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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, HESS, FRANKEL, PETRI, BOYD,  
SCHRODER, BROOKS, WHEATLEY, BASTIAN, DENLINGER, MURT,  
MCILVAINE SMITH AND HARPER, FEBRUARY 5, 2007

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AS REPORTED FROM COMMITTEE ON TOURISM AND RECREATIONAL  
DEVELOPMENT, HOUSE OF REPRESENTATIVES, AS AMENDED,  
APRIL 16, 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:

1 "Applicant." A commercial applicant or a residential  
2 applicant.

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

8 "Commission." The Pennsylvania Historical and Museum  
9 Commission.

10 "Department." The Department of Community and Economic  
11 Development of the Commonwealth.

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

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

25 "Eligible property." An eligible commercial property or an  
26 eligible residential property.

27 "Eligible residential property." A single-family dwelling or  
28 a building which:

29 (1) is a single family dwelling used as the owner's  
30 principal residence or is a building that is divided into no

1 more than four residential units, one of which is used as the  
2 owner's principal residence;

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

4 (3) either:

5 (i) is listed on the National Register of Historic  
6 Places or is a contributing property in a National  
7 Register historic district; or

8 (ii) is located in a local government historic  
9 district.

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

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

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

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

1 "Local government historic district." A historic district  
2 designated by any of the following:

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

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

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

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

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

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

29 "Residential applicant." One or more natural persons who own  
30 an eligible residential property.

1 "Standards." The Secretary of the Interior Standards for the  
2 Treatment of Historic Properties, excluding reconstruction, set  
3 forth at 36 CFR 67.7 (relating to Standards for Rehabilitation).  
4 Section 3. Historic Preservation Incentive Grant Program.

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

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

- 17 (1) The name and address of the applicant.
- 18 (2) The location of the property.
- 19 (3) Proof of ownership of the property by the applicant.

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

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

1 (5) A detailed description of the proposed work to be  
2 performed, including plans, drawings and specifications as  
3 appropriate.

4 (6) A detailed estimate of the cost of the work to be  
5 performed.

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

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

17 (9) Any other information required by the department or  
18 the commission.

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

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

1 (e) Certification and disbursement.--

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

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

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

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

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

29 (1) That the applicant has owned the eligible  
30 residential property for at least five years prior to the

1 date of submission of the application.

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

6 Section 4. Exemption from State taxes.

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

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

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

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

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

24 (d) Limitations.--

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

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

30 (i) the applicant is current with respect to all



1 local real estate taxes assessed against the applicant's  
2 eligible property; or

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

8 (3) Up to \$15,000 may be awarded to a residential  
9 applicant in connection with a single project, and up to  
10 \$500,000 may be awarded to a commercial applicant in  
11 connection with a single project.

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

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

21 Section 6. Administration.

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

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

1 for expenses incurred by the commission.

2 Section 7. Repayment.

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

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

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

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

20 Section 20. Effective date.

21 This act shall take effect in 120 days.