



**10thousandFriends**

OF PENNSYLVANIA

LEADING THE WAY ON SMART GROWTH

**Pennsylvania House Finance Committee  
Public Hearing on HB 2358  
Testimony of 10,000 Friends of Pennsylvania  
June 5, 2024**

Good morning, Chairman Samuelson, Chairman Greiner and Members of the Finance Committee. Thank you for the opportunity to provide testimony today on HB 2358, Increasing the Pennsylvania State Historic Preservation Tax Credit. 10,000 Friends of Pennsylvania is the independent, statewide voice for land use through the lens of smart growth and resilience. Our expertise is in the intersection of issues that affect land use and the resiliency of communities – focusing on housing and community development, transportation, and infrastructure.

10,000 Friends supports the expansion of the Historic Preservation Tax Credit to bolster reinvestment and economic development in older cities and towns across the Commonwealth. We have a long history of supporting the state Historic Preservation Tax Credit because we recognize that if it is appropriately funded, the credit has transformative potential for strategic large-scale reinvestment and placemaking in our older downtowns and communities.

Renovation of even one historic building can serve as the starting point for the redevelopment of a block, street, or a neighborhood. By repurposing and renovating existing buildings, a community can preserve the area's sense of place and its cultural history. Redesigning existing properties to serve new uses and reinvesting in areas that are already developed can be more a more sustainable way to create new economic opportunities while preserving historic architecture and stabilizing the social fabric of the community.

The historic tax credit program serves as a valuable economic development tool in the adaptive reuse toolbox for a wide variety of benefits - to create jobs, draw tourism, increase housing supply, reduce urban blight, leverage federal historic tax credits, incentivize nominations of historic properties to the National Register, and most importantly, returning real estate to active use by making projects work that otherwise would not be feasible. Key properties that were once the storied landmark or the downtown anchor or commercial headquarters that have been vacant or underutilized for years can and should be reimagined and redeveloped. Incentivized by the state tax credit, these catalytic development projects can attract new residential and commercial uses, breathing new life into older downtowns and neighborhoods.

Our landmark report *Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania* (Brookings, 2003) noted that in order to encourage investment in older commercial centers, the state should develop policy and programmatic initiatives specifically aimed at promoting the reuse of vacant and abandoned properties. The report further identified the sizeable inventory of land and buildings available for development and redevelopment as a strength in older communities. However, it also noted that by continuing to leave regulatory barriers in place that

deter developers from investing in already developed areas and a lack of sufficient resources available to support revitalization, the state had hindered the ability of legacy 3<sup>rd</sup> class cities and boroughs “to break free of the cycle of disrepair and disinvestment.”

The state legislature can begin to break that cycle today by expanding the historic tax credit. The current annual allocation of the credit at \$5 million per year is the definition of underfunded and uncompetitive in comparison to every one of our neighboring states.

The conclusion of the Brookings report is still viable today. “In the end, Pennsylvania needs to look “back” to its older, more established centers—but not out of nostalgia. Instead, the Commonwealth needs to look again at its cities, its rural and urban boroughs, and its older townships with an eye to competitive advantage, and in a spirit of strategy and self-interest. These brick-built, human-scaled communities represent the historic hubs of the state’s past greatness. But they also represent the key to the state’s future.”

Thank you for the opportunity to contribute testimony today. 10,000 Friends supports HB2358 and we encourage you to vote YES today to expand the historic preservation tax credit in Pennsylvania to at least \$20 million.

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**10,000 Friends of Pennsylvania**

Physical Address: 240 North Third Street, Suite 407, Harrisburg, PA 17101

Mailing Address: PO BOX 4547, Lancaster PA 17604-4547

[www.10000friends.org](http://www.10000friends.org) • 717.238.5030 • [sreidenbaugh@10000friends.org](mailto:sreidenbaugh@10000friends.org)