

Hearing
Pennsylvania House Finance Committee on the
Neighborhood Assistance Program

Thursday, August 25, 2016

Thank you for being here today.

The Allegheny Conference has four primary words in its name and the last two are Community Development.

The Allegheny Conference on Community Development was formed in 1944. It's existence is a statement by its more than 300 regional investors, most of whom are for-profit businesses, that community development is important.

Revitalization of the distressed communities in Western Pennsylvania, which once housed thousands of families who, for generations, were supported by well-paying jobs in heavy industry, is essential to the long term health of this region. The same can be said for other struggling communities across this Commonwealth.

Today, we can point to examples where economic turnaround has occurred. We are in one such community right now. It was not long ago that you could drive through Lawrenceville on Butler Street and have no reason to stop. Today people come from across this region to shop; to eat; and, in many cases, to live in Lawrenceville.

The South Side is another community which was once struggling and is now a center of economic activity. Just drive down East Carson Street.

A few years ago, East Liberty was an isolated, blighted section of Pittsburgh where residents had little hope. Today, Whole Foods, Target, The Hotel Indigo, the Ace Hotel, some of Pittsburgh's best restaurants, market rate housing, AND affordable housing, are all part of an energetic neighborhood.

How did this happen? There is a common theme:

- Determined residents in each of these neighborhoods came together and developed a plan to return their community to economic vitality.
- They acknowledged that they needed help from outside the community but knew that help would be forthcoming only if they spoke with one voice: one plan, with broad support.
- And they recognized that they, as volunteers, did not have the capacity to implement the plan. Full time professionals, on the ground, in the community, were needed.

But how does a community with no money hire and pay such people?

In 1971, the Pennsylvania State Legislature provided an answer. It was called the Neighborhood Assistance program. (The NAP)

The program was farsighted and enlightened. For two reasons:

- First, it created a compelling incentive for businesses and struggling communities to work together. It established the ground work for true public/private partnerships.
- Second, for businesses to participate, the NAP requires that they commit funding for six years. This allows the professionals implementing the plans to focus on improving the community, not on raising funds to cover next year's salaries.

We, in business, recognize the importance of bringing economic vitality to all parts of this Commonwealth.

The Economy League, part of the Allegheny Conference, is working with seven communities in this region right now: Connellsville, Homewood, McKees Rocks, Mt. Oliver/Knoxville, Sharpsburg, Washington, and Wilkinsburg through what we call the Strengthening Communities Partnership. Eleven for-profit Western Pennsylvania companies, including TriState Capital Bank where I work, have committed in excess of \$12 million over six years to assist these communities in bringing about positive change.

The NAP tax credits have brought about this level of investment by companies in our region. And a by-product has been substantial pro-bono investment by these organizations and their employees. Legal, marketing, financial, real estate development, and other technical support is occurring in these communities as we speak. Partnerships have been formed because of the NAP. Over the years, 40 Western Pennsylvania companies have supported our communities as a result of the NAP.

This is the program that brings companies to the table. This is the program that pays the professionals who are leading the revitalization of Lawrenceville and Wilkinsburg, and Connellsville, and Homewood and many other communities in this state.

But here's the issue: When the Neighborhood Assistance Program was created in 1971, \$18 million was allocated. And that allocation has never been increased. Adjusted for inflation, that \$18 million would be \$105 million today.

Last year there were over \$50 million in NAP applications to assist in community revitalization. And \$18 million was allocated.

A bill has been introduced in the House, and a bill has been introduced in the Senate, to raise the allocation to \$25 million. I believe that the single most important thing you can do to revitalize Pennsylvania's communities is to get businesses engaged and to ensure that quality, full time professionals are in place to implement the plans.

We want you to increase the Neighborhood Assistance Program from \$18 million to \$36 million and assure that it is adjusted for inflation each year thereafter.

This is good for the people of Pennsylvania. It is good for business. And it is good for the Commonwealth.

Thank you.

Bill Schenck