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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 1232 Session of  
2006

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INTRODUCED BY PICCOLA, FERLO, PILEGGI, GORDNER, FONTANA, PIPPY,  
LOGAN, WENGER, ERICKSON, COSTA, RAFFERTY, O'PAKE, WONDERLING,  
D. WHITE, EARLL, BROWNE, WOZNIAK, REGOLA, RHOADES, WAUGH,  
VANCE, ORIE AND C. WILLIAMS, JUNE 19, 2006

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REFERRED TO COMMUNITY AND ECONOMIC DEVELOPMENT, JUNE 19, 2006

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AN ACT

1 Providing for the establishment of the Historic Preservation  
2 Incentive Grant Program for historic commercial and  
3 residential sites.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Historic  
8 Preservation Incentive Grant Act.

9 Section 2. Definitions.

10 The following words and phrases when used in this act shall  
11 have the meanings given to them in this section unless the  
12 context clearly indicates otherwise:

13 "Applicant." A commercial applicant or a residential  
14 applicant.

15 "Commercial applicant." Any natural person, corporation,  
16 foundation, organization, business trust, estate, limited  
17 liability company, licensed corporation, trust, partnership,

1 limited liability partnership, association or any other form of  
2 legal business entity that owns an eligible commercial property.

3 "Commission." The Pennsylvania Historical and Museum  
4 Commission.

5 "Department." The Department of Community and Economic  
6 Development of the Commonwealth.

7 "Eligible building improvements." Exterior rehabilitation or  
8 restoration work performed on an eligible commercial property or  
9 an eligible residential property, including work involving  
10 windows, consistent with the Standards for Rehabilitation of the  
11 Secretary of the Interior.

12 "Eligible commercial property." A building used or zoned to  
13 be used for income producing purposes which is listed on the  
14 National Register of Historic Places, is a contributing property  
15 in a National Register historic district or is located in a  
16 local government historic district. The term includes a building  
17 used or zoned to be used for commercial purposes which is also  
18 used for residential purposes. The term also includes for-sale  
19 condominium projects.

20 "Eligible property." An eligible commercial property or an  
21 eligible residential property.

22 "Eligible residential property." A single-family dwelling or  
23 a building which:

24 (1) is a single family dwelling used as the owner's  
25 principal residence or is a building that is divided into no  
26 more than four residential units, one of which is used as the  
27 owner's principal residence;

28 (2) is owned by one or more natural persons; and

29 (3) either:

30 (i) is listed on the National Register of Historic

1 Places or is a contributing property in a National  
2 Register historic district; or

3 (ii) is located in a local government historic  
4 district.

5 "Elm Street area." A geographically defined portion of a  
6 municipality which has been designated as an Elm Street area by  
7 the Department of Community and Economic Development in  
8 accordance with the terms and conditions of the act of February  
9 9, 2004 (P.L.61, No.7), known as the Elm Street Program Act. The  
10 term includes an area which has exited the official program but  
11 still has a program functioning to revitalize the designated  
12 areas pursuant to the department's program guidelines.

13 "Enterprise zone." A geographic area designated by the  
14 Department of Community and Economic Development as an  
15 enterprise zone. The term includes an area which has exited the  
16 official program but still has a program functioning to  
17 revitalize the designated areas pursuant to the department's  
18 program guidelines.

19 "Historic district." A local government historic district or  
20 an area in this Commonwealth which has been designated as a  
21 historic district under the National Historic Preservation Act  
22 (Public Law 89-665, 16 U.S.C. § 470a).

23 "Historic structure." A building which is listed in the  
24 National Register of Historic Places, either individually or as  
25 a contributing building within a historic district.

26 "Local government historic district." A historic district  
27 designated by any of the following:

28 (1) Section 2 of the act of June 13, 1961 (P.L.282,  
29 No.167), entitled "An act authorizing counties, cities,  
30 boroughs, incorporated towns and townships to create historic

1 districts within their geographic boundaries; providing for  
2 the appointment of Boards of Historical Architectural Review;  
3 empowering governing bodies of political subdivisions to  
4 protect the distinctive historical character of these  
5 districts and to regulate the erection, reconstruction,  
6 alteration, restoration, demolition or razing of buildings  
7 within the historic districts."

8 (2) The Historic Preservation Ordinance, Section 14-  
9 2007, of the Philadelphia City Code.

10 (3) Title 11 of the Pittsburgh City Code, Chapter 1,  
11 Section 3, as amended by City Council on July 22, 1997.

12 (4) The City of Scranton under the City of Scranton  
13 Commission for Architectural and Urban Design Review  
14 ordinance.

15 "Main Street community." A geographic area designated as a  
16 Main Street community by the Department of Community and  
17 Economic Development. The term includes an area that has exited  
18 the official program but still has a program functioning to  
19 revitalize the designated areas pursuant to the department's  
20 program guidelines.

21 "National Register." The National Register of Historic  
22 Places established under section 101 of the National Historic  
23 Preservation Act (Public Law 89-665, 16 U.S.C. § 470a).

24 "Residential applicant." One or more natural persons who own  
25 an eligible residential property.

26 "Standards." The Secretary of the Interior Standards for the  
27 Treatment of Historic Properties, excluding reconstruction, set  
28 forth at 36 CFR 67.7 (relating to Standards for Rehabilitation).  
29 Section 3. Program.

30 (a) Establishment.--There is established a program in the

1 department to be known as the Historic Preservation Incentive  
2 Grant Program. The program shall provide grants to owners of  
3 eligible properties located within this Commonwealth that  
4 undertake eligible building improvements.

5 (b) Application.--An applicant must submit an application to  
6 the department requesting a grant for the reimbursement of costs  
7 associated with eligible building improvements to an eligible  
8 property owned by the applicant. The application must be  
9 submitted on a form developed by the department in consultation  
10 with the commission and must include all of the following:

11 (1) The name and address of the applicant.

12 (2) The location of the property.

13 (3) Proof of ownership of the property by the applicant.

14 The applicant may satisfy this requirement by providing  
15 evidence satisfactory to the department that the applicant  
16 will own the property at some point in time following  
17 submission of the application and has sufficient control of  
18 the property at the time of submission to perform the work  
19 described in the application.

20 (4) A description of the property providing sufficient  
21 information to establish that the property meets the criteria  
22 for either an eligible commercial property or an eligible  
23 residential property, including information specified in the  
24 commission's guidelines.

25 (5) A detailed description of the proposed work to be  
26 performed, including plans, drawings and specifications as  
27 appropriate.

28 (6) A detailed estimate of the cost of the work to be  
29 performed.

30 (7) Proof that the applicant is current with respect to

1 the payment of all real estate taxes assessed against the  
2 property or evidence that the applicant is contesting the  
3 taxes in good faith and has set aside sums to cover any tax  
4 liability in the event the contest fails.

5 (8) Evidence of the source of matching funds to be  
6 utilized for the project. If the source of matching funds is  
7 a loan from a financial institution, the applicant must  
8 provide a copy of the loan application and commitment or  
9 other evidence satisfactory to the department of the  
10 applicant's ability to obtain the necessary financing.

11 (9) Any other information required by the department or  
12 the commission.

13 (c) Review and recommendation by commission.--The department  
14 shall forward the application to the commission for review. If  
15 the commission determines that the property qualifies as an  
16 eligible property and that the proposed improvements would  
17 qualify as eligible building improvements, then the commission  
18 may recommend approval of the property for the program and shall  
19 notify the department of its recommendation within 45 days  
20 following receipt of a completed application by the commission.

21 (d) Award of grant by department.--Upon receipt of the  
22 commission's recommendation for approval as provided in  
23 subsection (c), the department may award the applicant a grant  
24 and shall notify the applicant and the commission of its action.

25 (e) Certification and disbursement.--Following completion of  
26 the work, the applicant must file a certification with the  
27 commission stating that the work has been completed. The  
28 certification must be accompanied by photographs showing the  
29 completed project, evidence of the actual expenditures made by  
30 the applicant and evidence, in the form of a letter or letters

1 from local code enforcement officials, that the property, as  
2 improved, complies with all local building, fire, safety and  
3 health codes. The commission shall complete its review of the  
4 certification within 90 days of receipt of the certification by  
5 the commission. The commission may request additional  
6 information and conduct a site inspection as it deems necessary  
7 to determine compliance with the requirements of the program  
8 established by this act. If the commission is satisfied with the  
9 certification submitted, it shall notify the department of the  
10 approved eligible building improvements. The department shall  
11 calculate the amount of the grant and disburse the grant funds  
12 to the applicant.

13 (f) Agreement.--The department is not required to enter into  
14 a grant agreement with the applicant prior to awarding and  
15 disbursing a grant.

16 (g) Special rules relating to eligible residential  
17 properties.--An application for a grant for eligible building  
18 improvements for an eligible residential property must include  
19 one of the following statements from the applicant:

20 (1) That the applicant has owned the eligible  
21 residential property for at least five years prior to the  
22 date of submission of the application.

23 (2) That the applicant has owned the eligible  
24 residential property for less than five years prior to the  
25 date of submission of the application but agrees to continue  
26 to own the property for a total of at least five years.

27 Section 4. Exemption from State taxes.

28 Grant amounts awarded by the department for eligible  
29 residential properties shall not be considered income to the  
30 applicant under section 303 of the act of March 4, 1971 (P.L.6,

1 No.2), known as the Tax Reform Code of 1971.

2 Section 5. Allocation of grant funds; limitations; priorities.

3 (a) Source.--Funds for this program shall be provided to the  
4 department from funds authorized for this purpose.

5 (b) Proration.--If the total amount of grants to be awarded  
6 exceeds the amount of funds available for the program in any  
7 year, the amount of grants may be prorated among the successful  
8 applicants.

9 (c) Minimum.--At least 31% of the funds available in any  
10 year shall be reserved by the department for grants to  
11 successful residential applicants. If reserved funds are more  
12 than are needed to satisfy the total amount of such grants  
13 awarded in any year, the department may utilize the excess funds  
14 for grants to successful commercial applicants.

15 (d) Limitations.--

16 (1) Subject to the other limitations set forth in this  
17 subsection, a grant awarded to a successful applicant shall  
18 not be more than 70% of the total amount of expenditures made  
19 for eligible building improvements.

20 (2) In no event shall any grant be awarded unless:

21 (i) the applicant is current with respect to all  
22 local real estate taxes assessed against the applicant's  
23 eligible property; or

24 (ii) the applicant, in good faith, is contesting  
25 local real estate taxes assessed against the applicant's  
26 eligible property, provides the department with evidence  
27 of the contest and has set aside sums to cover any tax  
28 liability in the event the contest fails.

29 (3) Up to \$15,000 may be awarded to a residential  
30 applicant in connection with a single project, and up to



1       \$500,000 may be awarded to a commercial applicant in  
2       connection with a single project.

3           (4) In order to receive money from a grant, the  
4       applicant must complete the project being funded by the grant  
5       within two years of receipt of notification from the  
6       department of the award.

7       (e) Priorities.--Priority may be given to properties located  
8       in Elm Street areas, Main Street communities, enterprise zones  
9       and in local government historic districts. In addition the  
10      department shall take into account geographical distribution of  
11      grants in making awards.

#### 12   Section 6. Administration.

13      (a) Guidelines.--The department and the commission shall  
14      develop guidelines for the implementation of the program  
15      established by this act.

16      (b) Expenditures.--The department may utilize up to an  
17      aggregate of 3% of the funds available for the program annually,  
18      not to exceed \$500,000, as allocated by the Governor, for  
19      expenses incurred in administering the program established by  
20      this act. The department and the commission shall enter into an  
21      agreement for the payment to the commission of a portion of sums  
22      for expenses incurred by the commission.

#### 23   Section 7. Repayment.

24      The department, at its discretion, shall be entitled to a  
25      return of all grant funds paid to the applicant if, within five  
26      years following completion of the project, either of the  
27      following occur:

28           (1) The owner of the eligible property makes  
29      improvements to the exterior of the property which do not  
30      meet the standards.

1           (2) The eligible property is removed from the National  
2 Register, either individually or as a contributing building  
3 within a historic district, whether or not as a result of the  
4 owner making improvements to the exterior of the property  
5 which do not meet the standards.

6           (3) The eligible residential property is transferred in  
7 violation of the agreement made by the owner under the  
8 provisions of section 3(g)(2), if applicable, unless the  
9 transfer occurs as a result of the death of the owner or is  
10 otherwise involuntary.

11 Section 20. Effective date.

12 This act shall take effect in 120 days.