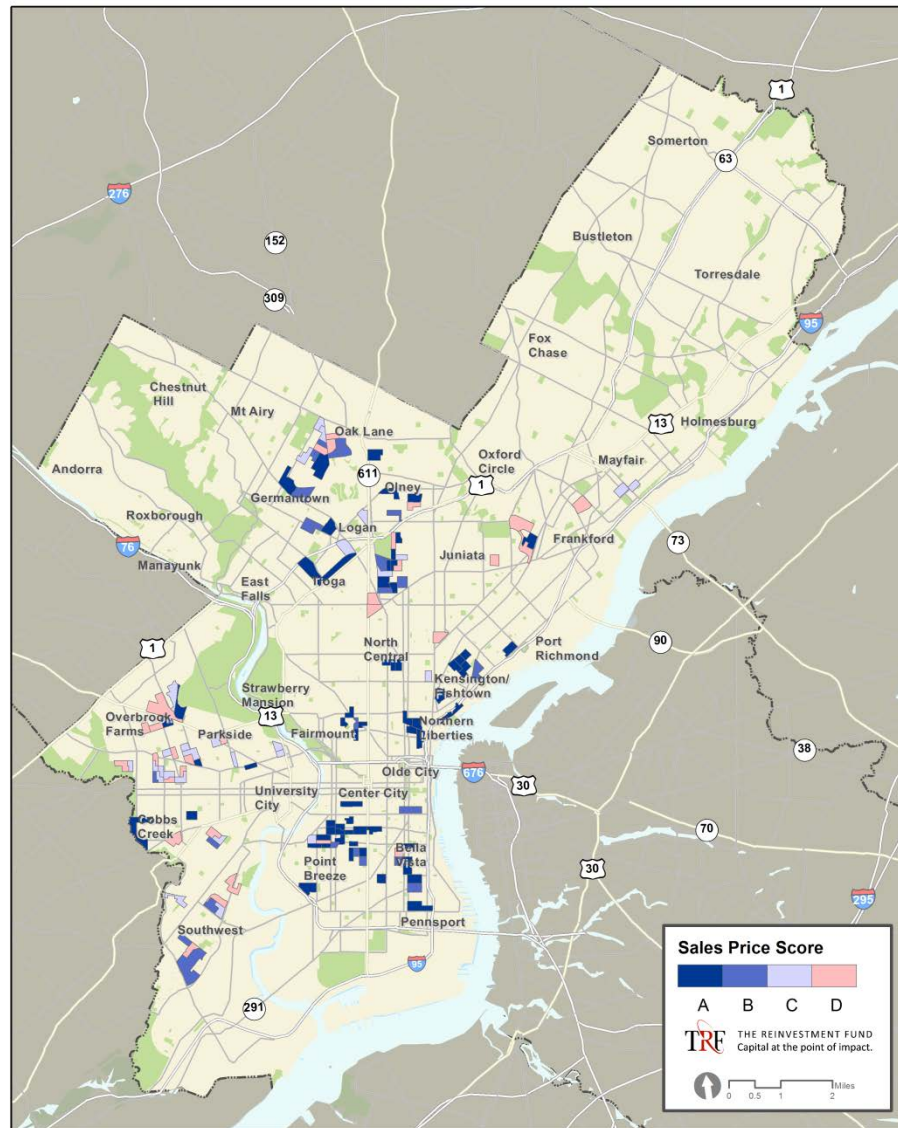
NEC Performance: Change in Sales Price and Number by Group

	Mean Sales Price			Mean Rate of Tax Delinquency		
	2008-2009	2011-2012	Change	2008-2009	2011-2012	Change
NECs	\$72,526	\$95,651	31.9%	36.1%	35.7%	-1.1%
Comps	\$72,239	\$73,411	1.6%	27.0%	28.1%	4.1%

NEC Performance: Residential Sales Price Change

Performance - Sales Price Change			
A	B	C	D
52	27	27	28
38.8%	20.1%	20.1%	20.9%

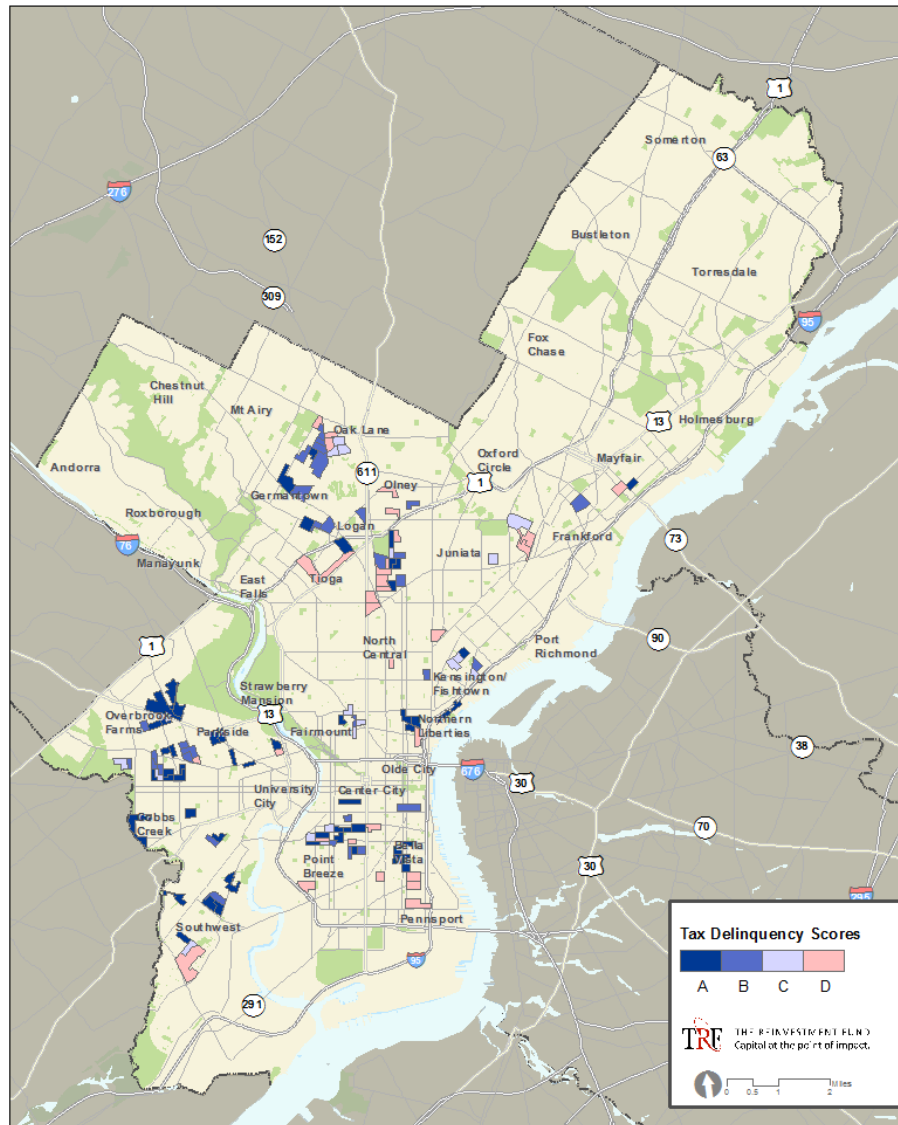
NEC Performance: Sales Price Change



NEC Performance: Change in Tax Delinquency

Performance – Change in Tax Delinquency			
A	B	C	D
53	32	19	30
39.6%	23.9%	14.2%	22.4%

NEC Performance: Tax Delinquency



Effect of Removing Blight on Nearby Properties

- TRF recreated an algorithm from Econsult's 2010 report *Vacant Land Management in Philadelphia* that measures the effect of blight on nearby property sales.
- Using BRT sales data from 2011 – 2012, TRF found that properties that complied with L&I citations created \$74 million in sales value for surrounding properties. This created value resulted in \$2.34 million in increased transfer tax revenue to the City.
- L&I estimates that an additional \$1.1 million was returned to the City through permit fees and fines and judgments from Blight Court against owners of blighting properties.

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