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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL**

**No. 221**      Session of  
2007

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INTRODUCED BY TANGRETTI, BUXTON, BARRAR, BELFANTI, BENNINGTON,  
BEYER, ARGALL, CALTAGIRONE, CAPPELLI, CLYMER, COHEN,  
DePASQUALE, FABRIZIO, FLECK, FREEMAN, GEORGE, GERGELY,  
GINGRICH, GOODMAN, HARHAI, HENNESSEY, HERSHEY, HUTCHINSON,  
JOSEPHS, KILLION, KOTIK, KULA, LEVDANSKY, MAHONEY, MANN,  
MARKOSEK, MELIO, MILLARD, MUNDY, MUSTIO, NAILOR, O'NEILL,  
PALLONE, PAYNE, PETRONE, RAMALEY, RAPP, RAYMOND, READSHAW,  
ROSS, SAINATO, SAMUELSON, SANTONI, SAYLOR, SCAVELLO,  
SIPTROTH, SOLOBAY, STERN, STURLA, SURRA, WALKO, WANSACZ,  
WATSON, WOJNAROSKI, YUDICHAK, LEACH, PETRARCA, GEIST,  
BIANCUCCI, REICHLEY, RUBLEY AND HESS, FEBRUARY 5, 2007

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REFERRED TO COMMITTEE ON COMMERCE, FEBRUARY 5, 2007

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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.

1 "Commercial applicant." Any natural person, corporation,  
2 foundation, organization, business trust, estate, limited  
3 liability company, licensed corporation, trust, partnership,  
4 limited liability partnership, association or any other form of  
5 legal business entity that owns an eligible commercial property.

6 "Commission." The Pennsylvania Historical and Museum  
7 Commission.

8 "Department." The Department of Community and Economic  
9 Development of the Commonwealth.

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

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

23 "Eligible property." An eligible commercial property or an  
24 eligible residential property.

25 "Eligible residential property." A single-family dwelling or  
26 a building which:

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

- 1 (2) is owned by one or more natural persons; and  
2 (3) either:  
3 (i) is listed on the National Register of Historic  
4 Places or is a contributing property in a National  
5 Register historic district; or  
6 (ii) is located in a local government historic  
7 district.

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

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

22 "Historic district." A local government historic district or  
23 an area in this Commonwealth which has been designated as a  
24 historic district under the National Historic Preservation Act  
25 (Public Law 89-665, 80 Stat. 915).

26 "Historic structure." A building listed in the National  
27 Register of Historic Places, either individually or as a  
28 contributing building within a historic district.

29 "Local government historic district." A historic district  
30 designated by any of the following:

1           (1) Section 2 of the act of June 13, 1961 (P.L.282,  
2           No.167), entitled "An act authorizing counties, cities,  
3           boroughs, incorporated towns and townships to create historic  
4           districts within their geographic boundaries; providing for  
5           the appointment of Boards of Historical Architectural Review;  
6           empowering governing bodies of political subdivisions to  
7           protect the distinctive historical character of these  
8           districts and to regulate the erection, reconstruction,  
9           alteration, restoration, demolition or razing of buildings  
10          within the historic districts."

11          (2) The Historic Preservation Ordinance, Section 14-  
12          2007, of the Philadelphia City Code.

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

15          (4) The City of Scranton under the City of Scranton  
16          Commission for Architectural and Urban Design Review  
17          ordinance.

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

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

27          "Residential applicant." One or more natural persons who own  
28          an eligible residential property.

29          "Standards." The Secretary of the Interior Standards for the  
30          Treatment of Historic Properties, excluding reconstruction, set

1 forth at 36 CFR 67.7 (relating to Standards for Rehabilitation).  
2 Section 3. Historic Preservation Incentive Grant Program.

3 (a) Establishment.--There is established a program in the  
4 department to be known as the Historic Preservation Incentive  
5 Grant Program. The program shall provide grants to owners of  
6 eligible properties located within this Commonwealth that  
7 undertake eligible building improvements.

8 (b) Application.--To participate in the program, an  
9 applicant must submit an application to the department  
10 requesting a grant for the reimbursement of costs associated  
11 with eligible building improvements to an eligible property  
12 owned by the applicant. The application must be submitted on a  
13 form developed by the department in consultation with the  
14 commission and must include all of the following:

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

16 (2) The location of the property.

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

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

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

29 (5) A detailed description of the proposed work to be  
30 performed, including plans, drawings and specifications as

1 appropriate.

2 (6) A detailed estimate of the cost of the work to be  
3 performed.

4 (7) Proof that the applicant is current with respect to  
5 the payment of all real estate taxes assessed against the  
6 property or evidence that the applicant is contesting the  
7 taxes in good faith and has set aside sums to cover any tax  
8 liability in the event the contest fails.

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

15 (9) Any other information required by the department or  
16 the commission.

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

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

29 (e) Certification and disbursement.--

30 (1) Following completion of the work, the applicant

1 shall file a certification with the commission stating that  
2 the work has been completed. The certification shall be  
3 accompanied by photographs showing the completed project,  
4 evidence of the actual expenditures made by the applicant and  
5 evidence, in the form of a letter or letters from local code  
6 enforcement officials, that the property, as improved,  
7 complies with all local building, fire, safety and health  
8 codes.

9 (2) The commission shall complete its review of the  
10 certification within 90 days of receipt of the certification  
11 by the commission. The commission may request additional  
12 information and conduct a site inspection as it deems  
13 necessary to determine compliance with the requirements of  
14 the program established by this act.

15 (3) If the commission is satisfied with the  
16 certification submitted, it shall notify the department of  
17 the approved eligible building improvements. The department  
18 shall calculate the amount of the grant and disburse the  
19 grant funds to the applicant.

20 (f) Agreement.--The department is not required to enter into  
21 a grant agreement with an applicant prior to awarding and  
22 disbursing a grant.

23 (g) Special rules relating to eligible residential  
24 properties.--An application for a grant for eligible building  
25 improvements for an eligible residential property must include  
26 one of the following statements from the applicant:

27 (1) That the applicant has owned the eligible  
28 residential property for at least five years prior to the  
29 date of submission of the application.

30 (2) That the applicant has owned the eligible

1 residential property for less than five years prior to the  
2 date of submission of the application but agrees to continue  
3 to own the property for a total of at least five years.

4 Section 4. Exemption from State taxes.

5 Grant amounts awarded by the department for eligible  
6 residential properties shall not be considered income to the  
7 applicant under section 303 of the act of March 4, 1971 (P.L.6,  
8 No.2), known as the Tax Reform Code of 1971.

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

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

12 (b) Proration.--If the total amount of grants to be awarded  
13 exceeds the amount of funds available for the program in any  
14 year, the amount of grants may be prorated among the successful  
15 applicants.

16 (c) Minimum.--At least 31% of the funds available in any  
17 year shall be reserved by the department for grants to  
18 successful residential applicants. If reserved funds are more  
19 than are needed to satisfy the total amount of such grants  
20 awarded in any year, the department may utilize the excess funds  
21 for grants to successful commercial applicants.

22 (d) Limitations.--

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

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

28 (i) the applicant is current with respect to all  
29 local real estate taxes assessed against the applicant's  
30 eligible property; or



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

6 (3) Up to \$15,000 may be awarded to a residential  
7 applicant in connection with a single project, and up to  
8 \$500,000 may be awarded to a commercial applicant in  
9 connection with a single project.

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

14 (e) Priorities.--Priority for the award of grants may be  
15 given to properties located in Elm Street areas, Main Street  
16 communities, enterprise zones and in local government historic  
17 districts. The department shall take into account geographical  
18 distribution of grants in making awards.

19 Section 6. Administration.

20 (a) Guidelines.--The department and the commission shall  
21 jointly develop guidelines for the implementation of the program  
22 established by this act.

23 (b) Expenditures.--The department may utilize up to an  
24 aggregate of 3% of the funds available for the program annually,  
25 not to exceed \$500,000, as allocated by the Governor, for  
26 expenses incurred in administering the program established by  
27 this act. The department and the commission shall enter into an  
28 agreement for the payment to the commission of a portion of sums  
29 for expenses incurred by the commission.

30 Section 7. Repayment.

1 The department, at its discretion, shall be entitled to a  
2 return of all grant funds paid to the applicant if, within five  
3 years following completion of the project, either of the  
4 following occur:

5 (1) The owner of the eligible property makes  
6 improvements to the exterior of the property which do not  
7 meet the standards.

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

13 (3) The eligible residential property is transferred in  
14 violation of the agreement made by the owner under the  
15 provisions of section 3(g)(2), if applicable, unless the  
16 transfer occurs as a result of the death of the owner or is  
17 otherwise involuntary.

18 Section 20. Effective date.

19 This act shall take effect in 120 days.