View Point

Matt Smith: Upping tax credit will raise community prospects

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When the Allegheny Conference on Community Development launched the Strengthening Communities Partnership in 2013, even we couldn't predict the scale of positive impact it would have in helping to strengthen communities in our region.

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The idea was fairly simple. We endeavored to leverage a state tax credit program — the Pennsylvania Department of Community and Economic Development's Neighborhood Assistance Program (NAP) — to engage the business community to focus investment in communities with real potential, but which had been left behind despite the region's economic transformation.

The Allegheny Conference established a competitive process to participate in the program and, over time, we've accepted seven communities across the region — Connellsville, Homewood, McKees Rocks, Mount

Oliver/Knoxville, Sharpsburg, Washington and Wilkinsburg. We chose these communities because there's a real market rationale for why they should be more successful, combined with detailed development plans underway that are in need of additional investment.

Members of the Allegheny Conference have stepped up in a big way. They've helped leverage more than $12 million — over $2 million last year alone — to fund the efforts of community organizations that are doing the on-the-ground work to drive investment and job creation in these communities.

The idea to fund redevelopment projects by concentrating private investment through the NAP tax credit program was not invented by the Allegheny Conference. There are many other communities and businesses across our region and state leveraging the tax credits to fund community development efforts. With additional public-private investment, these communities can become even greater assets and can offer a new level of opportunity to current residents and newcomers.

Yet, the state's NAP program needs to be expanded. The tax credits are capped at $18 million per year. In recent years, the commonwealth has received more than $50 million in requests annually, all with corporate commitments behind them. Do the math and you find that more than $32 million of corporate matched funding is not being invested in the commonwealth's most underserved communities each year because of a cap that has not been raised since the NAP program was created in 1971.

The good news is there is bipartisan support in Harrisburg to do something about this. Thanks to the leadership of Sen. Wayne Fontana, D-Allegheny,, Rep. Mark Mustio, R-Allegheny, and Rep. Dom Costa, D-Allegheny, legislation has been introduced in the Senate and House of Representatives that will raise the NAP tax credit from $18 million to $25 million per year. The Pennsylvania House Finance Committee recently held a hearing in our region on the merits of lifting the cap.

What the committee members heard was compelling evidence for the type of positive impact that the NAP program is having in underserved communities.

For example, take a look at Wilkinsburg. As a result of the NAP funds and the work of the Wilkinsburg Community Development Corp., 36 business district properties have sold, 19 vacant storefronts filled and 31 new businesses located in the borough. Residential real estate sales are up 38 percent, and workforce numbers have increased by 34 percent.

The impact of the NAP tax credit program is clear. It’s making a big difference but could do so much more if expanded. Now it’s time for our lawmakers in Harrisburg to unlock it’s potential and raise the cap on NAP.