

**Remarks on HB 782 by Kristin Cahayla-Hoffman
LVEDC Vice President of Business Development and Attraction
House Local Government Committee Hearing
Lehigh Valley Planning Commission
September 6, 2023**

Good afternoon, Chairman Freeman, Committee Members, and staff. For those attending from outside the region, welcome to the Lehigh Valley. We are the third largest and one of the fastest growing regions of the Commonwealth in terms of population and economic output.

I am Kristin Cahayla-Hoffman, Vice President of Business Development and Attraction for the Lehigh Valley Economic Development Corporation. LVEDC is a public-private coalition of employers, educational institutions, labor, community organizations, and municipal governments. Our mission is to market the economic assets of the Lehigh Valley and to create partnerships to support the recruitment, growth, and retention of employers and the creation of jobs for people of all skill and education levels.

I appreciate the opportunity to address the committee on House Bill 782 and express LVEDC's deep concerns about the potential negative consequences of this bill to jobs and economic opportunity here in the Lehigh Valley, and across the Commonwealth.

I raise these concerns based on my experience with projects as an executive at LVEDC and from my previous position as a corporate real estate manager at Air Products, one of the two Fortune 500 companies headquartered in the Lehigh Valley.

LVEDC was established by the region's leading businesses in the 1990s, when the Lehigh Valley was in a period of economic upheaval. Bethlehem Steel and other mainstays of the regional economy were closing, putting thousands of people out of work. These changes left the Lehigh Valley with a diminished tax base and acres of brownfield sites.

The Lehigh Valley rebounded because of the public-private coalition we created, our strong workforce, our location, our infrastructure, significant public-sector investment, and, most importantly, the ability to develop and redevelop land to attract business and create jobs.

Our economic renaissance of the last 25 years has been one of the biggest success stories in the Commonwealth, if not the nation.

In 2022, the Lehigh Valley ranked second in the country among mid-sized markets for projects announced or completed.

Lehigh and Northampton are among the top counties in the Commonwealth for attracting people. Our population is approaching 700,000. We once feared the loss of young talent – the so-called “brain drain” – but we are now the fastest growing region for Millennials and Gen Z, the important 18-to-34 age group that employers covet.

For three years in a row, Realtor.com named a community in the Lehigh Valley as one of the hottest residential real estate markets in the country. In 2021 and 2022, it was Bethlehem. In the 2023 rankings, Nazareth made the top five.

We have seen tremendous growth across all sectors of our economy, most notably in manufacturing. More than 700 manufacturers in the Lehigh Valley produce \$8.4 billion in economic output. But manufacturers also need to bring in raw materials and move their finished products out to the market – and that requires trucks.

The Lehigh Valley has worked extremely hard to re-establish manufacturing as its largest economic sector. Manufacturing is a prime focus of LVEDC’s business attraction strategy. Through the efforts of our regional coalition, we have added thousands of good-paying manufacturing jobs in the last 10 years.

It was no coincidence that President Biden came to the expanded Mack Trucks assembly plant in the Lehigh Valley in 2021 to launch the Build Back Better initiative. And it was no coincidence that Governor Shapiro came to the Lehigh Valley in March to deliver one of his first economic development policy speeches at LVEDC’s Annual Meeting.

Great things are happening in the Lehigh Valley. Jobs and prosperity are increasing. With the economic development initiatives that Governor Shapiro has proposed, Pennsylvania is poised to become more competitive, and show companies that Pennsylvania is open for business.

But Pennsylvania still has a long way to go. From LVEDC's position on the front lines of business attraction, we see how competitive the process is. That perspective enables us to say that HB 782, as written, with its overly restrictive and overly broad provisions, would severely hamper the Lehigh Valley's ability to attract businesses that create new jobs.

LVEDC believes HB 782 is contrary to the policies advocated by Governor Shapiro. The governor wants to streamline permitting and move at the speed of business so that Pennsylvania can compete to win major projects and the jobs that come with them.

HB 782 creates uncertainty. It puts more obstacles in the way of business. It makes Pennsylvania less competitive with other states.

LVEDC understands public concerns with development projects: traffic and congestion, loss of open space, impacts on public services. Development causes growing pains. Common sense, collaborative approaches, working with municipalities that are sovereign in land-use decisions, enable growth to happen smartly, strategically.

Some of the Lehigh Valley's major development success stories of the last 25 years, including the redevelopment of Bethlehem Steel and investments in downtown Allentown made through the innovative Neighborhood Improvement Zone Act, would have been much more difficult to complete had the requirements of HB 782 been in place at the time.

Much of the language in the bill comes from recommendations made by "THE ADVISORY COMMITTEE ON DEVELOPMENTS OF REGIONAL SIGNIFICANCE AND IMPACT" in 2012, working through the Joint State Government Commission, which was prompted by a House resolution adopted in 2007. Much has changed in the Lehigh Valley and the Commonwealth since then. The legislature should not look to an 11-year-old report written to address a 16-year-old resolution for answers to today's development issues.

The Lehigh Valley recently applied to the U.S. Commerce Department for designation as a Regional Innovation and Technology Hub to create a global center for modern semiconductor production. This application was prepared by a broad coalition from the public and private sectors, including leading companies in the semiconductor field such as Intel, Broadcom, and Infinera.

Designation as a Tech Hub under the CHIPS Act could make millions of dollars in federal funds available to regenerate this industry, which began in the Lehigh Valley at Western Electric's Allentown Works in the 1950s, creating hundreds of good-paying, high-tech jobs, and serving as a magnet to attract more talented workers to the region.

Under HB 782, expansion of semiconductor facilities in the Lehigh Valley to meet national economic and security interests could be jeopardized by burdensome reviews and analysis, which would add significant uncertainty to projects and increase the time and cost it takes companies to make their facilities operational.

Land use rules, like those established in HB 782, would hurt the Lehigh Valley and all of Pennsylvania by jeopardizing projects that would generate new jobs and expand municipal tax bases. Companies do not make investment decisions in a vacuum. More restrictions imposed by Pennsylvania that add time and cost to development projects will drive companies to invest in other states.

Thank you for the opportunity to share LVEDC's views on this matter.