



June 19, 2018

Dear Members of City Council,

PACDC supports Bill No. 180261 and hopes we can count on your yes vote when it is offered for final passage this Thursday, June 21<sup>st</sup>.

Introduced by Councilman Henon and with a friendly floor amendment by Councilman Green, the bill would create five new slots in the CDC Tax Credit program *unless* the Administration makes \$500,000 in grant funds available each year for CDCs that would otherwise qualify for the Tax Credit program. The existing 40 slots in the CDC Tax Credit program would be unaffected, so this results in a net increase in funding to CDCs by \$500,000 each year.

The CDC Tax Credit program has been an enormous success in Philadelphia. It is the reason why our city has such a vibrant, strong network of CDCs in every kind of neighborhood: from regional destination corridors like Chinatown, to middle neighborhoods like Tacony, from low-income neighborhoods like Nicetown, to West Philadelphia where small businesses face gentrification pressure and rising rents. Every neighborhood can benefit from a non-profit CDC whose mission is entirely focused on that specific community, and which deploys the right strategies for each neighborhood to provide economic opportunity and activity.

The grant program that would be created as a result of Bill No. 180261 reflects a new approach that gives the Administration flexibility in determining which CDCs get funded, the size of the grant, and for how many years a CDC receives funds. While this does not afford CDCs the same stability, longevity, and opportunities as the existing 10-year CDC Tax Credit program, it represents a significant new investment in our communities. Grant funds can be used to support CDCs that have been unable to get into the Tax Credit program, or have lost their Tax Credit slots, because they cannot find corporations with enough tax liability to participate. Smaller, newer CDCs could benefit from a more modest grant to help them grow. By tying funding of the grant program to a trigger that five new tax credit slots would open up without it, it guarantees that at least \$500,000 more is made available each year.

PACDC hopes to work with City Council and the Commerce Department as the rules for the grant program are crafted to ensure it provides the same flexibility and support for strong organizational development that has been the hallmark of the CDC Tax Credit program. We are grateful to the members of the Finance Committee—Councilmembers Squilla, Greenlee, Bass, Reynolds Brown, Oh, Domb, and Parker—that voted in favor of Bill No. 180261 prior to amendments, to Councilman Henon for introducing the legislation, to Councilman Green for

floor amendments that create the grant program, and to former Councilman Wilson Goode Jr. who created the Tax Credit program.

A strong city relies on of strong CDCs that advance vibrant, effective strategies to create economic opportunity at the neighborhood level, supporting small businesses and job-seekers that need extra support to be successful. The combination of the existing CDC Tax Credit program and the new grant program is an investment in a more equitable Philadelphia.

**Regards,**

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