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**Testimony of Mike Harris,  
Executive Director, South Street Headhouse District  
Bill No. 180261: CDC Tax Credit Program Expansion**

**City Council Finance Committee Hearing  
Tuesday, May 22 2018**

Good morning and thank you for the opportunity to testify in favor of Bill No. 180621, which would expand the CDC Tax Credit Program. My name is Mike Harris, Executive Director of the South Street Headhouse District. The South Street Headhouse District represents over 430 businesses in the South Street area and, thanks to City Council, was recently re-authorized to continue to build on the services and initiatives we have undertaken over the past 25 years. I want to thank Councilman Henon, Chairman Blackwell, Councilman Squilla, and other members of this body for recognizing the importance of the CDC Tax Credit program and supporting its expansion.

For the past 3 years, the SSHD has been trying become a participant in this program, frankly without success. First, the process to identify and secure sponsoring businesses is difficult and requires a good deal of effort. Without full information, CDC's must try to determine which businesses might meet the tax liability thresholds and then contact them to see if they are already in the program with another partner and, if not, would be willing to participate. We contacted well over a dozen different businesses before we were able to secure an interested and available company.

In January 2017, SSHD finally found a willing corporate partner and submitted an application. We did not end up getting awarded a slot in 2017 because we were drawn 3rd in a lottery for 2 slots. Currently, the Philadelphia Code states applications are accepted on a "first come-first served" basis and that the Revenue Department shall when necessary randomly choose via a lottery. There were three applications submitted in January 2017 and only two slots available. To get this far, and not be selected in a random lottery, was a deep disappointment to SSHD and our corporate partner and a lost opportunity to invest \$100,000 into our community this year.

In looking at the 40 slots that are allocated, there is also an unevenness to the schedule of openings. Based on the best information I have, there were 2 openings in 2017, none in 2018,

perhaps 1-3 in 2019, none in 2020, then 13 in 2021. Now that we have identified a business willing to participate and sponsor SSHD, we run the possibility that the business may not be still interested to engage again two years from now. Clearly, from 2021-2023, many slots will be opening up, but that is many years and many deferred initiatives from now. And not to begrudge any of the existing CDC's currently in the program, but it creates a resource disadvantage to those CDC's trying to do the same work but that are not in the program.

Fortunately, our business partner still wants to partner with SSHD and sees the benefits of participating in this program and contributing directly to neighborhood community development. South Street Headhouse District is the second oldest BID in the city and manages and maintains one of the highest profile and most visited tourist areas in the city. SSHD's mission and task is to keep our area safe, clean and economically vibrant on a daily basis. BIDs do not have a lot of options to expand and grow revenues, though we maximize other non-assessment sources as much as possible, which is the reason these CDC Tax Credit program funds are so critical. Having a 10-year reliable source of income would allow us to invest more into cleaning, marketing, and economic development initiatives at this critical time for South Street, which is one of the top destination spots for tourists visiting from around the country and world. Also, due to its census tract location between Society Hill and Queen Village, SSHD is not eligible to participate in CDBG-funded and other income-based programs, though the needs are there. Again, this is another reason that this program is so important and such a high priority for SSHD.

Not to diminish the City's revenue needs, but the award of \$100,000 annually into the SSHD budget would have a significant and direct impact in our community and commercial corridor that would be demonstrable. With the efforts made to get to this point in finding a willing partner and the high positive impact these funds would have in our community and neighborhood, I am respectfully requesting that you seek to expand the program with the expanded new slots proposed in this bill.

Thank you for your consideration and I am available to answer any questions you may have in regards to what this initiative means to the South Street Headhouse District.