



**Maximizing Adaptive Reuse:
A Comprehensive Approach for
Pennsylvania Municipalities**
#18

Introduction

In the pursuit of sustainable development, the adaptive reuse of land and buildings has emerged as a pivotal strategy, fostering community revitalization, historic preservation, and efficient land utilization. Pennsylvania municipalities can significantly enhance the success of adaptive reuse projects through a comprehensive understanding and strategic implementation of planning tools, developer negotiations, zoning regulations, subdivision and land development ordinances, and use of special financing districts.

This tech sheet provides an overview of the diverse planning tools available to Pennsylvania municipalities, emphasizing the integration of adaptive reuse principles and considerations for establishing funding districts.

Municipalities should proactively review and modify their comprehensive plans, zoning ordinances, and land development tools to facilitate adaptive reuse projects. Through a combination of mechanisms, Pennsylvania municipalities can unlock the economic, social, and environmental benefits of reusing or repurposing existing assets. The synergy of these planning tools not only promotes sustainable development, but also positions municipalities at the forefront of innovative and adaptive community growth.

I. Comprehensive Planning:

Comprehensive planning serves as the foundational element for successful adaptive reuse initiatives. Municipalities must revisit and update their comprehensive plans to incorporate adaptive reuse goals and strategies. This involves recognizing underutilized areas, identifying properties and districts ripe for redevelopment, assessing the redevelopment potential of land and buildings, and outlining a vision for sustainable redevelopment. The comprehensive plan should act as a flexible roadmap, accommodating changing community needs and economic conditions over the long term.

References:

- Pennsylvania Municipalities Planning Code
<https://dced.pa.gov/download/pennsylvania-municipalities-planning-code-act-247-of-1968/>
- PA Department of Community and Economic Development (DCED) Planning Series 03: The Comprehensive Plan in Pennsylvania
<https://dced.pa.gov/download/planning-series-03-the-comprehensive-plan-in-pennsylvania/>

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II. Zoning Modifications:

Zoning regulations wield substantial influence over the built environment and should allow flexibility for adaptive reuse. To foster adaptive reuse, municipalities should consider revising zoning ordinances to allow a broader range of uses within specific zones. Strategies include implementing mixed-use zoning or creating overlay districts that encourage adaptive reuse. The flexibility of zoning codes is crucial to accommodating the unique demands of adaptive reuse projects, promoting innovation and diverse redevelopment options.

Resources:

- PA DCED Planning Series 04: Zoning
<https://dced.pa.gov/download/planning-series-04-zoning/>
- PA DCED Tip Sheet – Overlay Zoning
<https://dced.pa.gov/download/tip-sheet-overlay-zoning/>
- PA DCED Tip Sheet – Zoning Ordinance Amendment Procedures
<https://dced.pa.gov/download/tip-sheet-zoning-ordinance-amendment-procedures/>

III. Subdivision and Land Development Ordinances:

Streamlining subdivision and land development ordinances is pivotal in expediting the approval process for adaptive reuse projects. Municipalities should review and modify these ordinances to align with the goals of adaptive reuse, which may involve addressing issues such as parking requirements, setback regulations, and design standards. Simplifying procedures and reducing bureaucratic hurdles also can help create an environment conducive to developers undertaking adaptive reuse opportunities.

Resources:

- PA DCED Planning Series 08: Subdivision and Land Development in Pennsylvania
<https://dced.pa.gov/download/planning-series-08-subdivision-and-land-development-in-pennsylvania/>
- PA DCED Tip Sheet – Subdivision & Land Development
<https://dced.pa.gov/download/tip-sheet-subdivision-land-development/>



IV. Developer Negotiations:

The success of adaptive reuse projects often hinges on effective negotiation between municipalities and developers. Municipalities can incentivize developers by offering a range of benefits, such as tax breaks, density bonuses, or streamlined permitting processes. Establishing a collaborative relationship between public and private stakeholders is essential for overcoming challenges associated with adaptive reuse projects. This collaboration can lead to innovative solutions, turning potential hurdles into successful outcomes.

Resources:

- PennDOT Connects Developer Negotiation Online Training
<https://www.dot.state.pa.us/public/Bureaus/press/Connects/Training/Developer-Negotiation-Output/story.html>
- PennDOT Connects Discussions with Developers Drop-In
<https://register.gotowebinar.com/recording/1458389357618114478>

V. Traffic Impact Fees in Adaptive Reuse:

Transportation impact fees are a funding mechanism permitted by the Pennsylvania Municipalities Planning Code (MPC). Fees can be assessed to new development in proportion to its impact on transportation—the traffic the development is expected to generate during peak commuter periods. Funds collected are used to improve roadways used by development-related traffic, enabling Pennsylvania municipalities to provide adequate infrastructure to support economic growth and development.

The MPC serves as a foundational resource, guiding municipalities in the establishment and modification

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Challenges?

Community
Engagement?

Transportation?

Feasibility?

Sustainability?

Partnerships?

Good projects?

Timeframes?

Codes?



Mix of uses?

Working with local
government?

of zoning ordinances, including considerations for transportation planning. Practitioners also can reference PennDOT Publication 639: Transportation Impact Fees – A Handbook for Pennsylvania’s Municipalities.

Resources:

- PennDOT Connects Online Training – Transportation Impact Fees
https://www.dot.state.pa.us/public/Bureaus/press/Connects/Training/Transportation_Impact_Fees/presentation_html5.html
- PA DCED Tip Sheet – Transportation Impact Fees
<https://dced.pa.gov/download/tip-sheet-transportation-impact-fees/>
- PennDOT Publication 639: Transportation Impact Fees – A Handbook for Pennsylvania’s Municipalities
<https://www.dot.state.pa.us/public/PubsForms/Publications/PUB%20639.pdf>

VI. Special Purpose Taxing Districts:

In Pennsylvania, several special purpose taxing districts and incentive programs can be utilized to promote adaptive reuse, fostering community revitalization, and encouraging investment in underutilized areas. Below is a summary of some key programs.

Special purpose taxing districts and incentive programs in Pennsylvania play a crucial role in promoting adaptive reuse by providing financial incentives, tax breaks, and infrastructure support. Municipalities can strategically leverage these programs to encourage developers and investors to undertake adaptive reuse projects,

contributing to community revitalization, and sustainable development.

Tax Increment Financing (TIF):

TIF allows municipalities to earmark the incremental increase in property tax revenues resulting from increased property values within a designated district. TIF can be applied to finance public infrastructure improvements that enhance the viability of adaptive reuse projects.

Resources:

- PA DCED Tax Increment Financing (TIF) Guarantee Program
<https://dced.pa.gov/programs/tax-increment-financing-tif-guarantee-program/>
- FHWA Every Day Counts Value Capture: Tax Increment Financing (TIF)
https://www.fhwa.dot.gov/ipd/pdfs/value_capture/value_cap_faq_tif_march_2021.pdf

Keystone Opportunity Zones (KOZ):

KOZs are designated areas where businesses can operate virtually tax-free for a specified period. This includes exemptions from state and local taxes. KOZs can incentivize developers to undertake adaptive reuse projects by offering significant tax benefits, thereby reducing the financial burden.

Resource:

- PA DCED Keystone Opportunity Zones (KOZ)
<https://dced.pa.gov/business-assistance/keystone-opportunity-zones/>

Local Economic Revitalization Tax Assistance (LERTA):

LERTA provides a temporary tax abatement on improvements to properties located within designated districts, gradually phasing in property tax increases over a set period. LERTA can encourage the redevelopment of blighted or underutilized properties by providing a tax incentive for improvements, making adaptive reuse projects more financially attractive.

Resource:

- Local Economic Revitalization Tax Assistance Act
<https://www.legis.state.pa.us/WU01/LI/LI/US/HTM/1977/0/0076..HTM?23>

Transit Revitalization Investment Districts (TRID):

TRIDs aim to encourage development near transit stations by offering tax incentives, infrastructure improvements, and streamlined regulatory processes. TRIDs can promote adaptive reuse near transit hubs, enhancing accessibility and encouraging sustainable development practices.

Resources:

- PennDOT Connects Online Training – Transit Revitalization District (TRID)
https://www.dot.state.pa.us/public/Bureaus/press/Connects/Training/TRID/presentation_html5.html
- Transit Revitalization Investment District Act – Omnibus Amendments
<https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2016&sessInd=0&act=151>

Historic Preservation Tax Credits:

The federal government and the state of Pennsylvania offer tax credits for the rehabilitation of historic buildings, encouraging the preservation of architectural and cultural heritage. Developers engaging in adaptive reuse of historic structures can benefit from these tax credits, providing financial incentives for preserving the character of older buildings.

Resource:

- Federal Rehabilitation Investment Tax Credit
<https://www.phmc.pa.gov/Preservation/tax-credits/Pages/Federal-Tax-Credits.aspx>

- PHMC Pennsylvania Historic Preservation Incentive Tax Credit Program
<https://www.phmc.pa.gov/Preservation/tax-credits/Pages/State-Tax-Credits.aspx>

Neighborhood Improvement Zones (NIZ) and City Revitalization and Improvement Zones (CRIZ):

NIZs and CRIZs aim to spur economic development in designated zones by allowing certain state and local taxes generated within the zone to be redirected to finance development projects. These zones can attract investment to distressed areas, supporting adaptive reuse projects through a combination of tax incentives and targeted funding.

Reference:

- PA Department of Revenue, Neighborhood Improvement Zone
<https://www.revenue.pa.gov/IncentivesCreditsPrograms/NIZ/Pages/default.aspx>

Business Improvement Districts (BID):

BIDs are special purpose taxing districts created by municipalities to fund and oversee improvements within a designated commercial area. While not a tax incentive in the traditional sense, BIDs can be a powerful tool for promoting adaptive reuse and overall economic development and can complement other incentive programs. For instance, they may work in tandem with tax abatement programs like LERTA or historic preservation tax credits, providing a holistic approach to supporting adaptive reuse. BIDs are established to enhance the economic vitality and overall environment of a commercial district. Property owners within the district agree to pay additional assessments to fund various improvements and services. BIDs can actively contribute to the success of adaptive reuse projects by funding improvements that make an area more attractive and accessible. For example, streetscape enhancements, public spaces, and marketing efforts can create an environment conducive to adaptive reuse.

Reference:

- Neighborhood Improvement District Act
<https://www.legis.state.pa.us/WU01/LI/LI/US/HTM/2000/0/0130..HTM>