

Chamber Paper on Economic Development

Third Class City Alliance – Emphasis on Economic Development

No City can “out-build” the regressive governance and tax structures established for Cities in Pennsylvania Law. Our Cities must be given a new set of development tools designed to encourage commercial investment and residential growth.

- Create **Urban Redevelopment Areas/Development Tax Credit:**
 - Areas are designated by the Cities in planning with DCED and final approval of DCED
 - Areas must have a local 10 LERTA in place provide at least 5 years at 100%, then graduated to 20% in last year.
 - Program goals include development of mixed use, walkable communities with good access to public transportation
 - Expansion or program similar to the Enterprise Zone Tax Credit program that would apply a broader base of tax credits for businesses and residential development.
 - Raise participation rate to 40% (current rate is 20%) Tax credits could be sold for a percentage of value in order to generate capital, or applied directly to tax liability.
 - 20% tax credit would be available to property owners donating property for redevelopment in these areas
 - Add Historic Tax Credit of 20% for both commercial and residential with the ability to capitalize through sale of credits
- **Expand LERTA (Local Economic Revitalization Tax Assistance)** to include previously tax exempt properties (schools, churches, city, county, state, federal buildings, and buildings that paid under PURTA taxes.) to address problem of when an exempt property is purchased by the private sector, it immediately becomes fully taxable based on the assessed valuation when the property is sold, removing valuable capital from a renovation project that could be used for renovations.
- Through a reenergized Main & Elm Street program in partnership with the PA Downtown Center incentivize and financial support for the human capital required to enable a **Strategic Communities Partnership Program** – designed to bring

cities, neighboring municipalities, city/county planners, economic development corporations and active urban not for profits together in 3rd Class Cities to work on strategies for redevelopment of major corridors and adjacent residential neighborhoods in 3rd Class Cities and larger Boroughs (over 20,000 population)

- **Neighborhood and small trade area support mechanism** to provide assistance to the “non-downtown” commercial sections of PA core communities. Most cities have their core downtowns, but also have smaller, neighborhood commercial districts as well, some of which may be just a few buildings. These areas serve as cores for residential areas with small groceries, restaurants and other services. They also inspire adjacent residential and other commercial investment. PA’s program offerings have for the most part forced communities participating in other programs to “choose” their primary business district at the expense of these very small areas that require substantially less capital, but perhaps more technical assistance and organizing support. The Main Street/Elm Street programs should include a neighborhood commercial component.
- **Remove impediments to /encourage Shared Services** - The efficiency of service delivery could be enhanced if local governments addressed the delivery of services from a regional perspective. Economies of scale would show bottom line benefit and hard investments could be spread over a larger base.