

Invest in the past for a prosperous future

Pennsylvania's historical and cultural heritage - and tremendous stock of historic buildings - is a fundamental part of our sense of place, our economy, our quality of life, our future. And our historic buildings could hold the key to spurring economic recovery in our older communities.

Fixing up older properties can be expensive, but state incentives for owners of historic buildings can make restorations financially feasible. Unfortunately, Pennsylvania is a national laggard in providing state incentives for the rehabilitation of historic buildings, investments that could play a vital role in the revitalization of older communities and keep development out of farmland and open space. Pennsylvania is one of only four states east of the Mississippi River that tax income but lack a tax credit for rehabilitating historic commercial buildings.

Restoring historical assets would be an economic stimulus program for older communities by creating investment and local jobs in restoration, construction and other crafts and trades. Virginia's Rehabilitation Tax Credit leveraged \$316 million worth of private investment in just its first eight years.

Studies show that rehabilitating existing buildings creates more jobs for the same dollar of investment in new construction because rehabilitation is more labor-intensive. A 2005 study in Colorado found that \$1 million spent on rehabilitating buildings created 12 more jobs than \$1 million spent on manufacturing semiconductors and 20 more jobs than \$1 million spent on mining for petroleum and natural gas.

Historic preservation tax incentive and grant programs across the country increase property values and local property tax revenue, and enhance retail activity. The programs boost heritage tourism efforts by preserving distinctive architecture and encouraging the development of bed and breakfasts and commercial shops. The rehabilitation of a single, large commercial building can become the "anchor" for successful, overall revitalization efforts in some cities or towns, while in other areas the rehabilitation of individual properties can create a "critical mass" that brings blocks and neighborhoods back to prosperity.

The lack of a good historic preservation program in Pennsylvania does not reflect a lack of trying. The House of Representatives has passed multiple historic preservation grant or tax credit bills this decade, only to see them die in the Senate. In 2005, the General Assembly passed the enabling legislation (Act 45) for the Growing Greener bond measure that included \$10 million per year of funding for historic preservation. But the money in Act 45 was contingent on passing legislation that created the grant program or tax credit. Unfortunately, Act 45 pitted program against program, interest against interest, since the \$10 million in funding for historic preservation would come out of PennVEST's share of the Environmental Stewardship Fund. So Senate supporters of PennVEST balked, historic preservation advocates were locked out, and the funds never spent.

Hope springs eternal, and this spring we have a new legislative champion in Representative Robert Freeman (D-Northampton), Chairman of the House Local Government Committee. Freeman is the prime sponsor of House Bill 42, the Historic Preservation Incentive Act. HB 42 provides grants of up to \$15,000 for external restoration or rehabilitation of historic residential buildings, and tax credits of up to \$500,000 for rehabilitation of historic commercial properties.

It's a difficult year to get a new tax incentive program through the General Assembly. But getting the program enacted, even without funding or delaying funding until state revenues improve, would be a step forward. Passing the Historic Preservation Incentive Act is a high priority of the new Pennsylvania Works! campaign, a coalition of environmental, housing, historic preservation, and economic development organizations. The campaign is working to support policies that put people to work and build a resilient and robust economy for all Pennsylvanians. Fixing up older buildings in our cities and boroughs would do just that.

It's time Pennsylvania recognizes that investing in our rich past can deliver a prosperous future to our cities and towns.