

Your Land is My Land: Civil Conquest, Asset Protection, and Real Estate Value

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Discussion by

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Summary

- ▶ Question
 - How do adverse possession laws affect house prices?
- ▶ Approach
 - Test for changes in house prices in response to property law in PA
- ▶ Key Results
 - House prices fall by 1% in PA localities
 - Null effect in placebo tests
 - Robust to border analysis
- ▶ Comments
 - Institutional Background
 - Nature of the Shock
 - Exploring Other Channels

Institutional Background

- ▶ Court decision: City of Philadelphia v. Galdo
 - ▶ Ruling related to squatting on land held by municipality
 - ▶ Previously unable to bring action against the state

- ▶ Law change: HB 320
 - ▶ Unrelated to court decision (decades long)
 - ▶ Law applied to single-family homes on half acre
 - ▶ Intention was to fix up abandoned property

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November 12, 2019

Whose Land is it Anyway? Pennsylvania Supreme Court rules that Municipalities are Now Subject to Claims for Adverse Possession

Obermayer Rebmann Maxwell & Hippel LLP

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However, more importantly, *Galdo* will serve as a wake-up call for municipalities owning property that they have neglected for decades. The Pennsylvania Supreme Court's new "use it or lose it" approach, as detailed in *Galdo*, will likely lead to a significant increase in property sales to private individuals as well as motivating municipalities to take a good, hard look at what can be done to turn these blighted parcels into a benefit to the public at large.

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Recent Changes to the Law of Adverse Possession in Pennsylvania

REAL ESTATE

JAN 7, 2019



BY RYAN E. ABRAMS

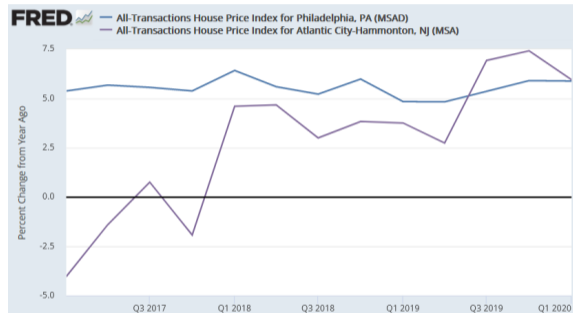
Nature of the Shock

- ▶ Change to Status Quo
 - ▶ Municipalities now at risk
 - ▶ Unprecedented decision
 - ▶ Affecting all municipalities across PA
 - ▶ Appeal judgement less expected

- ▶ Acceleration of Status Quo
 - ▶ From 20 to 10 years for small parcels
 - ▶ Narrow group of assets affected
 - ▶ Narrower condition affected (time)
 - ▶ Judicial process more expected

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Exploring Other Channels

- ▶ Reduction in lending tied to exposed collateral
- ▶ Increased financial constraints on municipalities
- ▶ Changes in number of home sales and demand for rental property

Conclusion

- ▶ Interesting setting to study important question on property rights
- ▶ Finds significant change in house prices across myriad of controls
- ▶ Could increase precision in research design