

# **Southeastern Pennsylvania First Suburbs Project**

Senate Majority Policy Committee  
Public Hearing

Thursday, July 21, 2011 - 1:00 PM  
Upper Darby Municipal Building, Council Chambers  
Upper Darby, PA

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Good afternoon. On behalf of the Southeastern Pennsylvania First Suburbs Project, I would like to thank Senator Erickson, Members of the Committee and staff for arranging these hearings.

The Southeastern Pennsylvania First Suburbs Project is a coalition regional of municipal governments, school boards, civic and faith institutions that have joined together to call for policies that will stabilize and revitalize our communities. We understand that the large majority of the problems we all face do not stop at municipal borders; that we need to address these together in a larger forum. We've been organizing together for the past four years, and have appreciated our opportunities to work with you, Senator Erickson, on these problems, and so are glad to support your leadership and to appear before the Senate Majority Policy Committee for a hearing on issues facing the First Suburbs.

So what are the first suburbs? They are the suburbs that were the first to be built, including the boroughs like Lansdowne and Jenkintown, and the townships like Upper Darby and those that include Levittown. Federal and state governmental policies encouraged the growth of the first suburbs, subsidizing the cost of infrastructure, including highways and sewer and water systems, and encouraging home ownership through mortgage lending tools.

According to the Brookings Report, at least one-fifth of America now lives in these first suburbs, which historically represented hope and opportunity: good neighborhoods, good schools, good jobs.

That hope is increasingly replaced by anxiety. While the world has changed, state and federal policies have not. Despite substantial increases in the cost of fuel, for example, obsolete policies continue to facilitate the movement of jobs, residential development and high-income workers away from core communities and into newly built areas that were formerly open space.

At the same time, Pennsylvania's highly fragmented system of forcing local government and school districts to rely heavily on property taxes has created an environment in which local jurisdictions wage a cut-throat competition to grow their own tax bases and attract or retain the moderate and upper income tax payers that provide a stable platform to support schools and other public services. They are asked to solve problems that are larger than their municipal footprints, and the only tool they have is to raise property taxes. Older municipalities are isolated and low income families are concentrated into specific areas. The end result is that a growing

number of cities, towns and older suburbs now suffer from structurally diminishing tax bases, skyrocketing property tax rates, stressed schools and municipal services, and deteriorating infrastructure.

For example, many of our communities still rely in large part on sewer pipes that were first laid in the late 19<sup>th</sup> and early 20<sup>th</sup> century. At the same time, as exurbs plow under, pave, and build, creating more storm water runoff, the flow leaves their municipal borders and ends up in the First Suburbs. The residents of First Suburb municipalities are then held accountable for this water by the state and federal governments. The cost to bring it up to a state of good repair is beyond the capacity of the local citizens. Many of our communities can only deal with our infrastructure needs on an emergency basis – which is not a strategy for economic development.

For example, my borough, Jenkintown, lost a key new commercial housing re-development because of PA DEP's actions restricting our EDUs (Equivalent Dwelling Units), basically rendering hookups for sewer and water for new businesses illegal for us, as a result of stress on the system from "foreign municipality water runoff" higher up the watershed. We lost that development, and several other investors abandoned plans for revitalization projects before we got DEP's head on straight – at least temporarily!

The estimated cost for repairing the entire clean water infrastructure in Pennsylvania is \$20 billion over the next 20 years. Forcing local jurisdictions to solve regional problems is a recipe for failure -- infiltration, sewer issues, higher costs – and higher property taxes, which still won't solve the problem. And the governmental response for funding from higher up the chain is inadequate.

The current PennVest scoring criteria and review-process dramatically short-change First Suburbs communities. Yet, again, our water systems are supporting people in both the most densely populated communities, and in the newer communities upstream.

Instead of taking the rational approach of "fix it first" policies, through inaction, the incentives and policies from the 1950's remain in place, continuing to subsidize new development in greenfields while ignoring maintenance and repair of existing infrastructure of all kinds.

As a result, according to the Pennsylvania Economy League, 39 cities, 228 boroughs and eight first class townships are in the worst stage of municipal decline, where loss of tax base and population results in increasing fiscal distress, and hundreds of Pennsylvania municipalities are not far behind.

As you well know, as elected officials we must take great care with our constituents' tax dollars. And I say to you today that it is a betrayal of our obligations to our constituents to throw their money at shiny new infrastructure while we neglect the basic care required to maintain billions of dollars of their previous investments.

If we continue these archaic policies, stressing local property taxes for infrastructure, services, and education, we will devastate the region. People who can move from high-tax areas to the subsidized exurbs will do so, reducing tax bases even further. Schools will reach tipping points

from the combination of excessive property tax rates and the increasing needs of students concentrated in these areas of stress, poverty, and disinvestment.

It is essential that these destructive policies be reversed, that Pennsylvania implement policies that will be instituted to balance the tax burden and maximize opportunity for ourselves and our children.

If not, a region and state that will need an educated workforce will instead have created – through outmoded policy fostered through deliberate inaction – a shortage of skilled labor, a surplus of concentrated poverty, and a state in economic decline, unable to compete with Massachusetts of the 21<sup>st</sup> century, much less with China and India.

This challenge has been recognized nationally. On Monday, I joined with more than 170 local elected officials, business, labor and civic leaders from 22 metropolitan regions from across the United States at a White House Conference on issues facing First Suburbs. We spoke with senior federal officials, including the Secretary of Transportation, and our own leadership was invited into the Oval Office to report directly to the President about these issues.

Again, I want to thank Senator Erickson and the Members of this Committee for your efforts to bring these issues to light, to allow the State to recognize the problem, and work toward the solutions we all need, and, given the national attention, to put Pennsylvania in place as a national leader in preparing the state and the nation for the 21<sup>st</sup> century.