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Good Intentions Gone Awry

Many bills passed by our lawmakers are framed with only the best of intentions. Laudable goals, such as "reducing crime" or "promoting economic growth" are often the basis from which all legislation arises. The problem is that while discussing even the most agreeable goals, occasionally the important details necessary to carry out those programs are an afterthought.

Consider Act 130 of 2000, the "Neighborhood Improvement District Act". No Pennsylvania lawmaker is going to disagree with a bill that encourages the development of strong and stable neighborhoods, especially one that gives a great deal of latitude and control to local government and local constituencies. This is evident in the fact that the legislation passed unanimously in both chambers in November of 2000 and was signed by the governor the next month.

The concept of the Neighborhood Improvement District (NID) is similar to that of a business improvement district (like the ones in Downtown Pittsburgh and Oakland). Citizens can petition the municipality to express interest in establishing a district, but citizen action is not binding; it is ultimately the decision of the municipality to enact an ordinance to create a NID. Act 130 requires that once a NID is created, fees are levied to "promote and enhance more attractive and safer commercial, industrial, residential, and mixed-use neighborhoods, economic growth, (and) increased employment opportunities...".

On the surface, there appears to be some monitoring in the law. Each year the management association has to report its activities to both the municipality and the Department of Community and Economic Development (DCED). After five years the district has to come up for review by the municipality. If not approved, the district dissolves.

Notwithstanding the attempt at public safeguards there are serious problems with the program, particularly regarding the establishment and administration/oversight of a NID. First, rather than requiring an affirmative majority vote of the affected property owners, the law requires 40 percent of them to write to the local governing body in opposition of the program to defeat a NID. There is no requirement that any percentage of supporters write in favor of the NID. If there is to be a localized neighborhood improvement district, it should be so as a reflection of the explicit wishes of a majority of property owners that will be affected.

For example, consider the use of a NID in west Pittsburgh, an area that encompasses more than 8,000 property owners. It is a near impossibility for opponents to launch a letter writing campaign in a short period of time (45 days), particularly considering that many of those owners may not be residents or may be unable to participate for many other valid reasons. Instead, the creation of a new taxing district ought to require the support of a clear majority of affected residents. Putting the burden on opponents to solicit other owners to write a letter is simply bad government.

Second, as of this writing there is no point of contact in the DCED for the program. No agency--Community Affairs, the Center for Local Government Services, Community Building, etc.-- administers the program or is responsible for compliance. Officials at the DCED believe that the Local Government Services agency will be in charge of receiving and ensuring that NID associations submit annual audits, yet none of these officials were certain of that fact.

There is much to be said for having the NID program being locally driven and, therefore, flexible for different areas of the state. But the law does not specify who performs the oversight at the local level, either. A controller? A manager? A finance department? It is one thing to be open-ended so as to not place too many mandates on local governing bodies, but some guidance is necessary for a program that utilizes extra fees, which are essentially taxes since they are mandatory, from a particular area to supplement basic municipal services or to create programs that are targeted toward the broad goal of neighborhood improvement.

The absence of clear direction from the state with the NID program is similar to the current problems with another community development program, the Urban Redevelopment Law. Passed as a means to "eradicate blight", the law has evolved into a tool that is no longer targeted toward blighted areas in distressed neighborhoods, but in areas where officials want one type of economic activity replaced with one more to their liking. Like the NID, there is little, if any, oversight of the implementation of the law.

In an upcoming Policy Brief we will examine one of the first uses of the NID act in the western communities of the City of Pittsburgh, the WE-HAV program. We will show how a lack of attention to detail can turn an apparently laudable piece of legislation into a tool that can be misused by elected officials to create programs whose purpose was never envisioned by the legislation.

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Note: On Tuesday September 24th the Allegheny Institute welcomes Megan Farnsworth, the head of the Heritage Foundation's "No Excuses" campaign. Ms. Farnsworth will review the disturbing trends in academic achievement and how local groups can get involved and make a difference in their schools. The presentation will be held at the University Club in Oakland at 10:00a.m. Seating will be limited. Contact the Allegheny Institute for more details.

For more information about this and other topics, please visit our website:

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