



Eric Papenfuse, Mayor

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Senator DiSanto, Senator Argall, Senator McGarrigle: Good morning and thank you to Senator DiSanto for the invitation to address this body on a very urgent matter facing all of our core urban areas.

You have heard from Dave Patton and Mayor Papenfuse on both reactive and preventative tools we use to fight blight. These tools all work together to address blight which is just a part of the overall strategy to develop a true community or economic development project.

Funding is critical to the success of any of these tools. Whether it is funding for legal work for tracking down slumlords, funding for Conservatorship processes, or funding for demolition and clean up, funding is a big part of getting our communities turned around.

I have worked in the community revitalization field for more than 20 years. In my role as Deputy Secretary for Community Affairs and Development under Governor Rendell, and now in my role here in Harrisburg, I have worked with those elected and non-elected municipal leaders in every third class city and urban core area in the Commonwealth who struggle to piece together financial strategies to implement projects which save significant and historic buildings, rehabilitate housing, create jobs, renew infrastructure and enhance the quality of life in neighborhoods and downtowns. These local strategies are designed to entice private development, the partner without which none of these revitalization projects would succeed, but the partner which looks for areas of greatest return. Thus the competition for private dollars is fierce. We also know that the private sector will not invest in a project without some public support, either through financial incentives or subsidies or through local government assistance. The pre-development costs are too large to "make the numbers" work in the urban core areas. Much higher than in pristine ready to go, farmland areas.

Local city dollars are limited as the demand for public services grow and tax bases are small. I would say that most third class cities work hard to prioritize projects which will be the most impactful and focus local resources and effort on those projects to "set the table" for private investment. This includes identifying areas for revitalization, often acquiring and assembling land, remediation of

property and either rehabilitating properties or demolishing buildings and preparing the site for new construction. They then turn to the Commonwealth or the Federal Government for programs which will assist with these activities.

As a former Mayor of a Third Class city and in my various roles at the state, I have been both a provider and a user of state programs for revitalization activities. I have watched over the years, the defunding or reduction in funding of these key programs leaving communities without economic development support. Programs such as the Revitalization Capital Assistance Program (RCAP), Keystone Communities, Industrial Site Reuse Program are only a few of a handful of programs left with limited funding, making the programs highly competitive. The Housing and Redevelopment Assistance program once a staple in the arsenal to encourage economic and community development and funded at its peak at \$ 32 m is now a totally unfunded line item in the state's budget and has remained this way for the past 5 years.

Out of the programs left to assist urban communities, the hardest local revitalization activity to fund is demolition. Most communities use some of their Community Development Block Grant funding to fund demolition, as this is a CDBG eligible activity. But even CDBG funds, which are used to also help with police and fire activities, are dwindling each year.

Some steps have been taken at the state level to grow demolition dollars, but they do not go far enough in amounts and in focus to our Third Class Cities.

Here are suggestions to boost demolition dollars:

- Act 152 -2016 recently enacted (Dauphin County implemented) should be amended to allocate percentages of the County Demolition Fund to the areas with most demolition need based on concentration of blighted properties. Thus the city of Harrisburg would automatically get a percentage of the funds for demolition.
- Optional Affordable Housing Funding formerly known as Act 137 of 1992 should be amended to allow for a percentage to go to the City within the County with the highest affordable housing needs  
(this would include activities such as blight removal)
- Develop a set aside for Blight Removal/Demolition as a Neighborhood Priority Project within the Neighborhood Assistance Program. This tax credit program has been the basis for many a great partnership between the community and the private sector. Private corporations fund critical community projects to earn tax credits and in most cases become true partners in the process. While corporate net income tax levels may be reduced drastically, I argue that if reduced, those corporate savings will not go to community projects, so Food Banks and revitalization projects will suffer. Tax credit programs guide private investment to targeted goals. Expand criteria for businesses and corporations to participate in tax credit programs and keep the NAP at least at the \$ 18 m dollar level and offer demolition as a separate eligible priority for the program.
- Allow the Growing Greener Program parameters and guidelines to include urban revitalization projects. In 2005, Growing Greener II was signed into law allowing \$ 625 m to be spread across 5 agencies for "green" activities. \$ 50 m was given to DCED for community revitalization through mixed use and housing projects which included demolition. These

funds were leveraged with other state, local and private dollars for successful projects. Harrisburg was a recipient of GG II dollars in some of the Midtown projects. The Growing Greener program as it now exists does not include economic revitalization activities.

I hope that you will consider the big picture on how cities and core communities approach their economic and community development needs. They are thoughtful in developing partnerships, strategic in developing strategies which include both private and public support, and they are creative in leveraging the funding necessary to make projects successful. We ask that the Commonwealth become a stronger partner in that formula with legislation that bolsters and supports our goals and efforts so that we strengthen and grow our tax base, create jobs, nurture neighborhoods and truly become sustainable.

Thank you for your attention and your consideration.