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COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES  
FINANCE COMMITTEE

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PUBLIC HEARING IN RE: HOUSE BILL 2213

\* \* \* \* \*

BEFORE: BERNARD O'NEILL, Chairman  
  
Jake Wheatley, Mark Mustio, Wayne Fontana,  
  
Tommy Sankey, Jordan Harris, Mark Foreman,  
  
Jared McGill, Leslie Acosta  
  
Members  
  
HEARING: Thursday, August 25, 2016  
  
Commencing at 9:30 a.m.  
  
LOCATION: Goodwill of Southwestern Pennsylvania  
  
118 52nd Street  
  
Pittsburgh, PA 15901  
  
WITNESSES: Jerome Jackson, Tracey Evans, Michael Edwards,  
  
Will Bernstein, Scot Lammie, Evan Frazier, Bill  
  
Schenck

Reporter: Danielle Ohm

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## P R O C E E D I N G S

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CHAIRMAN O'NEILL: Good morning. Good morning everyone. I want to thank you all for coming out this morning to the House Finance Committee, and we're here to discuss House Bill 2213 sponsored by Representative Mustio. It's a project that's very important since, I guess, the early '70s here in this City of Pittsburgh, and I'm representative Bernie O'Neill, not Bernard O'Neill. I don't even think my father was called Bernard, to be honest with you.

Pittsburgh --- I enjoy coming out here. Although I'm from Bucks County, born and raised in Bucks County, Pittsburgh's a second home to me because my wife is from Pittsburgh, and we have the whole state covered. I went to Penn State. She went to Pitt, so we're going to have fun on September 10th when we come out for the game. But so I want to thank you all for coming, and I would like to introduce to you Senator Wayne Fontana for some opening remarks, if you'd like.

SENATOR FONTANA: Thank you, Chairman O'Neill, and I certainly appreciate the Committee for coming to Pittsburgh and specifically to my district here in Lawrenceville to host this committee meeting. It's great to see so many people here in the summer, with the great days that we've been having. But I guess it's the end of the summer, but it's great to be here. It's certainly a subject that is near and dear to my heart.

1 Lawrenceville is a perfect example of how NAP works.

2 I'll speak about that a little bit later, but this  
3 is a program that is certainly relevant to my district and  
4 different parts of my district, but all over the region. And  
5 it's very good to have this committee and this focus today on  
6 this subject. Mark has legislation. I have legislation around  
7 these types of things, and they're proven. It's not something  
8 that we're, you know, just hoping happens. NAP has been  
9 proven, and it's something that we want to keep moving and keep  
10 growing. So thank you, Chairman, for the opportunity to say a  
11 few words and to welcome everyone here today. Thank you.

12 CHAIRMAN O'NEILL: Thank you, Senator. Before we  
13 begin, I'll start on my left. And I'll have some of the  
14 members and staff introduce themselves. And we'll probably be  
15 having members coming in as the meeting goes on, so we'll start  
16 down here with Representative Sankey.

17 REPRESENTATIVE SANKEY: Good morning. I'm Tommy  
18 Sankey from Clearfield County and Cambria County.

19 REPRESENTATIVE HARRIS: Jordan Harris, Philadelphia  
20 County, 186th District.

21 MR. FOREMAN: Mark Foreman, Democratic Executive  
22 Director of the Committee.

23 MR. MCGILL: Jared McGill, Republican Executive  
24 Director for the Committee.

25 REPRESENTATIVE MUSTIO: It was Mark's job to get

1 Wheatley here on time.

2 CHAIRMAN O'NEILL: Good luck with that.

3 REPRESENTATIVE MUSTIO: I'm Representative Mark  
4 Mustio for the 44th District, which is up in the Pittsburgh  
5 Airport. And I challenge anyone to question Mr. Wheatley when  
6 he gets here.

7 CHAIRMAN O'NEILL: Before we go on, I just want to  
8 thank Representative Don Costa, who's --- this is his district,  
9 and he hosted us. He was supposed to be here today to testify,  
10 but he was unable to make it. And I want to thank the Chamber,  
11 Matt Smith, former Senator Matt Smith and Jennifer Beer, which  
12 is this Jennifer, from the Chamber, from the Pittsburgh  
13 Chamber, for approaching me about this idea and about the  
14 program and coming in and selling it to myself and the House,  
15 and then we agreed to have the hearing and see how we move  
16 forward, maybe, in the fall.

17 I also wanted to thank Deborah Starr. Is she ---  
18 where's Deborah? She's right there. There she is --- thank  
19 her for having us in today. She was the one who came --- who  
20 brought Matt in and did all the fancy talking for us. And I  
21 want to thank the Goodwill of Southwest here for hosting us,  
22 and it's David Tobiczky. Did I pronounce it right?

23 MR. TOBICZYK: Close enough.

24 CHAIRMAN O'NEILL: Close enough? Thank you. So  
25 thank you for hosting us, and at this time, I'll turn it over

1 to Representative Mustio to explain the bill, House Bill 2213.

2           REPRESENTATIVE MUSTIO: Well, the bill is very  
3 simple. We want to increase the tax credit limit from \$18  
4 million to \$25 million, and based on a reception that I  
5 received from those that are accessing the tax credit, clearly,  
6 that's not enough. But I think Senator Fontana alluded to the  
7 fact that the benefits that this program have provided,  
8 particularly to Southwestern Pennsylvania, are significant.  
9 And although it may not impact all of our legislative districts  
10 where we live, it impacts our region.

11           And clearly, all of us don't just live within our  
12 legislative districts or work within our legislative districts.  
13 So the services provided, the companies that are helping, the  
14 non-profits that are working diligently for the community ---  
15 and when Senator Smith came in and said, Mark, would you  
16 consider perhaps sponsoring this legislation, I said,  
17 absolutely. And then when I found out that Senator Fontana was  
18 working on the Democratic side --- you know, we work really  
19 well in a bipartisan way to get things done. And I was happy  
20 to jump on board to help. And Chairman, I want to thank you  
21 for having the hearing here in Pittsburgh.

22           CHAIRMAN O'NEILL: Thank you. Great. It's always  
23 good. We got to go to the Pirates game yesterday, which gave  
24 me the opportunity to visit a former student of mine, because  
25 he's the President of the Pirates, by the way. Yeah, in that

1 class, he played hockey for me, so --- in high school. I was  
2 his high school coach. We've been joined by Representative  
3 Costa from Philadelphia, so welcome.

4 REPRESENTATIVE COSTA: Good morning.

5 CHAIRMAN O'NEILL: And with that, we'll begin with  
6 our first testifiers, if they want to come up. Mr. Jackson,  
7 Ms. Evans and Mr. Edwards --- and come up to introduce  
8 yourselves and who you represent. And you can begin your  
9 testimony. You have to push the button down, and please make  
10 sure you talk in the mike, because you're actually being  
11 streamed live on the internet. We're going to broadcast this  
12 across the state. So here's Mr. Jackson.

13 MR. JACKSON: Yes.

14 CHAIRMAN O'NEILL: Do you want to introduce  
15 yourself, and ---?

16 MR. JACKSON: So my name is ---

17 CHAIRMAN O'NEILL: Oh, you have to push the button  
18 there. There you go. There you go.

19 MR. JACKSON: --- my name is Jerome Jackson. I'm  
20 the Executive Director of Operation Better Block. We're  
21 located in Homewood in the East End of Pittsburgh.

22 MS. EVANS: Good morning. Good morning. My name's  
23 Tracy Evans, and I'm the Executive Director of the Wilkinsburg  
24 Community Development Corporation.

25 MR. EDWARDS: And I'm Michael Edwards. I'm the

1 Executive Director of the Connellsville Redevelopment  
2 Authority.

3 CHAIRMAN O'NEILL: So you can start first.

4 MR. JACKSON: So well, for the --- now, the ---.

5 CHAIRMAN O'NEILL: Hold on. Here, just pull the  
6 mike up towards you so we can hear you.

7 MR. JACKSON: So first, I would just like to thank  
8 you for this opportunity for myself to be able to talk about  
9 the work that our community and our organization has been  
10 afforded by having the NAP in our community. And actually ---  
11 so I'll just read little bit from what I have. So from our  
12 vision and dream to position Operation Better Block to submit  
13 an application for NAP tax credit funding, which pushed me and  
14 my staff to create the Homewood vacant property and vacant land  
15 use plan known as the Homewood Cluster Plan.

16 This planning process focused on engaging residents  
17 in a process which engaged 2,600 out of 2,700 households in a  
18 planning process. Through the cluster plan, our meeting  
19 attendance and our door to door outreach, our mailings and  
20 phone calls, the Homewood Cluster Plan is the foundation that  
21 is actually leading Homewood and actually was the plan that got  
22 us our very first NAP NPP funding. And before creating the  
23 cluster plan and moving forward, Homewood was probably one of  
24 the --- or one of several communities that had never received  
25 NAP or NPP funding before last year --- or two years ago, we



1 received our first SPP.

2           So our work at Operation Better Block is to  
3 implement the cluster plan, and the development of Homewood  
4 relies heavily on NPP and NAP funding. That funding helps us  
5 and will continue to help us move our plan forward. So what I  
6 want to do is just tell you just a little bit about some  
7 services that we've been able to provide to our residents and  
8 to the community based on our NPP funding. But first is our  
9 tangled title services that we provide to our residents.

10           Our tangled title services are services that allow  
11 residents to stay in their homes with legal ownership. We run  
12 across a lot of our residents whose parents or grandparents  
13 live in the house. They live in the house, but they've never  
14 gotten their name changed over to the deed, and then it becomes  
15 a tangled title. We actually have one of our clients where we  
16 had to get two signatures before that person could own the  
17 home, and so we use our NPP funding. We hire a consultant  
18 who's an attorney.

19           And they go through the process of getting these  
20 tangled titles. So far, we've done around 27 tangled titles,  
21 and so this year we'll be doing, hopefully, another 22 or so.  
22 And that is only done through our funding that we've got in our  
23 NPP.

24           We also created a database that allows us to have  
25 all information about our residence and property. It also ---

1 for example, it has information that allows us to connect  
2 property directly to our cluster plan so that we know exactly  
3 what that parcel is to be used for, whether it's green space or  
4 whether it's a house that needs to be demolished or if it's a  
5 house that we're looking to rehab. The other is property  
6 acquisitions.

7           So there's a lot of funds out there for properties  
8 to be rehabbed, but what we did not have was money to purchase  
9 properties in advance through the city's process or just off of  
10 private owners. So we were able to use some more NPP funds  
11 every year to purchase vacant lots for our green space in our  
12 cluster plan and also to purchase --- last year, we purchased  
13 four properties. And we have funds to rehab two of those four  
14 properties currently. And then we also use our money to help  
15 residents renovate their homes for our partnership with  
16 Rebuilding Together Pittsburgh.

17           We found that some of our residents were not able to  
18 receive those services because they needed a roof. Rebuilding  
19 together --- that was not a service that they provided, so what  
20 we did was we took money from our NPP. And then we got roofs  
21 put on residents' homes so that they could then receive the  
22 services from Rebuilding Together Pittsburgh. And we also took  
23 another small portion of that money to help them do some minor  
24 upgrades in their homes, so we did six houses last year.

25           Each house got anywhere between \$30 and \$50,000

1 worth of renovation from our NPP and our partnership with  
2 Rebuilding Together. The last is that we've also been able to  
3 support other organizations within our neighborhood, so we have  
4 a --- what we call a Homewood collaborative that exists of  
5 seven community organizations. And we were able to take about  
6 \$100 and \$120,000 of our funds and give to other organizations  
7 around the table to help move the plan forward.

8           They used the funds for things such as workforce  
9 development, the Small Engine Repair Program. We have the  
10 Painting for Life Program, and then some of our folks around  
11 the table used the funds to cut vacant lots. So we have over  
12 2,000 vacant lots in Homewood, and so last year, we cut about  
13 85 to 90 of those lots through funding from our NPP.

14           CHAIRMAN O'NEILL: What do you mean by cut?

15           MR. JACKSON: So ---.

16           CHAIRMAN O'NEILL: Do you go in with the lawnmower  
17 and cut them down?

18           MR. JACKSON: No, I'm sorry. So cut and maintain,  
19 so they actually cut --- started in the spring and will end in  
20 September, of cutting lots. Yes. And so we've been able to  
21 kind of give money out, which was one of our goals, that we  
22 wanted to give a certain percentage of our funds out to other  
23 organizations to help them then be able to build some capacity  
24 and be able to provide other services within our community. So  
25 none of this work that I just spoke of would be possible

1 without the help of NPP and others.

2           And then our work would not have been possible  
3 without being part of the Allegheny Conference of Strengthening  
4 Communities, which really helped us push forward to get our tax  
5 credit funding. So just thank you for the opportunity to hear  
6 me.

7           CHAIRMAN O'NEILL: Thank you. And before you begin,  
8 I want to apologize. Representative Harris from Philadelphia  
9 --- he actually brought a guest with him. And if you'd like to  
10 introduce your guest or your intern?

11           REPRESENTATIVE HARRIS: Oh, certainly. I have with  
12 me Brian Taylor from Philadelphia. He is an intern in my  
13 office, and he's all the way on the other side of the state  
14 learning about state government.

15           CHAIRMAN O'NEILL: Thank you. Ms. Evans?

16           MS. EVANS: Good morning.

17           CHAIRMAN O'NEILL: Good morning.

18           MS. EVANS: Thank you, Chairman O'Neill, Senator  
19 Fontana, Representative Mustio and fellow representatives. My  
20 name is Tracey Evans. I'm the Executive Director of the  
21 Wilkinsburg Community Development Corporation. I was a  
22 Wilkinsburg Councilperson for two terms, and I also worked for  
23 our State Representative as a legislative assistant for several  
24 years. So I have a great opportunity to see this from a lot of  
25 different sides.

1           Thank you for convening this policy hearing on the  
2 Neighborhood Assistance Program. For those of you who aren't  
3 familiar with Wilkinsburg, Wilkinsburg is a first tier suburb  
4 right out Penn Avenue. So if you're driving through downtown  
5 Lawrenceville, East Liberty, we're right outside of the city.  
6 It's 2.2 square miles. It was once the --- had the highest per  
7 capita income in Allegheny County and had 35,000 people. Now  
8 we're down to 16,000. We have the highest vacancy rate now in  
9 Allegheny County.

10           And we have 19 percent vacancies. We have a  
11 traditional business district much like all through the state,  
12 any town would have with old Woolworth buildings and things  
13 like that. But we have a lot of vacancy in our business  
14 district. So there --- in 2008, the Wilkinsburg Community  
15 Development Corporate was founded to promote the revitalization  
16 of Wilkinsburg. Located in Wilkinsburg's central business  
17 district, one of our primary activities includes implementing a  
18 ten year plan to enhance Wilkinsburg's business district,  
19 encourage development, revitalize and restore vacant structures  
20 and stabilize the community.

21           The Wilkinsburg Community Development Corporation  
22 was able to open our office in June of 2010. We were able to  
23 hire an Executive Director and Office Manager. Our budget that  
24 first year was \$300,000 because of the Neighborhood Partnership  
25 Program. Since the Wilkinsburg Community Development

1 Corporation opened in 2010, 57 business district properties  
2 have sold. Twenty-one (21) property owners have renovated  
3 their buildings, their facades. And 22 vacant storefronts have  
4 been filled. 267 residents have received small business  
5 training, and 31 new businesses have located in Wilkinsburg.  
6 With our housing partners, 66 units of affordable housing have  
7 been created, 10 new housing units constructed and 9 blighted  
8 properties cleared.

9           Forty-one (41) vacant properties have become  
10 available to new owners through the Vacant Property Recovery  
11 Program, and 24 owners --- homeowners received critical home  
12 repairs through the Wilkinsburg Affordable Housing Coalition  
13 Program, very similar to what Jerome was talking about with  
14 Rebuilding Together Pittsburgh. And in Wilkinsburg, we have  
15 support from the Neighborhood Assistance Program for those two  
16 years to help with those homeowners' repairs.

17           We have generated 250 positive press articles about  
18 Wilkinsburg and how 2,091 youth achieved their educational and  
19 civic goals by providing grants and marketing assistance to  
20 support local summer after school programs because of the  
21 Neighborhood Partnership Program. For the first time in over  
22 five decades, Wilkinsburg's population has seen a one and a  
23 half percent increase. Residential real estate sales are up 37  
24 percent, and workforce numbers have increased by 33 percent.

25           Wilkinsburg Community Development Corporation is

1 central in the efforts to revitalize Wilkinsburg, turn decline  
2 into renewal and increase investment. In May of 2015, a  
3 majority of Wilkinsburg voters voted to allow liquor licenses  
4 in our borough for the first time. We've been dry since 1930,  
5 since Prohibition, so in order to --- and we now have two  
6 restaurants with liquor licenses in Wilkinsburg. In 2015,  
7 Wilkinsburg was accepted into the State Main Street Program,  
8 and this year, we were accepted into the National Main Street  
9 Program.

10           Today, we have a staff of six with an annual budget  
11 of more than \$1 million and are engaged in a \$3 million capital  
12 campaign to restore the historic Wilkinsburg Train Station.  
13 Since 2010, the Wilkinsburg Community Development Corporation  
14 has been fortunate to receive \$2,279,000 in corporate  
15 contributions through the Neighborhood Partnership Program.  
16 The Wilkinsburg Community Development Corporation has leveraged  
17 \$7,127,000 during that time in support from foundations,  
18 corporations and private contributions.

19           \$228,000 has been contributed by local businesses,  
20 organizations and individuals. We have tracked over 65 and a  
21 half million dollars in investments in Wilkinsburg since we  
22 were formed. We have a very aggressive five year strategic  
23 plan that addresses key development projects, infrastructure  
24 rebuilding and advocacy-specific leadership and community  
25 partnership. The WCBC and Wilkinsburg leaders have a well

1 demonstrated commitment to working together to improve our  
2 community.

3           And the Neighborhood Partnership Program is a  
4 crucial component to realizing our long term plans. So thank  
5 you very much for this opportunity. This is crucial for our  
6 community. A lot of partners I see here today from the  
7 libraries, housing support --- my partners that I work with all  
8 rely on this program. So we are grateful for your  
9 consideration.

10           CHAIRMAN O'NEILL: Great. Thank you very much. Mr.  
11 Edwards?

12           MR. EDWARDS: Good morning. Michael Edwards, again,  
13 from the Connellsville Redevelopment Authority, but I also ---  
14 the funding source that NAP comes through is the Fayette County  
15 Cultural Trust, which I helped form in 2006. We're the 501C3  
16 organization, so the Redevelopment Authority also benefits from  
17 these funds. We're just starting now our third year of the  
18 program. We receive \$200,000 per year at this time. About ten  
19 years ago, the --- when I had formed the Trust, the City of  
20 Connellsville had gotten a grant from DCD to do a  
21 multi-municipal comprehensive plan.

22           It was three communities, the Township, the Borough  
23 of South Connellsville and the city. And it was using that  
24 plan that got us now to where we were able to be accepted into  
25 the NAP plan, so --- or program. It's a long process, but



1 Connellsville is making incredible strides at this time now.  
2 But it really is. It's collaboration of partnerships that have  
3 really helped us move along from the business community with  
4 the tax credits that are made.

5           But philanthropy has also been a huge component that  
6 has helped us grow the efforts that are now happening in  
7 Connellsville. So in 2012 --- or in '14, we were actually able  
8 to finally hire staff. We had been all volunteer up until that  
9 time. The Great Allegheny Passage was also completed about  
10 that time, so 335 non-motorized miles of bike and hike trail  
11 come right through the center of Connellsville. Right now,  
12 we're constructing a \$5 million hotel, which is right on our  
13 riverfront, which will provide additional economic development  
14 by having up to 100 people on any given night staying in town.

15           So we've seen new restaurants open up. Also, a  
16 historic building was renovated recently to become an event and  
17 conference center. So a lot of private development is now  
18 following, so they're seeing that there's reason to invest in  
19 our community. So the support of the NAP program, you know,  
20 has really brought that to the forefront. One of the new  
21 programs that we're going to be able to do this year is a  
22 culinary arts training program, so we'll be able to hire a chef  
23 that will then be able to work with our students at our high  
24 school culinary arts program.

25           Sheetz gas station is putting up a brand new

1 building, and we were one of the first stations that they had  
2 --- gas stations they had built. So a brand new, 7,500 square  
3 foot building is being built in our downtown, as well. Other  
4 corporate --- Fox's Pizza is another one. They bought a  
5 building in downtown and are restoring that building. And  
6 again, with the foundation support, just in the past three  
7 years, \$1.5 million of additional funds --- not NAP. Not CDBG,  
8 but strictly foundation support has come.

9           So some of the funding has gone to help with our  
10 blight acquisition, blight removal. Another component, along  
11 with tourism, has been our arts initiative. And the Benedum  
12 Foundation has funded, now, three years of after-school arts  
13 programming. The Buchanan Foundation has helped us actually,  
14 as the Redevelopment Authority, become an investor in the hotel  
15 project, as well as with acquisition. The Allegheny Foundation  
16 is also helping with this culinary arts initiative, as well as  
17 the historic preservation.

18           And then, when the First Energy Foundation wasn't  
19 able to participate in the NAP program, they said, we still  
20 want to support you. They have a huge facility in  
21 Connellsville. They gave us \$100,000 over a four year period,  
22 so the program has really been almost a motto saying  
23 Connellsville is a great place to invest and has brought  
24 additional funding to our community, for which we're very  
25 grateful. Thank you.

1           CHAIRMAN O'NEILL: Thank you very much. Do any of  
2 our members have questions? Representative Mustio?

3           REPRESENTATIVE MUSTIO: Thank you for your  
4 testimony. You've mentioned a lot of the positives the program  
5 has created. Can you tell me how all these positives have had  
6 an impact on some of the causes that created the blight,  
7 created job loss, created, you know, people moving from the  
8 community? You cited --- particularly, you did Tracey --- you  
9 --- some of the, you know, home ownership and people moving  
10 back and renovations of some of the homes throughout.

11           You know, I know we've seen in this area, in this  
12 region, mill closures that have big impacts. We see big malls  
13 and boxes develop, and that hurts some of our small towns. So  
14 tell me how this is helping --- this program helps stem some of  
15 that.

16           MS. EVANS: Well, I'll speak first. And I think the  
17 important part that we all know of this is that we are all  
18 doing this as part of our community plans, so it's in  
19 partnership with our boroughs, in partnership with our school  
20 district, social service agencies in our communities. We're  
21 not doing this singlehandedly. It's a team, and why we're  
22 successful at what we do is that we've already established  
23 those plans with our community.

24           So we're working together, and at the same time,  
25 really, really marketing and presenting our communities in a

1 new light to people who have not seen them, not been familiar  
2 with them. So some of the things we've done in Wilkinsburg ---  
3 in that side of it are house tours, vacant property tours. As  
4 I said, a lot of marketing, ads throughout different types of  
5 publications like the Business Times about our real estate  
6 programs.

7           And that has changed the perception. It took five  
8 years; right? And we're just getting --- so keep in mind, you  
9 know, six years is not the end. You take, you know, the  
10 communities around here in South Side, Lawrenceville, they take  
11 20 to 25 years --- East Liberty. And so the support needs to  
12 be there. You need on the ground folks who can do that, but we  
13 know, like --- as far as in Wilkinsburg, we've really had to  
14 look at our school district. And we had to work together to  
15 come up with some solutions.

16           We have the high --- we still have the highest  
17 millage rate of any borough in the state and really had some  
18 challenges with the education level of the school. And by  
19 working together with all of our leaders, we were able to look  
20 at the future and make a decision to hire or work with the high  
21 school and the city and close the high school in Wilkinsburg.  
22 And that will provide a lot better education for our students,  
23 so those are the kind of things you don't know you're going to  
24 get into when you start these programs. But that's an enormous  
25 change and a huge impact for our community.

1           MR. JACKSON: So I think from our perspective ---  
2 and what has really been a big positive around having this  
3 funding and moving our plan forward is that our cluster plan is  
4 a --- sort of unique land use plan. It's where we sort of  
5 sectioned off the neighborhood into nine small areas and one  
6 business and institution corridor and then allowed residents to  
7 focus on just their six or seven block radius of the community.  
8 So to give you an example, our cluster four --- there's been a  
9 lot of activity that has happened around building a four story  
10 affordable housing --- well, they say senior.

11           But it's 55 and over, so I'm close to 55. And I'm  
12 not a senior yet, so I definitely am not calling it a senior  
13 building. So it is 41 units that actually started to be  
14 development in that area, and then we have another 35 units  
15 that will be being built in that area, as well. And so what  
16 happened was, we were able to take some of our money and then  
17 start to fix these houses up that are next to these vacant  
18 lots. That then made these lots more appealable to the  
19 developers who want to build these houses, so now we're  
20 building houses that are next to houses that are nice.

21           You know, so the work that we do on the inside and  
22 outside. And so with that --- and then, maybe a few other  
23 projects, one cluster in our area will be completely done. And  
24 it's also helped spur interest in businesses coming to Homewood  
25 as well. One of the things that we realized was that a lot of

1 minority businesses and small businesses did not have the funds  
2 to do a commercial space build-out, so what we've been able to  
3 do is leverage some of our funds along with foundation funds  
4 and then build commercial space out.

5           So we are building a building that has four  
6 commercial spaces, and we have 15 businesses who are jockeying  
7 for those four commercial space businesses, which now lets us  
8 know that we need to start putting money into the rest of our  
9 business corridor. But we know that it is the build out that  
10 makes it possible for those small businesses to come in and put  
11 their business in Homewood.

12           And so working with our business --- the Homewood  
13 Business Association, which was created through our cluster  
14 planning process, and then working with residents to find out  
15 exactly what types of businesses we can start to vet to bring  
16 restaurants and other small businesses to the community. So as  
17 we look to use these funds to help residents rehab their houses  
18 in areas where new housing development's happening, I think it  
19 really does a real great service to say, you know, not only are  
20 we putting new houses in and then not worrying about our  
21 residents, these funds allow us to worry about our residents  
22 and give them, sort of, the incentive to do some more work. So  
23 the houses that I spoke about, those six houses, have now  
24 increased their value. So if they decided to sell or whatever,  
25 now instead of getting \$10,000 for their home, they may be able

1 to get \$30,000 for their home, so ---.

2 SENATOR FONTANA: I just --- if I could make a  
3 point, Chairman?

4 CHAIRMAN O'NEILL: Uh-huh (yes).

5 SENATOR FONTANA: Thank you. What I see --- I think  
6 the common thread here --- and to Mark's point, you know, what  
7 happened in the past and looking to the future. Obviously,  
8 this kind of program gives stability to neighborhoods that were  
9 declining, and then, you know, the boost is seeing the growth.  
10 And the growth certainly is something that brings attention to  
11 those areas to stimulate development or attract development and  
12 foundations. And it's --- the momentum builds, but it seems  
13 like, to me anyhow, the common thread is --- and certainly,  
14 looking to the future --- is the staff.

15 You're hiring staff and getting professional counsel  
16 from the Chamber and others like that. I think it's the key,  
17 and looking to the future, you know, that --- if a program like  
18 this can increase and help other neighborhoods besides the ones  
19 that are sitting here today, I think it's vital. This ---  
20 here's an example of how it can move forward. And you're  
21 right. It doesn't take --- I get it takes a lot more than a  
22 year or two years.

23 It could take five to ten, but if you have the right  
24 folks in place and you --- you know, you're counseling with the  
25 right folks like the Chamber and the business community, it's

1 going to happen. All these older neighborhoods that we all  
2 have, especially in this region, are going to reinvent  
3 themselves. But it takes time. It takes money, and the tax  
4 credit program, I think, is a big boost. You know, the money  
5 that's in the program now, the \$18 million. I think that was  
6 put in in 1980 or something.

7 MS. EVANS: That is '71.

8 MR. EDWARDS: '71.

9 SENATOR FONTANA: '71?

10 MS. EVANS: One.

11 SENATOR FONTANA: Thank you.

12 MS. EVANS: '71.

13 SENATOR FONTANA: So --- and it's not increased.

14 And our 20 --- you know, funds, and Mark and I trying to get up  
15 to \$25 million is modest. And --- but just for you folks,  
16 you're proven results that --- what can happen. But the key is  
17 the staff, hiring staff and getting the right people in place  
18 and working together. You mentioned the vacant property.  
19 That's a county program that's growing. I'm on the RAC Board,  
20 so I know it's growing. It's great to see that, because you  
21 need to be able to ---

22 MS. EVANS: Right.

23 SENATOR FONTANA: --- eliminate the blight and those  
24 kinds of things, so you need to deal with it. So it's everyone  
25 working together, but it's having the right people working



1 together, talking together, collaborating together --- and this  
2 program stimulates that. So thank you. I don't know if I  
3 could --- need a comment back.

4 CHAIRMAN O'NEILL: Just to tell you how old it is, I  
5 graduated from high school in 1971. That's the last increase.  
6 Representative Acosta?

7 REPRESENTATIVE ACOSTA: Good morning. Jerome, thank  
8 you for your testimony. I have a question for you in regards  
9 to the operation of your Better Block Program. I know that  
10 your program is really to improve the quality of life of the  
11 individuals that live there, possibly working with a lot of  
12 distressed communities in that area. What's the poverty rates  
13 in that area?

14 MR. JACKSON: So the poverty rate in Homewood --- we  
15 have about --- 48 percent of our residents live below the  
16 poverty line in Homewood.

17 REPRESENTATIVE ACOSTA: Is that 150 below the  
18 poverty level?

19 MR. JACKSON: I'm sorry?

20 REPRESENTATIVE ACOSTA: About 150 percent below the  
21 poverty level?

22 MR. JACKSON: So I'm just going by census  
23 information that we had, so the census information that we had  
24 is that 48 percent of our residents live below the poverty  
25 line, so ---.

1           REPRESENTATIVE ACOSTA: So the income would be  
2 probably between \$7,000 and \$8,000 a year?

3           MR. JACKSON: Yes. Yes.

4           REPRESENTATIVE ACOSTA: When we're talking about the  
5 affordable housing --- which Tracey just mentioned, 64,000  
6 affordable housing have --- they have been constructed. How  
7 many of these people of that 46 percent that you just mentioned  
8 are able to get into the homes?

9           MR. JACKSON: So one of the issues that we also have  
10 in Homewood that --- is that we have these --- we have  
11 residents who grew up in that neighborhood. They grew up  
12 there. Unfortunately, we have these slumlords; right?

13           REPRESENTATIVE ACOSTA: Uh-huh (yes).

14           MR. JACKSON: Who --- a large portion of the 48  
15 percent live in these slumlords' units, where, you know, it's  
16 just --- they're, you know, a really deplorable situation. So  
17 when these units come online --- I'll give you an example.  
18 When the 41 --- when the Homewood Station Building was built,  
19 we took, at our office, over 150 applications. There were a  
20 total of 362 applications for 41 units; right? People are,  
21 right now, wanting to get in line for the 35 units that are  
22 going to be built.

23           So we're hoping that we build enough units to be  
24 able to transition some of those folks into better housing, so  
25 that is part of our goal, to get rid of the slum lords and ---

1 so that they don't have to live in these deplorable situations.  
2 But you know, we're looking at, you know, 6,000 residents in  
3 our community, and almost half of those folks are living below  
4 the poverty line. We're talking about 3 --- or you know, close  
5 to 3,000 residents.

6           And so as we look at housing, we need to ramp up  
7 more than just 35 units a pop. You know, we really need to  
8 ramp up to get those folks in the housing, so what happens is  
9 our database allows us to start to understand and know exactly  
10 where those residents are. And then, how do we get them out of  
11 those houses and into the newer houses that are being built?

12           REPRESENTATIVE ACOSTA: Let me ask you this last  
13 question, and this question would be for Tracey. We're saying  
14 that 46 percent of the population lives in poverty. I'm  
15 assuming that most of these individuals are Latinos and African  
16 Americans that are living in this situation. If you have an  
17 income of \$7,000 to \$8,000 a year --- we're talking about \$750,  
18 probably, a month that you're receiving in new income. Dealing  
19 within the realm of reality, how is it possible that we can get  
20 someone in affordable housing with that kind of income?

21           MS. EVANS: So Wilkinsburg's slightly different than  
22 Homewood. It has a wider range of income levels, but yes. In  
23 the central area, the census tracts are also at the very lowest,  
24 and in our housing situation, we have a mixture of new  
25 construction and restored historic homes. So those were for

1 sale, and then a good number of the housing units that are  
2 referenced here were low income.

3           And they are from one to three bedroom apartments,  
4 spectacular historic buildings that were restored by the  
5 Pittsburgh History and Landmark Foundation, who are a partner  
6 in our NPP. They receive funding for planning and work in that  
7 neighborhood, and their highest three bedroom apartments are  
8 \$750. So they're very affordable. We constantly have a  
9 waiting list. People come in my office every day looking for  
10 housing.

11           So we have the same situation, very old  
12 infrastructure, very old building stock that has been neglected  
13 for decades. And now, we're trying to save as much as we can  
14 and bring it back. And affordable housing is critically  
15 important to our community.

16           REPRESENTATIVE ACOSTA: Yeah, I just want to say ---  
17 make this last point, and I'll move on. I don't want to  
18 monopolize the conversation. If a person is making \$750 or  
19 receiving \$750 a month and the housing is about \$700 to \$750,  
20 it's not enough income for them to pay the additional bills,  
21 the electric bill, water bill. So are we really making these  
22 houses affordable for people that really cannot afford to live  
23 --- you know, the low end below the poverty line?

24           I think we need to deal within the realm of reality  
25 here, and we're really targeting individuals to really help

1 them and improve their quality of life. We also have to look  
2 at the income, and I think that's a major issue in  
3 Philadelphia. We have that problem and have beautiful homes  
4 being constructed, but people cannot afford to live in those  
5 homes, because their income is not \$700 and \$750. And that's  
6 what those houses are costing at a monthly rate. I just wanted  
7 to make that point.

8 CHAIRMAN O'NEILL: Thank you. Representative  
9 Mustio?

10 REPRESENTATIVE MUSTIO: I just wanted to follow up  
11 on Representative Acosta's comments, because they're very  
12 appropriate and probably appropriate for other --- for another  
13 hearing, but very appropriate here because it relates to the  
14 questions that I asked earlier in that this program is helping  
15 one aspect of the problem; right? We're --- in identifying and  
16 getting people into homes, but there's other issues that  
17 Representative Acosta has made comment to.

18 And that was sort of what I was alluding to from the  
19 standpoint of, you know, the jobs and everything else that's  
20 --- that you need in the communities. And there are other  
21 programs and probably other hearings and other Committees that  
22 we need to make sure get focused and coordinated like you have  
23 coordinated; right?

24 MS. EVANS: Right.

25 REPRESENTATIVE MUSTIO: You've coordinated

1 tremendously with other organizations and your local  
2 governments and schools and whatnot to get this ball rolling.  
3 We, maybe, need to be as coordinated at the state level in a  
4 lot of our programs in making sure that we're targeting --- to  
5 make sure that we can get you in your home. But then, what  
6 does that really mean? You've got a nice place to live, but  
7 we've got other bills and other issues that we need to make  
8 sure we can address. So I appreciate Representative Acosta for  
9 bringing those points up as well.

10 CHAIRMAN O'NEILL: All right. Thank you, Mark.

11 MS. EVANS: May we just comment on that? Because I  
12 was going to say this earlier. The nice thing about this  
13 program is that it is so organized by the community. You have  
14 to have your six year plan and ten year plan. Those come  
15 primarily through your land use, low town program,  
16 comprehensive planning program, which are available across the  
17 state to any community. But it's really a --- it is a ground  
18 up program, and it can cover --- whether it's crime, safety,  
19 greening, youth --- any of a wide variety of activities.

20 And we all do that in our community. Part of the  
21 program requires you to look at all of these issues, so it's  
22 the opposite. They both work; right? They both have the  
23 benefits of, say, Main Street that says this is how you do  
24 this. You know, you have to have these committees, and you  
25 have to do these things. And it's very --- sort of dictated,

1 and it works, as well.

2           And we've been successful in that program. This is  
3 the opposite, because it's really from the community, and I  
4 think that's something that's important. Any community in the  
5 state could use this program and benefit their neighborhoods if  
6 their --- if they qualify as a distressed community.

7           MR. JACKSON: So also, I'd like to say that what the  
8 NPP funding has allowed us to do is to free up other funds to  
9 put into our emergency assistance program. And then to --- so  
10 one of the things is we use a lot of data collection and  
11 tracking our residents. And so what we realize is that around  
12 Christmastime, a lot of our residents, you know, who want to  
13 provide a good Christmas for their children do not pay some of  
14 their bills. So right around February, March, they start to  
15 get shutoff notices.

16           And we had a lot of residents who were coming in  
17 with, you know, eviction notices, shutoff notices for different  
18 utilities. And we've been able to put money towards that, so  
19 last year, we were --- you know, we had about \$10,000 in our  
20 budget to do that. Now, this year, we've put about \$15,000 in,  
21 because now we have this NPP money, and we're able to use some  
22 other funds to do that. So we help with those kinds of things,  
23 and now, starting --- we're trying to figure out, how do we  
24 start a Christmas savings for our residents?

25           Well, we don't know how we're going to do it yet,

1 but then, they just want to put some funds away, because we  
2 know that every year, around February or March when have a good  
3 number of residents coming in because they --- you know, like,  
4 all parents want to provide a decent Christmas for their  
5 children.

6           And then they're back behind on their bills. The  
7 other thing that we also do is that we pay --- you know, if  
8 residents were trying to move from what we call deplorable  
9 housing into one of our newer houses that are being built and  
10 they need that first month's rent that they may not be able to  
11 come up with, we also support them in that, as well. So we'll  
12 support them in paying that, as --- you know, and most of our  
13 residents, they want to move out of the deplorable situations.  
14 As long as they're moving into a house in Homewood, we will  
15 help them with their first month's rent or security deposit.

16           REPRESENTATIVE ACOSTA: But you know what, Jerome,  
17 last point, if we find sustainable jobs for people that can pay  
18 a living wage that's decent, people don't have to live  
19 struggling day to day. They can pay their bills, and they can  
20 live in these affordable houses.

21           MR. JACKSON: Yes, I agree. I agree.

22           REPRESENTATIVE ACOSTA: Thank you.

23           CHAIRMAN O'NEILL: Thank you. Representative  
24 Harris?

25           REPRESENTATIVE HARRIS: Thank you, Mr. Chairman. I



1 wanted to know --- you were talking about a commercial  
2 property. Can you kind of tell me how you guys did that?

3 MR. JACKSON: So we --- the new building that was  
4 built about --- almost two years ago has four commercial spaces  
5 underneath it. We owned --- there was a building that was  
6 there that we owned, our organization had owned. But once the  
7 idea of the low-rise came about, we literally gave the property  
8 back to the Urban Redevelopment Authority. We were currently  
9 fundraising for that project, so what we did was we made a deal  
10 with the owners of that property that we would take our money  
11 and build a commercial space out and then collect rent for ten  
12 to seven years on that space.

13 And so we --- that's what we did. We --- once they  
14 built the building, because we knew that no other --- there was  
15 no small business or any owner of a business in Homewood who  
16 could come in and take it from that shell and build it out. So  
17 we used our funds. We built it out. We currently have three  
18 new businesses in there, and our cafe should be operating in  
19 the next three weeks. So we took our money that we had, and we  
20 built that space out. And then we're able to collect the rent  
21 on it.

22 And then the building that we're looking to build  
23 next to that has another four commercial spaces that we'll be  
24 looking to rent out, as well. And we will possibly be --- not  
25 possibly, we'll be doing the same exact thing, building that

1 space out so that the folks can move into it. And sort of  
2 based on our fund, we build this space out as much as we can.  
3 In fact, for the cafe, they may have to buy their own equipment  
4 and those things. But you know, we put counters in and --- you  
5 know, flooring, and you know, moving and all of that. So all  
6 they have to do is move their equipment in and start their  
7 business.

8 REPRESENTATIVE HARRIS: Thank you.

9 CHAIRMAN O'NEILL: Thank you very much. Thank you  
10 all for coming and showcasing your programs to us. And we  
11 really appreciate it.

12 MR. JACKSON: Thank you.

13 CHAIRMAN O'NEILL: We've been joined by Chairman  
14 Wheatley. Do you want to say anything? Anything right now?

15 CHAIRMAN WHEATLEY: Welcome.

16 CHAIRMAN O'NEILL: That's certainly easy. Great.  
17 Our next group of testifiers are Mr. Bernstein, Mr. Lammie ---  
18 did I say that right? Lammie?

19 MR. LAMMIE: Lammie.

20 CHAIRMAN O'NEILL: Lammie? Okay. Mr. Frazier and  
21 Mr. Schenck, and those sound right.

22 CHAIRMAN O'NEILL: If you'd all like to introduce  
23 yourselves and sit up there, then we can begin.

24 MR. BERNSTEIN: Good morning, I'm Will Bernstein.  
25 It's Will Bernstein with the Allegheny Conference. Oh, there

1 we go. Will Bernstein with the Allegheny Conference on  
2 Community Development.

3 MR. SCHENCK: Bill Schenck, Tri State Capital.

4 MR. FRAZIER: Evan Frazier, Highmark Health.

5 MR. LAMMIE: And I'm Scott Lammie, UPMC.

6 CHAIRMAN O'NEILL: Mr. Bernstein, would you like to  
7 start?

8 MR. BERNSTEIN: Yes. Good morning. As I said, my  
9 name is Will Bernstein. I'm with the Allegheny Conference on  
10 Community Development. The Allegheny Conference is a regional  
11 economic and community development organization that has been  
12 working to advance economic competitiveness and quality of life  
13 in Southwestern Pennsylvania since 1944. Our membership, which  
14 are the leaders of more than 300 companies and organizations in  
15 the region, provide their time, talent and resources to help  
16 advance our agenda.

17 And one of the three key strategies within the  
18 conference's agenda is to strengthen communities. It's a  
19 strategy that's designed to encourage sustainable prosperity  
20 for everyone in the region by bringing together partners to  
21 take a fresh look at places in the region that have languished,  
22 to identify and champion improvements to state laws and  
23 policies that hinder the success of those communities and to  
24 work across boundaries to strengthen local government and  
25 reestablish economic vitality in our communities.

1           One component of that strategy is the Strengthening  
2 Communities Partnership. It was created in 2013, and the  
3 purpose of the program is to target business investment and  
4 support into a set of struggling communities that we believe  
5 are well positioned for positive change. Over the three years  
6 of the program, the conference has identified seven different  
7 community development organizations, many of which are here in  
8 this room and have testified.

9           And through the Strengthening Communities  
10 Partnership, our conference's member companies have begun to  
11 partner with those community organizations and then, through  
12 the Neighborhood Assistance Program, have been providing  
13 roughly two and a half million dollars per year in funding  
14 support across those communities. And so through that work, we  
15 have really come to appreciate both the immense value of the  
16 Neighborhood Assistance Program and of those community  
17 organizations that it funds.

18           As Senator Fontana mentioned, you don't really have  
19 to look far to see the value of it. Our hearing is being held  
20 in Lawrenceville, a neighborhood that was once mostly known for  
21 blight and crime and now has a thriving business district, a  
22 stronger housing market. And that change really came as a  
23 result of community organizations here like Lawrenceville  
24 Corporation and Lawrenceville United that worked to carry out  
25 the revitalization plans of the community.

1           And while they're certainly not done with their work  
2 yet, you really can see just right outside the difference that  
3 this program can make and that these types of organizations can  
4 make. And the same thing is happening throughout Pennsylvania  
5 and certainly throughout our region here, whether it's McKees  
6 Rocks, where the CDC is helping transform their Main Street  
7 business district and revitalize the historic Roxian Theater,  
8 or in Sharpsburg, where the relatively new Sharpsburg  
9 Neighborhood Organization is addressing blight and helping  
10 their residents to develop a community plan.

11           But those organizations simply wouldn't be able to  
12 exist without the Neighborhood Assistance Program. The program  
13 simultaneously provides valuable operational and project  
14 funding for those community groups while, at the same time,  
15 connecting them with business leaders who become more invested  
16 in the community and more directly connected to those  
17 communities' revitalization.

18           And not only does it engage business and directly  
19 build the capacity of those community organizations through the  
20 tax credit funding, but as several of the previous testifiers  
21 mentioned, it helps communities leverage lots of additional  
22 funding from both private and public sources. Unfortunately,  
23 as has also been said, at \$18 million NAP is one of the smaller  
24 tax credit programs in Pennsylvania.

25           And while there are many more communities and

1 businesses prepared to make use of this truly excellent  
2 program, the funding is not yet available to them. Over the  
3 last two to three years, in fact, the applicants for NAP tax  
4 credits --- which come with corporate commitments --- have been  
5 at least double the available funding. So for that reason, we  
6 believe that it is critical to the ongoing revitalization of  
7 our communities that Pennsylvania increase the funding for the  
8 Neighborhood Assistance Program. And I thank and commend all  
9 of you for taking on this incredibly important issue.

10 CHAIRMAN O'NEILL: Thank you. Okay. Mr. Lammie.

11 MR. LAMMIE: Good morning. It's great to be with  
12 you all. And I'd like to take this opportunity --- my name is  
13 Scott Lammie. I'm the Senior Vice President Chief Financial  
14 Officer for UPMC, the Insurance Services Division.

15 And I've had the great privilege of working with my  
16 colleagues here within the region on the NAP. I'm working with  
17 a lot of community stakeholders around this issue. So I'd like  
18 to take the opportunity to thank Chairman O'Neill, Chairman  
19 Wheatley, Representative Mustio and Senator Fontana for your  
20 great leadership and foresight in conducting this hearing and  
21 helping us to advocate on behalf of the NAP program to increase  
22 the funding for all of Pennsylvania.

23 A couple of comments just by way of background on  
24 UPMC. Many of you, at least within the region, are familiar  
25 with us. We're the region's largest employer with over 60 ---

1 and actually, the Commonwealth's largest non-governmental  
2 employer with over 60,000 employees, with an economic impact  
3 and a --- well, really the employment of about 130,000 --- or  
4 26 and a half billion dollars of economic development impact on  
5 our region. Our mission is to take care of the health and  
6 welfare of the citizens in the areas where we provide services,  
7 both within the Commonwealth and beyond.

8           But predominantly, all --- most of our activity is  
9 within the Commonwealth of Pennsylvania and heavily  
10 concentrated in the Western Pennsylvania part of the state.  
11 Many of us who are experts in the healthcare industry are very  
12 well aware of the determinants of health status, and those  
13 determinants don't really have to do with healthcare delivery.  
14 The healthcare delivery system is really there as the safety  
15 net to deal with the impacts of those cumulative health-related  
16 issues.

17           We're very familiar that 80 percent of the  
18 determinants of health status have to do with psychosocial,  
19 socioeconomic and the environment in which we live, work and  
20 socially engage. So with that as the background, and also  
21 understanding that the cost of healthcare across our industry  
22 --- 75 percent of all healthcare costs, we're fairly certain  
23 are related to chronic disease conditions that are related to  
24 preventable lifestyle behavior issues and controllable  
25 environmental conditions.

1           And so if we could address the causes of poor health  
2 from an individual, a family and a community perspective,  
3 basically, we wouldn't have this pandemic of escalating  
4 healthcare costs, which is raging and destroying economies,  
5 whether it's locally, from a state Commonwealth perspective,  
6 nationally or globally, for that matter. So we really have a  
7 vested interest, all of us, the healthcare system --- but also,  
8 in partnership with everybody else throughout the community to  
9 really address the causes of these issues.

10           And I'd like to point out that none of this is a  
11 secret, and quite frankly, many of you are probably familiar  
12 with the UN --- the United Nations' Global Corporate Social  
13 Responsibility Mission and Mandate. About a year ago, there  
14 were 17 sustainable development goals that were promulgated by  
15 the UN Business Compact and the United Nations and the Global  
16 Reporting Initiative to deal with the social, economic and  
17 environmental challenges facing our world over the next 15  
18 years.

19           These 17 sustainable development goals include among  
20 them ending poverty throughout the world, ending hunger,  
21 achieving good health, providing quality education, social  
22 justice, creating sustainable workforce development programs  
23 and jobs, environmental stewardship and among them includes  
24 supporting sustainable cities and communities. Many of you on  
25 this committee and within the House also participated about two



1 --- maybe a year and a half, two years ago in a House Majority  
2 Committee investigation of the causes of poverty, which  
3 included input from over 100 stakeholders across the  
4 Commonwealth.

5           And the consensus was there are basically 12 major  
6 barriers preventing our citizens from escaping the trap of an  
7 impoverished life, and among them include hunger, education and  
8 a job, which implies education, training and a skill set to be  
9 able to hold a sustainable job. So when we step back and look  
10 at this within the Commonwealth of Pennsylvania, we have 1.6  
11 million Pennsylvania citizens who currently live in poverty and  
12 millions more, quite frankly, just above the poverty line and  
13 are at risk for poverty and have many of these social  
14 determinants of health that impact their lives and their family  
15 lives.

16           So with that, UPMC has committed for as long as this  
17 program was known to UPMC --- more than a decade. We're  
18 committed to investing in this program with our stakeholders.  
19 Not just the funds, but the leadership, the volunteers, the  
20 resources, the community engagement to really leverage the  
21 funding, leverage the resources --- you know, pursue the  
22 engagement, the planning, the execution of holistic  
23 revitalization efforts within each and every one of our  
24 neighborhoods.

25           Revitalizing every neighborhood across the

1 Commonwealth should be the goal of all Pennsylvania citizens.  
2 We need to engage our businesses, our universities, our health  
3 system, we should each pledge to adopt a community. Our  
4 wealthy communities should adopt a less wealthy community. We  
5 should basically come together and advocate on behalf of those  
6 that don't have a tax base because of the disruption in major  
7 employment and the economic dislocation and the impact that  
8 that's had on these local communities.

9           We know that in order to be successful, we have to  
10 save lives one person, one family, one block, one neighborhood  
11 at a time, quite frankly. It's that simple, and I think  
12 Lawrenceville is a grand example of that, as is the Hill  
13 District. It's been making great inroads, and many of us know  
14 that, basically, the master plan of the Hill District was  
15 really funded through an NPP. At the time, Bank of New York  
16 Mellon invested \$3 million to develop that plan, and the NAP  
17 program has supported the library branch development there,  
18 that benefit plan, a grocery store. Everything that is  
19 happening in the Hill has at least been in part funded through  
20 an NAP program grant. And the most recent example of that is  
21 the August Wilson Park, which has received critical funding as  
22 an NAP applicant. So with that, as I've mentioned, UPMC, in  
23 the past year alone --- we've funded 32 NAP projects spanning  
24 30 neighborhoods in this cycle.

25           But sadly, 24 NAP applicants with contingent funding

1 commitments from UPMC were denied in 2016 because the program  
2 is chronically underfunded. You've already heard from three of  
3 the testifiers today what the ROI or the return on investment  
4 is with their communities. And it's very clear, this is a good  
5 formula that works. It's not just the funding and the  
6 commitment. It's the engagement of business leadership and the  
7 businesses and the community stakeholders and the volunteers  
8 and the leverage of all those financial and non-financial  
9 resources that bring these communities back to economic  
10 vitality.

11 I'd just like to say that even in the last couple of  
12 months, your colleagues from the Southwest Division of the  
13 Department of Community Economic Development has exposed  
14 additional priority initiatives that we weren't aware of. Just  
15 earlier this week, I and a couple colleagues from our operation  
16 visited the Armstrong County Food Bank. They're in desperate  
17 need of a new facility, and given those of you that are  
18 familiar with the economics of Armstrong County, you understand  
19 there's not a lot of sources of funding there.

20 They've got thousands of families that are dependent  
21 upon them for this food. Indiana County. There is a women's  
22 shelter and crisis center that is in desperate need of help for  
23 an NAP program. We know that the food bank --- the greater  
24 Pittsburgh Community Food Bank is a system that supports 11  
25 counties in Southwestern Pennsylvania. That food allocation is

1 important, and it actually plays a part in every community  
2 economic revitalization initiative in these low income  
3 communities that we have.

4           They service --- have serviced the Hill District,  
5 Lawrenceville and all these other communities throughout the  
6 service area that they provide. So my appeal to everyone ---  
7 and I know that we have the strong support of our delegation  
8 here in Southwestern Pennsylvania and the House Finance  
9 Committee and the leadership that's been addressing these  
10 poverty issues and poverty plans. But my appeal is for us to  
11 advocate to dramatically increase the funding for this  
12 initiative.

13           The NPPs are critically important to this, but the  
14 other NAP funding is also important to augment and address  
15 specific projects that are important and catalysts for each of  
16 these neighborhoods that require our assistance. So we want to  
17 create an inclusive economy for everyone. We want to eliminate  
18 poverty for the 1.6 million Pennsylvania residents that are  
19 already in poverty and prevent millions of others from entering  
20 into an impoverished state.

21           And we want to, among other things, invest in this  
22 Neighborhood Assistance Program and invest in our families  
23 where they live in these neighborhoods. So I know I'm  
24 addressing the questions that have already been asked, but this  
25 is a holistic problem that requires --- and a complex problem

1 of many issues that have to be addressed, including education  
2 at --- before and workforce training and jobs at the end of  
3 this, so that individuals and their families can have  
4 sustainable lives and sustainable wages.

5           And these communities can have the economic vitality  
6 to self --- be self-sufficient over time. But in the interim,  
7 we need to provide an investment of our --- both our financial  
8 resources and our intellectual capacity to be able to have an  
9 impact for all of us. And so Pittsburgh and the Commonwealth  
10 of Pennsylvania has the opportunity to be the beacon to lead  
11 the world and show the world how the 2030 Sustainable Business  
12 Development Objectives can be achieved for all of us and for  
13 all of humanity. Thank you.

14           MR. FRAZIER: Thank you.

15           CHAIRMAN O'NEILL: Thank you. Okay. Yes,  
16 gentlemen, thank you for your passion there. I appreciate it.  
17 Mr. Frazier?

18           MR. FRAZIER: Do I have to go next?

19           CHAIRMAN O'NEILL: You don't have to. Just think,  
20 though, you can't pass up ---.

21           MR. FRAZIER: That's right. Good morning, Chairman  
22 O'Neill, Chairman Wheatley, Senator Fontana and Representative  
23 Mustio and all of the members of the Pennsylvania House Finance  
24 Committee. My name is Evan Frazier. I'm the Senior Vice  
25 President of Community Affairs for Highmark Health, and I'm

1 certainly here to --- so pleased to be here, to be here with  
2 all of you in support of the Neighborhood Assistance Tax Credit  
3 Program and to talk about how this program has been a  
4 successful vehicle for our company's community and corporate  
5 being.

6           As you know, Highmark Health is the parent  
7 organization of Highmark Inc., which is the health plan or  
8 health insurance arm for our organization. Allegheny Health  
9 Network, our provider delivery network, are diversified  
10 businesses. Dental, vision, stop loss and HM Health Solutions,  
11 which is our technology solutions organizations --- these  
12 companies comprise the Highmark health enterprise and have  
13 demonstrated a strong and continued commitment to community.

14           This commitment is expressed through various  
15 philanthropic means, including supporting programs and  
16 initiatives that positively impact the health and quality of  
17 life for our community. In 2015, philanthropic giving for  
18 Highmark Health Company has amounted to more than \$20 million.  
19 These dollars were directed to charitable health, wellness,  
20 education, human services, arts, community and civic  
21 organizations all doing just invaluable work to improve the  
22 resiliency of the companies we serve through our organization.

23           One of the important programs that Highmark utilizes  
24 for our giving is the Neighborhood Partnership Program, which  
25 is one of the programs available under the Neighborhood

1 Assistance Tax Credit program. This program provides a unique  
2 public/private partnership opportunity. It's another  
3 investment vehicle for organizations to utilize and revitalize  
4 our communities throughout the Commonwealth. Highmark  
5 currently participates in five neighborhood partnership  
6 programs.

7           Our total investment of these five partnerships  
8 total \$3.6 billion through the duration of various  
9 partnerships, and we continue to contribute \$700,000 in 2016  
10 for vital community improvements. In 2013, Highmark  
11 participated in our first NPP, partnering with Tri State  
12 Capital and Dollar Bank to support the Wilkinsburg Community  
13 Development Corporation. I know that Tracey Evans, who was  
14 here earlier --- but actually is probably still here --- who  
15 spoke earlier with all of you about this important program.

16           But Highmark Health saw the need to help fund the  
17 commercial revitalization of the Wilkinsburg Business District.  
18 We believe that improving the economic health of our community  
19 will also yield improvements in physical and behavioral health.  
20 Similarly, Highmark Health has partnered with the Economic ---  
21 with Economic Development South to support the commercial  
22 revitalization of Mount Oliver and the Carrick Neighborhood  
23 Business District.

24           After becoming an integrated delivery network and  
25 acquiring the West Penn Allegheny Health System, we've

1 partnered with the North Side Leadership Conference on an NPP  
2 to support the conference with several important initiatives on  
3 the North Side. Our flagship hospital, Allegheny General, and  
4 the communities that comprise the North Side rely on each other  
5 for continued success. For Allegheny General to thrive, so  
6 must the residents and the businesses which call the North Side  
7 home --- also need to thrive.

8           The Neighborhood Partnership Program provided an  
9 avenue for Highmark Health to invest in the success of North  
10 Side and to strengthen the bond between our business and the  
11 community. Our most recent partnership in Allegheny County was  
12 with Operation Better Block. And again, you heard from Jerome  
13 Jackson about their ambitious initiative. Highmark Health is  
14 proud to support this partnership, which will revitalize  
15 Homewood's business district and also provide for a vacant lot  
16 maintenance/home repair program for Homewood.

17           I think the quality of this program can be best  
18 evidenced in the fact that Highmark Health and UPMC have both  
19 invested resources towards its success. Currently, Highmark  
20 Health has an application pending to support the Sisters of St.  
21 Joseph's in Erie. Much as we did with the North Side  
22 Leadership Conference, we partnered with the sisters to provide  
23 community improvements near our St. Vincent Hospital campus in  
24 Erie.

25           Highmark purchased St. Vincent Hospital from the



1 sisters, and we've recognized the commitment to the surrounding  
2 community that we look forward to partnering through the  
3 Neighborhood Partnership Program. As I mentioned, Highmark  
4 Health has a vast community affairs program, which utilizes  
5 several programs to support the communities where employees and  
6 members live and work. The Neighborhood Assistance Tax Credit  
7 Program and specifically the Neighborhood Partnership Program  
8 has --- for us has been an excellent vehicle to be able to make  
9 important investments into our community.

10           While I understand the Commonwealth faces an ongoing  
11 budget challenge, I trust that you will see having state  
12 resources available through the tax credit program provides  
13 organizations like ours with additional opportunities to  
14 provide funding for important, life changing community programs  
15 that support and make our --- basically make our region  
16 healthier.

17           We urge you --- I urge you to continue funding this  
18 vitally important program, which provides a unique and valuable  
19 public/private arrangement to support communities across the  
20 Commonwealth and to consider supporting House Bill 2213  
21 sponsored by Representative Mustio, which would make more  
22 funding available for this program. And again, with the many,  
23 many investments that we do make, it's a very unique  
24 opportunity for us to leverage the funds that we provide in a  
25 deeper way and make important --- really important investments

1 on the economic development side.

2           And that's really what this program's about. With  
3 all the other investments on health and human services, from an  
4 economic town development standpoint, it's very difficult to  
5 make these kind of investments without the tax credit  
6 assistance that you all provide at the state level. So thank  
7 you again for the opportunity to be here to speak with all of  
8 you. I'm certainly available to answer your questions.

9           CHAIRMAN O'NEILL: Thank you.

10          MR. SCHENCK: Good morning. I'm Bill Schenck, Vice  
11 Chairman of the Tri State Capital bank, and I work with the  
12 Allegheny Conference in the Strengthening Communities  
13 Partnership. Thank you for being here today. The Allegheny  
14 Conference has four primary words in its name, and the last two  
15 are community development. The Allegheny Conference on  
16 Community Development was formed in 1944. Its existence is a  
17 statement by its more than 300 regional investors, most of whom  
18 are for profit businesses.

19           And community development is important.  
20 Revitalization of the distressed communities in Western  
21 Pennsylvania, which once housed thousands of families who, for  
22 generations, were supported by well paying jobs in heavy  
23 industry, is essential to the long term health of this region.  
24 The same can be said for struggling communities across this  
25 Commonwealth. Today, we can point to examples where economic

1 turnaround has occurred. We're in one such community right  
2 now, as we discussed.

3           Not long ago, you could drive through Lawrenceville  
4 on Butler Street and have no reason to stop. Today, people  
5 come from across this region to shop and to eat and to live in  
6 Lawrenceville. The South Side is another community which was  
7 once struggling and is now a center of economic activity. Just  
8 drive down East Carson Street. A few years ago, East Liberty  
9 was an isolated, blighted section of Pittsburgh where residents  
10 had little hope.

11           Today, Whole Foods, Target, Hotel Indigo and Ace  
12 Hotel, some of Pittsburgh's best restaurants, market rate  
13 housing and affordable housing are all part of an energetic  
14 neighborhood.

15           So how did this happen? There's a common theme.  
16 Determined residents in each of these neighborhoods came  
17 together and developed a plan to return their community to  
18 economic vitality. They acknowledged that they needed help  
19 from outside the community but knew that that help would be  
20 forthcoming only if they spoke with one voice, one plan with  
21 broad support. And they recognized that they, as volunteers,  
22 did not have the capacity to implement the plan.

23           Full time professionals on the ground in that  
24 community were needed. But how does a community with little  
25 money hire and pay such people? In 1971, the Pennsylvania

1 state legislature provided an answer. It was called the  
2 Neighborhood Assistance Program, the NAP. The program was  
3 farsighted, and it was enlightened for two reasons. First, it  
4 created a compelling incentive for businesses in struggling  
5 communities to work together. It established the groundwork  
6 for truly private ownerships.

7           Second, for the businesses to participate, the NAP  
8 requires that they commit funding for six years. This allows  
9 the professionals implementing the plans to focus on improving  
10 the community, not on raising funds to cover next year's  
11 salaries. We in business recognize the importance of bringing  
12 economic vitality to all parts of this Commonwealth. The  
13 Economy League, part of the Allegheny Conference, is working  
14 with seven communities in this region right now, Connellsville,  
15 Homewood, McKees Rocks, Mount Oliver, Knoxville, Sharpsburg,  
16 Washington and Wilkinsburg.

17           Eleven (11) for profit Western Pennsylvania  
18 companies, including Tri State Capital Bank where I work, have  
19 committed in excess of \$12 million over six years to assist  
20 these communities in bringing about positive change. The NAP  
21 tax credits have brought about this level of investment by  
22 companies in our region, and a byproduct has been substantial  
23 pro bono investment by these organizations and their employees.

24           Legal, marketing, financial, real estate development  
25 and other technical support is occurring in these communities

1 as we speak. Partnerships have been formed because of the NAP.  
2 Over the years, 40 Western Pennsylvania companies have  
3 supported our communities as a result of the NAP. As you've  
4 heard, when positive change begins, momentum builds. And  
5 foundations and other organizations get on board, and the  
6 process accelerates. This is the program that brings companies  
7 to the table.

8           This is the program that pays the professionals who  
9 are leading the revitalization of Lawrenceville and Wilkinsburg  
10 and Connellsville and Homewood and many other communities  
11 across this state. But here is the issue, and here's why  
12 we're all together today. When the Neighborhood Assistance  
13 Program was created in 1971, \$18 million was allocated, and  
14 allocation has never been increased. Adjusted for inflation,  
15 \$18 million would be \$105 million today. Last year, there were  
16 over \$50 million in NAP applications to assist in community  
17 revitalization.

18           And \$18 million was allocated. The bill has been  
19 introduced by Representative Mustio and the House, co-sponsored  
20 by Representative Wheatley. The bill has been introduced in  
21 the Senate by Senator Fontana to raise the allocation to \$25  
22 million. I believe I would say most everyone in this room  
23 believes that the single most important step that you can take  
24 to revitalize Pennsylvania's communities is to get businesses  
25 engaged and to ensure that quality, full-time professionals are

1 in place to implement the plans.

2 Now, we want you to increase the Neighborhood  
3 Assistance Program from \$18 million to \$36 million, and to  
4 assure that is adjusted for inflation each year thereafter.  
5 This is good for the people of Pennsylvania. It is good for  
6 business. It is good for the Commonwealth. Thank you.

7 CHAIRMAN O'NEILL: Thank you. Thank you. I have a  
8 question. When I was first approached by this program and the  
9 Chamber --- when this first came to my office, I was under the  
10 understanding that this was for Allegheny County. But then, in  
11 the hearing, it's for --- there's testimony about Fayette  
12 County. And now, I'm hearing Armstrong County. Can you  
13 explain to me the program and how it outreaches to beyond  
14 Allegheny County and how far it goes, I guess, and how that is  
15 administered?

16 MR. LAMMIE: I can tell you it's a statewide  
17 program, so all of you can administer it from the state  
18 perspective.

19 CHAIRMAN O'NEILL: Your mike's off.

20 MR. LAMMIE: And you make the allocation decisions  
21 to approve what the Department of Community Development does.

22 CHAIRMAN O'NEILL: Do you have that button?

23 MR. LAMMIE: In the --- through the Department of  
24 Community Economic Development.

25 CHAIRMAN O'NEILL: Is the light on?

1           MR. LAMMIE: Yeah, it's on.

2           CHAIRMAN O'NEILL: The light's on?

3           MR. LAMMIE: Oh. It's there, okay. Yeah, the  
4 program is managed and administered through the Department of  
5 Community Economic Development, and projects can be  
6 promulgated. Neighborhood partnerships can be created  
7 throughout the Commonwealth, so we --- from the UPMC  
8 perspective, we have a neighborhood partnership program in  
9 Erie, Pennsylvania with the Erie Insurance Company that is very  
10 active.

11                   We're in Lancaster County with a program, and  
12 Connellsville --- there's obviously a program here. And there  
13 are many other programs that are being developed and waiting,  
14 if you will, for an expansion of the program.

15           CHAIRMAN O'NEILL: Thank you. Okay. Very good.  
16 Thank you. Does any of the members have --- Chairman Wheatley?

17           CHAIRMAN WHEATLEY: I wanted to thank each of you  
18 for your testimony, and I'm not quite sure who or which or if  
19 all of you want to respond to this. But if we were reimagining  
20 this program for what we're trying to accomplish today, looking  
21 at when it was created in '71, the landscape is much different.  
22 And probably, the goals were much different. How would you  
23 suggest a redesign of the program not just from a financial  
24 investment, but from a programmatic investment, as well? What  
25 is it structured to do, and what it's trying to support?

1           MR. SCHNECK: Representative Wheatley, for one, I  
2 would say that the program is extremely successful, limited by  
3 dollars. You've seen examples here of the three communities  
4 that testified already and the words that you've heard from  
5 others of us that this works, because it brings people from  
6 outside. First of all, it causes the community to get  
7 organized, get focused and develop one program. Then it brings  
8 outside parties, businesses, ultimately foundations and other  
9 organizations, to the party and partnership.

10           And then real change happens. We're sitting in a  
11 community where real change has happened as a result of the NAP  
12 program. It's happened in East Liberty. It's happened in the  
13 South Side. It's happening in Wilkinsburg and Connellsville  
14 and Homewood. We can revitalize downtrodden communities in  
15 Pennsylvania, and this legislature in 1971, when it created  
16 this program, was very enlightened, because it created a  
17 program that absolutely works.

18           The issue is, it ought to be \$100 million. It  
19 shouldn't be \$18. It should be the largest, in my opinion, tax  
20 credit program in the state because it really works for what  
21 needs to be done, most importantly, in this state. Yeah, we  
22 need to have roads, and yeah, we need to do other things. But  
23 what is more important than revitalizing the down ---  
24 economically depressed communities in Pennsylvania? This is  
25 where the tax credit money ought to go.



1           CHAIRMAN WHEATLEY: So I can appreciate that. Here  
2 is my challenge, though, being that I represent some of the  
3 economically challenged neighborhoods who have access to NPP,  
4 NAP. Part of the challenge, though, is how do you ---? Even  
5 before they are able to access the program, there are many  
6 needs around --- how do they get structured? How do they get  
7 organized? How do they ---? There are investments that need  
8 to happen before then to get them ready for the program, and  
9 then there are ongoing investments and strategies that need to  
10 be a part of whatever you're going to do.

11           Because part of this operation --- which I'm not  
12 sure we focused a lot on --- is this whole thing about  
13 displacement, which also is supposed to go along with these  
14 investments. And I'm not sure if every investment we've made  
15 and every commitment we've made in communities actually have  
16 the tagalong of making sure that we're not displacing, as well.  
17 And if we are displacing, what are we doing to mitigate it? So  
18 that's why I asked about the redesign of the program.

19           Because outside of just putting more money in it, I  
20 think that there are other structural things, programmatic  
21 things that if we're going to put more money into it, that we  
22 also should be thinking about how we invest in those things as  
23 well. I was just curious, from you all's perspective, and if  
24 you had any kind of feedback. And I'm all for it, because I  
25 tell people this all the time. I'm for more investments, and

1 believe me, I want to put more revenues and directly put it  
2 into the communities that need it.

3           But I think we have to be very structured in how we  
4 do it and very intentional about what we're doing, because when  
5 you're making these large investments and you're talking about  
6 partnerships, it's not an equal partnership for the people when  
7 one side of the fence don't have the wherewithal to really be  
8 the voice that they need to be, and they're being driven by the  
9 other side of the table. So that's just --- I was just curious  
10 on any thoughts you might have with that.

11           MR. LAMMIE: Sure. Senator Wheatley, I mean, I  
12 actually --- I agree with your point about many of the --- you  
13 know, economically depressed communities don't have internal  
14 resources and don't even know that the program exists or don't  
15 know how to even get started with it. So there would be a  
16 significant benefit to creating opportunities for C Grant  
17 funding to engage in feasibility work for targeted communities  
18 that have those kinds of needs.

19           That's one example of a refinement to the program,  
20 and really, that is the --- I think for purposes of the  
21 Allegheny Conference and the Chamber, in terms of helping to  
22 identify and put those programs together. I understand that  
23 the Allegheny Conference actually has invested some funds into  
24 creating those feasibility plans, as well, for some of the  
25 communities that are sponsored through the Allegheny Conference

1 and the Chamber.

2           MR. FRAZIER: Representative, thank you for bringing  
3 that up. Certainly --- first, let me just say I agree with  
4 your points, and I also agree with the fact that the biggest  
5 issue, I think, is really the resource issue.

6           But besides that issue, you know, to your point, you  
7 know --- to the extent we can find things to keep the focus on  
8 the communities that really have the greatest need, as you  
9 would say, is important. We've often spoken within our  
10 organization about --- you know, is there a way to leverage  
11 this NPP program or even some of the other programs from a  
12 health perspective, as well as just the economic perspective as  
13 well. And so we do think about those things, and how can we  
14 strengthen it?

15           And having served on the other side of actually  
16 being a part of an NPP previously, I do recall that one of the  
17 critical components of making it successful is you need to have  
18 a strong anchor organization, right, and strong partners that  
19 are in connection with it. And so it's important to think  
20 about. And you know, one of the good things, I think, that's  
21 already built into the NPP program is the duration.

22           You know, and being able to provide that continuity  
23 from year to year and being able to anchor some of those core,  
24 you know, infrastructure needs, you know, on an ongoing basis.  
25 So that's what I see as the strength of the NPP, which again is

1 a part of the NAP --- the broader NAP program.

2 MR. SCHNECK: And so --- I'm sorry. So it does  
3 create partnerships and getting them over time. The other  
4 thing --- this whole issue of displacement --- I was going to  
5 talk about a program that's now starting in Western  
6 Pennsylvania which we think will be highly effective in helping  
7 that issue.

8 MR. BERNSTEIN: Yeah, so I think one of the great  
9 things about NAP has generally been that it's flexible. From  
10 the Conference's perspective, not being experts in, really, the  
11 nitty gritty of community development, we've taken the approach  
12 of letting the communities tell us what they --- what is needed  
13 in their community and we want to support that. But to talk of  
14 some of the displacement issues and what Bill was getting at,  
15 Lawrenceville is a good example of that, where they're  
16 developing a community land trust model that is --- that can  
17 serve as a model both for the whole Pittsburgh region and for  
18 the state, where it's a concept that allows you to develop  
19 affordable owner-occupied housing that stays permanently  
20 affordable.

21 And in a lot of cases, we've put subsidies into the  
22 affordable housing that then disappears after the first family  
23 has lived in that house. They're developing a model that helps  
24 avoid that issue, and that's something that needs a nonprofit  
25 organization with a community development focus. And so the

1 NAP funding helps --- is going to help maintain that kind of  
2 programming. So it does help to address that affordability  
3 issue. A lot of this, I think, is --- the guidelines for the  
4 program are developed at a staff administrative level in DCD.

5           So there is good opportunities, I think, to work  
6 with DCD to talk about --- what are some of these specific  
7 things that we'd like to see? One of the tax credit  
8 components of NAP is the special program priorities. So there  
9 are specific priorities identified each year that will get  
10 slightly higher tax credits for businesses that contribute to  
11 organizations doing those kinds of projects. I think that's  
12 another good way to target some of these particular issues. If  
13 we say affordability and displacement is a major issue, maybe  
14 that's a way to build that into some of the administrative  
15 mechanisms of the programs.

16           CHAIRMAN WHEATLEY: Just one last comment, Mr.  
17 Chairman, is my point --- and again, I'm going to stress I'm  
18 very supportive of this program. Many of my neighborhoods have  
19 benefitted from this program, so I'm not --- anything I'm  
20 saying shouldn't be taken as an attack against the program. I  
21 want to invest in the program. I want to strengthen the  
22 program, but just as --- you know, the fact of --- and to be  
23 eligible, almost, you have a strong anchor community  
24 organization.

25           Well, there are many organizations, because of the

1 lack of investment, because of the lack of capacity --- they  
2 don't have the strong institutional capacity. So even for the  
3 Mount Oliver NAP, there was an organization that was brought in  
4 to partner with them in order for them to receive. So what I'm  
5 saying is, as we envision this model, there are things that we  
6 can do to strengthen it if we're thinking about it.

7           Because there might be several parts of one unit, as  
8 a part of this program, that goes out to some of these more  
9 struggling neighbors and communities, that don't have the  
10 capacity to do the full blown partnership. But maybe they can  
11 be put in pipeline partnerships to get them ready and get some  
12 support in. So I'm just saying, we --- you know, we are making  
13 money, and we are opening it up for redesign. I mean, there is  
14 ways for us to talk about what this program can do in the  
15 current state of affairs and really help, really, all of our  
16 communities throughout the process. That's just my statement.  
17 Thank you, Chairman.

18           CHAIRMAN O'NEILL: Thank you, Mr. Chairman. Senator  
19 Fontana?

20           SENATOR FONTANA: Thank you. Just as a note, I  
21 mean, in this past budget, the NAP program was in there. But  
22 it was also expanded to veterans' housing and victims of  
23 domestic violence and more affordable housing programs. To  
24 Jake's point, there's things that we can expand. I know in my  
25 neighborhoods --- and I'm sure it's the same for him. You

1 know, let me choose an example. Well, what you have to get ---  
2 if you talk about one voice, you know, it's tough when there's  
3 a bunch of organizations.

4           And they're not sure what they want to do, and  
5 everybody has their opinion, and they're fighting with each  
6 other. But they don't understand and to expand a program or  
7 have some expertise or someone come in to be able to bring  
8 everybody together and have that one voice and then --- you  
9 know, then you apply to NAP, and you do. It's at the  
10 beginning, and I know I struggle in a lot of my neighborhoods  
11 by asking --- you know, and saying, you guys can't be fighting  
12 each other and have 15 different opinions. Everybody runs.

13           So you know, the communities that work together,  
14 that have the one voice, are the ones that are moving forward.  
15 But to Jake's point, how do we start? And there's a lot of  
16 neighborhoods out there that need help. There's still --- that  
17 have no clue about this program, or they just --- you know,  
18 they don't know where to start or where to go. And obviously,  
19 from what you're telling me, there's a lot of companies out  
20 there that want to get involved for whatever reason.

21           And then certainly, the healthcare field has extra  
22 reasons, I think, to do it. But for Tri State Capital and  
23 other businesses out there that want to get involved in this  
24 and see their communities grow I mean, it's a business. It's  
25 an --- you know, the tax credit's one thing. But it also means

1 other things to these businesses, so you know, yes. We should  
2 be able to expand the program into other things as it grows in  
3 money. Just to expand it without raising the \$18 million to me  
4 is --- you know, it's dragging it back. It's not moving it  
5 forward.

6 MR. SCHENCK: It is. It is.

7 SENATOR FONTANA: So we need --- well, so to that  
8 point, we need help from all of you. I know, you know, we ---  
9 those of us sitting here, I think everyone's in agreement. But  
10 we need help in --- with the administration. We need help with  
11 our leadership. We need help in order to do that. All of  
12 those companies that want --- I was going to give the  
13 assignment to Matt Smith, but he ran out. But anyway, I think  
14 he should get a petition from all of those businesses that want  
15 to be on there.

16 We have to show strength. I mean, I know I can go  
17 and get every community that's --- that wants to do it, but we  
18 also need the businesses to say, we're willing to step up. We  
19 think this is great. When I see a program that's so successful  
20 and that we know --- us --- all of us sitting here, there's  
21 programs that aren't so successful. And there's money sitting  
22 in pots up there that we can move along, and that's something  
23 we need to maybe focus on as we go forward. But we need your  
24 help to do that.

25 We need everybody weighing in with your



1 representatives, with the Governor, with everyone, and then  
2 from the bottom up. From the Mayor, the Chief Executive ---  
3 all the way up. We need some --- we need a groundswell there  
4 for a program that's well worth groundswelling for. And that's  
5 where I think Matt Smith should come in to help out you guys to  
6 get that done, but thank you for doing this. This is great,  
7 and hopefully, we can carry on and make some improvement to the  
8 program.

9 CHAIRMAN O'NEILL: Senator --- no, Representative  
10 --- oh, I'm sorry. Does anyone ---?

11 MR. SCHENCK: I do. May I follow ---

12 CHAIRMAN O'NEILL: Sure.

13 MR. SCHENCK: --- thanks --- Senator Fontana's  
14 comments?

15 CHAIRMAN O'NEILL: Thank you.

16 MR. SCHENCK: Right. I would say one thing, that we  
17 do have a group of businesses now that are quite committed  
18 though the Allegheny Conference, 300 members. And the  
19 Allegheny Conference has stood up and said, we want to do this.  
20 So we have a number of organizations that are out there.

21 SENATOR FONTANA: And it's bipartisan, as you can  
22 see.

23 MR. SCHENCK: Oh, yes.

24 SENATOR FONTANA: And you know, that doesn't happen  
25 all the time, and this is a program that has that. And we need

1 to push forward with that. Okay. I'm sorry.

2 MR. SCHENCK: Two other observations, one having to  
3 do with --- how do you get started in a community that doesn't  
4 have the capacity to build an application? Pittsburgh  
5 Community Reinvestment Group is working with Sharpsburg and  
6 with Washington, PA and other communities to bring in the  
7 expertise to allow them to take the first step. Economic  
8 Development South is doing it in Mount Oliver and Knoxville, so  
9 there are overarching organizations that have the expertise  
10 that can come in and help individual communities get started.

11 That exists in Western Pennsylvania. The other  
12 thing I would say is, you talk about communities that are ---  
13 that don't talk to each other and have a number of groups, and  
14 how do you speak with one voice? This NAP program can be very  
15 effective, because when Homewood first applied to us at the  
16 Allegheny Conference, we interviewed about 20 applications each  
17 year for a number of years. And at first, we said at Homewood,  
18 you can't ---.

19 We can't fund you, because you're not speaking to us  
20 as one organization. It really gave Jerome the opportunity to  
21 stand up with that Operation Better Block and say, look, you  
22 guys, if we want the money from the outside world, we have to  
23 speak with one voice. And he did, and they came together. And  
24 he is the boss, because of the fact that he knew that that was  
25 the only --- he knew and convinced the community that was the

1 only way they were going to get the money. So that works.

2 CHAIRMAN O'NEILL: Okay.

3 MR. LAMMIE: And to add to Bill's comments, we have  
4 funded NAPs specifically targeting --- like, for example,  
5 Hazelwood and Sharpsburg and some of the other communities. So  
6 there --- you can target a single community NAP application as  
7 a precursor to the NPP partnership program to fund the  
8 feasibility work and the capacity building work to develop the  
9 program.

10 REPRESENTATIVE SANKEY: I believe there's also the  
11 SPP, which is a one year funding of the --- for a potential NPP  
12 partner.

13 CHAIRMAN O'NEILL: Great. Thank you, Representative  
14 Sankey.

15 REPRESENTATIVE SANKEY: I usually don't say much,  
16 but when I do, it's usually pretty funny and good. But I'm  
17 saying all seven of you --- thank you, and specifically these  
18 four last gentlemen. You've been a wealth of knowledge, and  
19 from our world, as soon as you hear tax credit, you hear, there  
20 goes the legislature giving their big buddies another tax  
21 break. Your program is so --- but they're not even educated,  
22 and we do our general Senate appropriations budget.

23 And we spend about 40 percent of our budget on  
24 Department of Human Services, and that's taxpayer money going  
25 in. And there's a lot of good programs there, and there's a

1 lot of waste. There's a lot of fraud. There's abuse across  
2 the state. Nothing in particular, but it happens. And as I'm  
3 sitting here listening to all of you, you're sitting here  
4 saying, we have money. We want to help our communities, and  
5 the only person really getting in the way is us. And it's not  
6 a giveaway.

7           It's you saying, we have people that need help.  
8 We're going to fund it with our private money, and the only  
9 thing we're asking for is the tax incentive so we can go back  
10 to our shareholders and say, hey, this is a good thing. We're  
11 going to help our community, and we don't have to go through  
12 the government to say, hey, we need more money from Harrisburg.  
13 We need more money from the Department of Human Services. We  
14 need more welfare money. You're saying, no, no, we have money.

15           We need to use that money. We need the incentive.  
16 You've completely opened my eyes. And you know, looking at  
17 your name tag there, you're not Joe's Pizza Shop down the road.  
18 You're Highmark. You're UPMC. You're banks. You know, we  
19 have money to use this, and I think it's more of a comment than  
20 anything that --- you know, it's our job to go back, especially  
21 --- you know, I'm a good conservative. I can go back to my  
22 colleagues and say, hey, listen, Mustio has a good idea.  
23 Senator Fontana has a good idea.

24           Let's do this. You know, Mark lives out by the  
25 airport. I don't how many inner city communities are there,

1 but this is good for everybody. And this is an opportunity for  
2 all of you. You've really opened my eyes and you've said,  
3 look, we have millions of dollars. Give us the ability to use  
4 this money to help our communities, and we don't need to go to  
5 Harrisburg to say --- look at our handouts and say, we need  
6 money. We have money. We don't need taxpayer money. We're  
7 asking for an incentive to be able to spend our own money and  
8 help us out.

9           And I think what you've done here today is really  
10 wonderful, and I'm going to support it. And I'm going to  
11 encourage my colleagues to do the same. And well, I don't know  
12 if we'll get to \$105 million yet, but I think that's up to  
13 Mark. He can put an amendment in. But I think what I learned  
14 today is that if you can push your message to everybody, this  
15 is common sense. Look, the state's not losing anything. This  
16 is money that --- for our most vulnerable citizens that are  
17 going to be asking for help anyway.

18           You're saying, hey, don't worry about it. We can  
19 take care of it right here. We just need the incentive and the  
20 ability to do so, and we basically put these roadblocks in the  
21 way. And I think it should be increased. As much money as you  
22 want to put into your community, we should help you do so. The  
23 state's not losing any money that's going into, with all due  
24 respect, our own bureaucracy that goes into Harrisburg. And  
25 it's so hard to get it back out.

1           You're right here saying, we're going to use our  
2 money. And I just appreciate it, and I thank all of you for  
3 your testimony. It was very educational, and we're going to  
4 use it.

5           CHAIRMAN O'NEILL: Thank you. Thank you very much.

6           MR. LAMMIE: This investment has a significant  
7 long-term return. It will be used, improving the health status  
8 of families in those communities over time and putting them  
9 into sustainable jobs over time to effect --- and creating the  
10 holistic responses to this. It's going to reduce the burden on  
11 the Commonwealth, on the Department of Health and Human  
12 Services and other --- the Department of --- your justice  
13 systems, the social systems --- all of those things will  
14 benefit over time from improving the health status of all of  
15 these lives.

16           CHAIRMAN O'NEILL: And I just wanted to point out,  
17 it's not easy to open Sankey's eyes because he just sleeps  
18 through most of the meetings. Thank you. I just want to say  
19 that I guess you saw us chatting up here. You know, I learned  
20 a lot through this process thanks to the Chamber and just  
21 talking to some other people. And I was just --- I broke down  
22 numbers. I was trying to figure out, financially, the whole  
23 thing. So I just committed to Mark that I'm going to amend  
24 this bill to at least \$36 million

25           If you know anything about politics in Harrisburg,

1 you get --- and when the Chairman offers an amendment, you ---

2 REPRESENTATIVE MUSTIO: It usually passes.

3 CHAIRMAN O'NEILL: --- it usually passes, or it  
4 better pass. Let's put it that way. You got that, Sankey?  
5 But we were also chatting. We're going to get together and  
6 figure out when we're going to run this bill in the fall, but  
7 we may want to talk about --- I'm going to have them in my  
8 office to talk about the inflation and doing something about  
9 --- with the inflation instead of getting in this cry. I don't  
10 know if any of you know. I was the architect of the New  
11 Specialty Funding Bill in Pennsylvania.

12 And when I wrote the bill --- and I spent six years  
13 writing it. I sat here and I figured, you know, for 25 years,  
14 we've been in this rut where we've done nothing. And I said,  
15 it's nice to come up with a new funding formula. But do we  
16 want to sit in a rut for another 25 years if it isn't working  
17 or it needs to be adjusted? So what I put in the bill was that  
18 every five years, that a new commission has to be formed to  
19 look at the funding formula, to look at it.

20 And you have to keep doing that, because the worst  
21 thing in Harrisburg is they think --- you pass something.  
22 They've fixed it, and it goes away. So that's why we may want  
23 to look at inflation, so we're going to look at that and maybe  
24 offer a second amendment and see how that works out. Does  
25 anybody else have any comments or questions? Well, with that,

1 I want to thank Pittsburgh, for my second home and my wife's  
2 home, for having us. And we'll --- stay tuned. We'll  
3 certainly let the Chamber know everything, what's going on.  
4 You'll certainly hear what's happening early in the fall. We  
5 go back the 19th of --- is that ---?

6 REPRESENTATIVE MUSTIO: The 26th.

7 CHAIRMAN O'NEILL: The 26th. So we'll definitely  
8 get together and try to do something in the early fall and move  
9 on. And I think after your testimony, I'm going to inform  
10 Leader Reed that one of his --- his constituents are very  
11 beneficial to this, so get on board. So thank you very much,  
12 everyone.

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HEARING CONCLUDED AT 12:00 P.M.

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## CERTIFICATE

It is hereby certified that the foregoing proceedings are a true and accurate transcription produced from audio on the said proceedings and that this is a correct transcript of the same.

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