

— PENNSYLVANIA. BUILT TO ADVANCE. —



# Keystone Opportunity Zone Program

*Revitalizing the Blight & Creating Opportunities in Your Communities*

## Program Impact 2011-2014



**Commonwealth of Pennsylvania**

Tom Wolf, Governor

**Department of Community & Economic Development**

Dennis M. Davin, Secretary



**pennsylvania**  
DEPARTMENT OF COMMUNITY  
& ECONOMIC DEVELOPMENT

[www.newPA.com](http://www.newPA.com)



FOR THE  
**PERIOD**

*from*

**2011-2014,**  
KOZ BUSINESSES



**CREATED**

**63,621**

⇒ **JOBS** ⇐

**RETAINED**

**43,417**

⇒ **JOBS** ⇐

There was more than \$5 billion of private capital invested in KOZ properties throughout the commonwealth.





# Program Overview

The Keystone Opportunity Zone (KOZ) program is a unique program designed to develop a community's underutilized land and buildings.

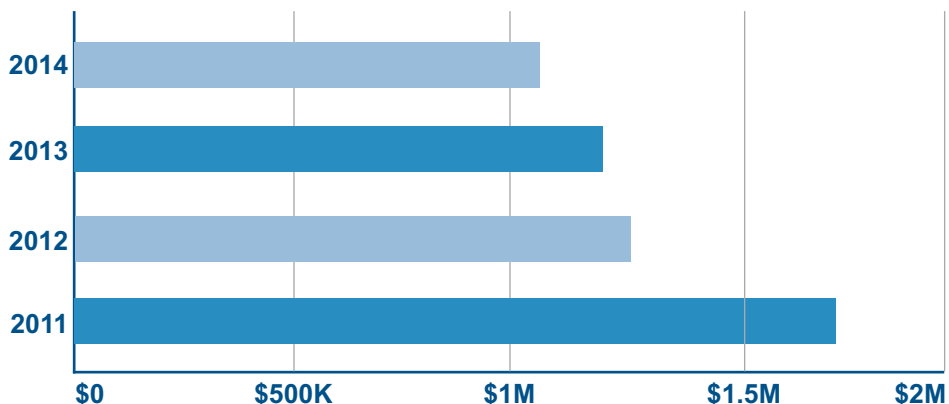
**CREATED**  
*in*  
**1998**

*Promotes*  
business districts and a well-balanced approach to community revitalization

LOCAL TAXING BODIES *are realizing the*  
**RETURN**  
*on their*  
**INVESTMENTS**

**ORIGINAL DESIGNATIONS**  
*expired in*  
**2010 and 2013**

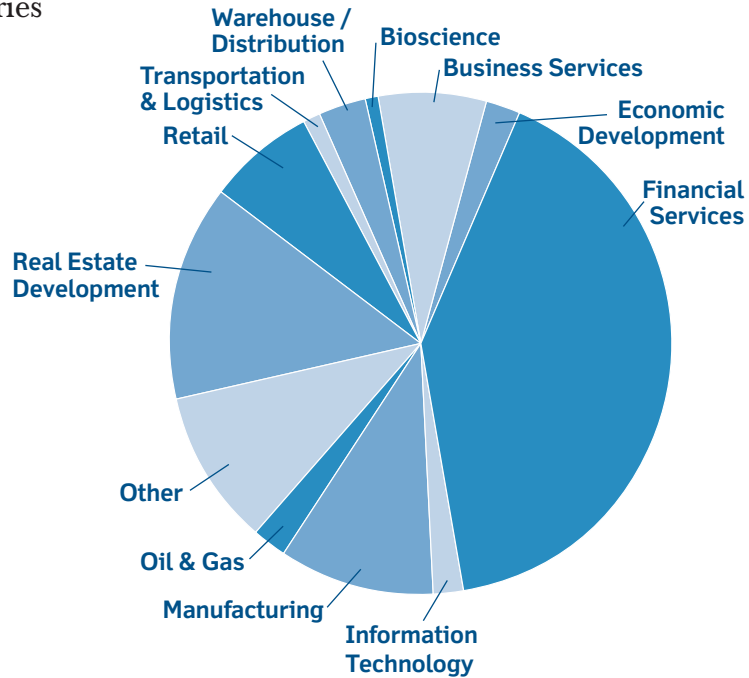
## KOZ Statewide Capital Investment



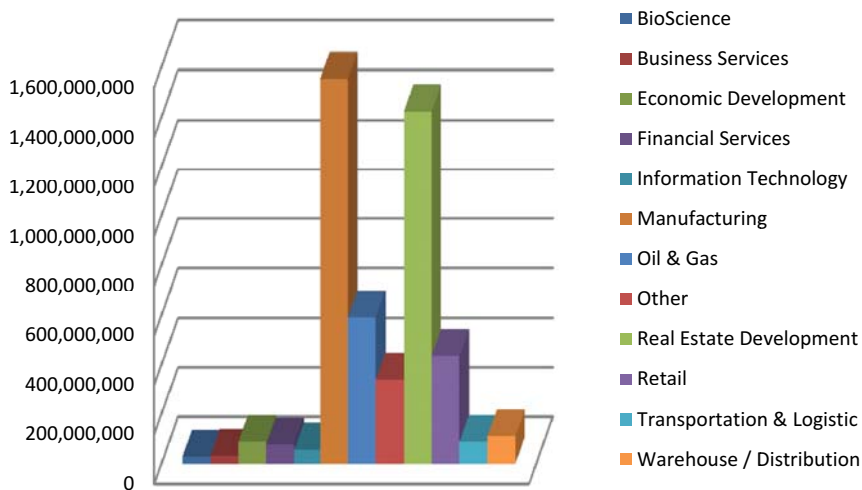


# Economic Impact

## Statewide KOZ Industries



## KOZ Investment by Industry





# Lehigh Valley

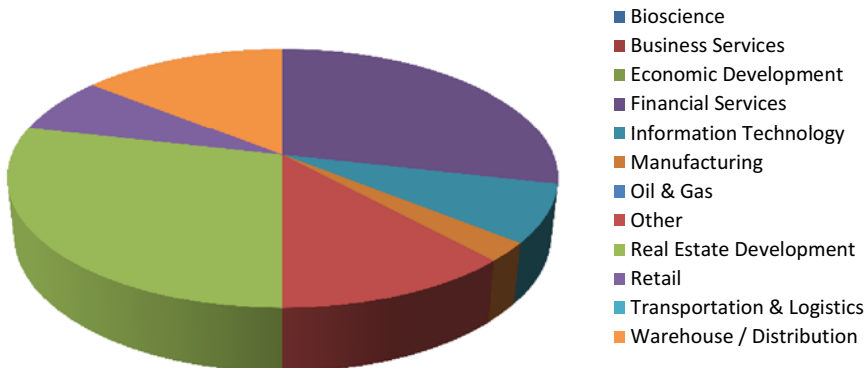
## Current Real Estate Taxes



Lehigh County's developed KOZ sites are producing significant tax revenues.  
*Prior to the KOZ designations, in the aggregate, these properties generated nearly no tax revenues.*

Development	School District			County	Total
PPL Plaza	\$ 215,146	\$ 945,452	\$ 216,377		\$ 1,376,975
Butz Corp Center	\$ 49,973	\$ 193,102	\$ 46,580		\$ 289,655
Center Square Building	\$ 10,310	\$ 25,097	\$ 5,743		\$ 41,150
Bridgeworks	\$ 10,931	\$ 51,831	\$ 11,862		\$ 74,624
Bridgeworks Industrial Center	\$ 19,605	\$ 38,335	\$ 8,773		\$ 66,713
Townes at Trexler Square	\$ 9,536	\$ 45,208	\$ 10,349		\$ 65,093

## Lehigh Valley KOZ Industries





# Schuylkill / Carbon

## Current Real Estate Taxes



Prior to development, there was no property tax being generated.  
In 2014, real estate taxes were \$978,393.



Schuylkill County \$202,368

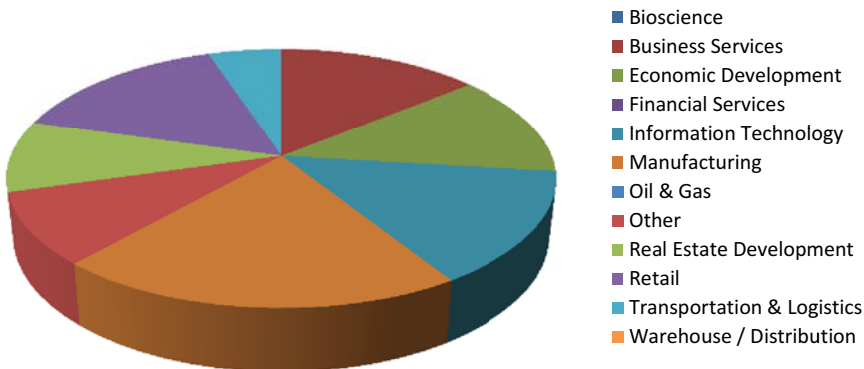
Butler Township \$154,563

North Schuylkill SD \$621,462



*Walmart Distribution Center, located in Schuylkill County.*

## Schuylkill/Carbon KOZ Industries







*Walmart Distribution Center, located in Schuylkill County.*

*"...What this program has provided for our school district has been overwhelming. It provided jobs for our residents, it has allowed properties that were once vacant to be inhabited again, and has provided our District with tax revenue that has assisted us in balancing our budget through difficult times when state funding for education was either reduced or flat funded.*

*What it has also created that many people do not see? The community outreach and service that is provided by the Walmart Corporation and the employees of the distribution center when called upon for help. They have assisted with many projects in our communities through donations of supplies or time for many programs or non-profit entities as well as man-power for updating building recreational spaces for children. Access to many of the programs that Walmart has through grants, and so much more. These are just some of the things that have happened for our district and our communities, all of which would not have been possible without the creation of the KOZ."*

*— Charles Hepler, President, North Schuylkill School Board*



# Northern Tier

## The Sayre Incubator

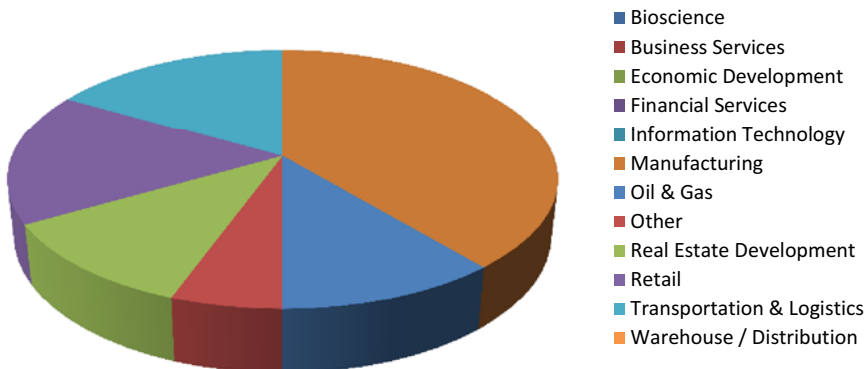
The Sayre Incubator, also known as the Enterprise Center, is a nonprofit business incubator located in Sayre, Bradford County. Established in 1997, the incubator has become financially independent over the years by paying off debt while also being an extremely viable option for business startups in the area. The 145,000-square-foot incubator has served over 20 businesses with more than 100 employees. Designated in 2001, the KOZ designation played a critical role in the success of the Enterprise Center, providing the resources to make necessary renovations and attracting businesses to the site.



Old assessment (*before KOZ*)      \$231,650

New assessment (*after KOZ exp*)      \$319,150

## Northern Tier KOZ Industries







# North Central

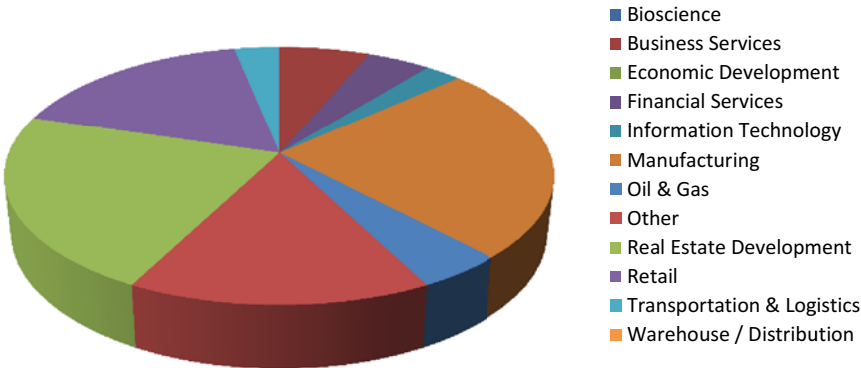
Throughout the entire North Central region, KOZ designations have served as incubators of sorts. These sites have afforded widespread business development throughout their respective communities.

County	Taxes Before KOZ	Taxes After KOZ
Cameron	\$ 5,270.74	\$ 219,169.14
Clearfield	\$ 55,037.33	\$ 828,675.09
Elk	\$ 172,273.80	\$ 320,869.34
Jefferson	\$ 271,729.26	\$ 338,234.03
McKean	\$ 24,418.44	\$ 143,387.37
Potter	\$ 57,379.70	\$ 84,208.86
<b>TOTAL</b>	<b>\$ 586,109.27</b>	<b>\$ 1,934,543.83</b>



**Increase in Taxes = \$ 1,348,434.56**

## North Central KOZ Industries





# Philadelphia

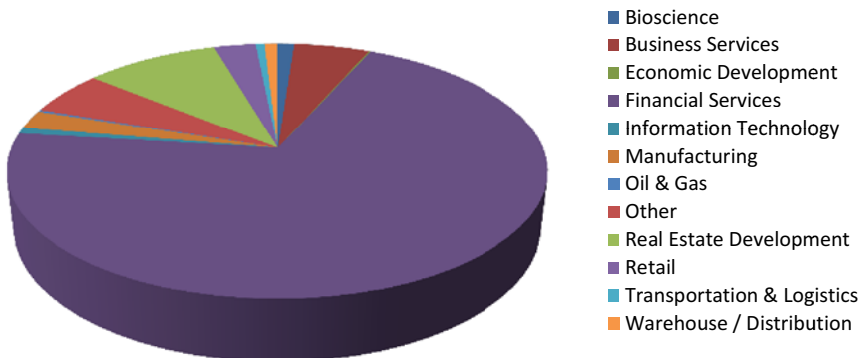
Since the inception of the KOZ program, the City of Philadelphia has experienced significant development and job creation/retention throughout the City. Most notably is the former Philadelphia Northeast Airport site. This 80-acre city-owned sludge dumping site located in Northeast Philadelphia has become a fully developed thriving industrial complex. The parent company of TJ Maxx and Marshalls, TJX built their one-million-square-foot Northeast distribution center.

Philadelphia was not on the company's list of possible locations until the company learned of the KOZ. Following the development of the TJX distribution center, Southwark Metal Manufacturing Company and the Jewish Educational Vocation Services built facilities at the site. The 80-acre former dumping ground now consists of 1.5 million square feet of new construction that created 1,600 new jobs and retained another 250. The new assessment of the site is valued at \$70M.



*The Northeast Philadelphia Airport Industrial Park.*

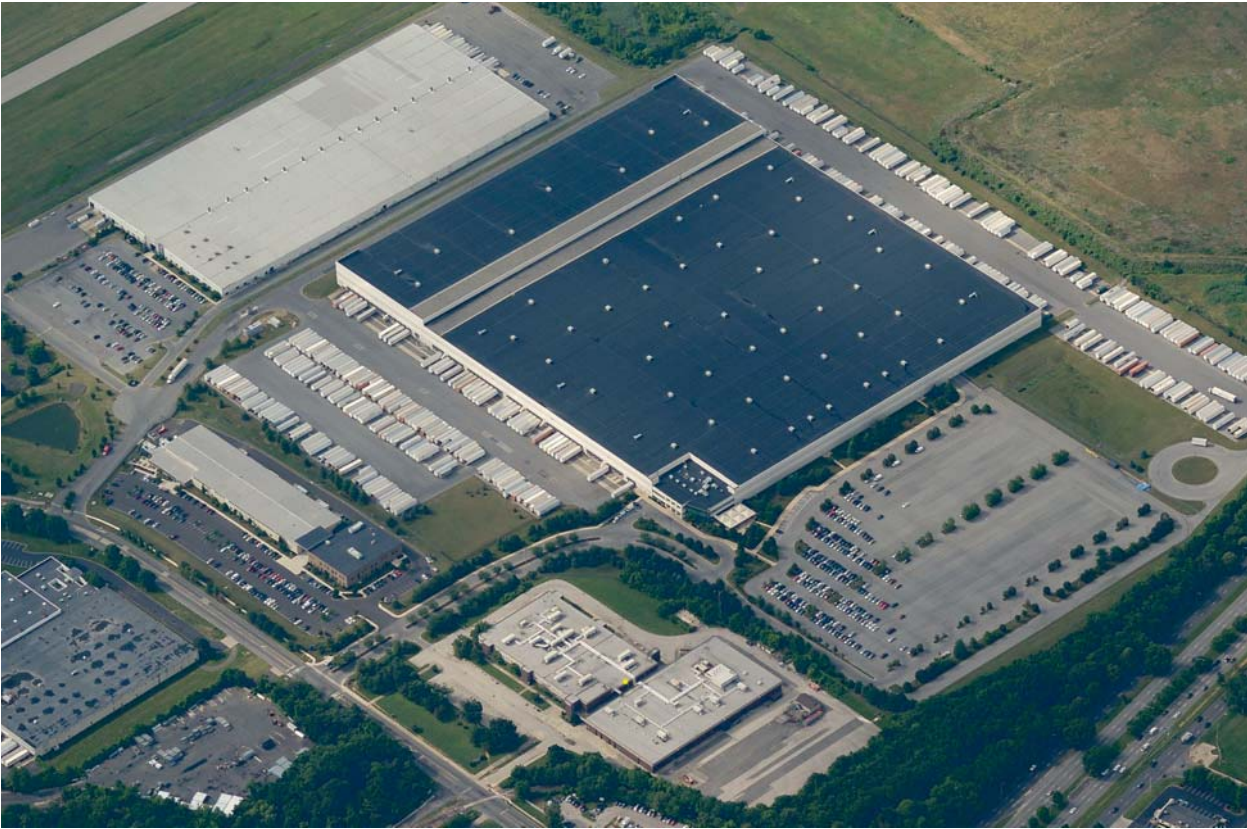
## City of Philadelphia KOZ Industries



# Philadelphia Assessments on Expired KOZ Properties



	Upon Designation	Year 2014	Assessor
KOZ 1998	\$ 37,355,884	\$ 354,687,000	
KOEZ 2001	\$ 39,611,320	\$ 104,599,000	
Total	\$ 76,967,204	\$ 459,286,000	



The Northeast Philadelphia Airport Industrial Park.



# Southern Alleghenies

With development projects such as the Omni Bedford Springs Resort, Recreational Equipment, Inc.'s (REI) Distribution Center and the Walter Business Park, the Southern Alleghenies Region saw a \$60M increase in assessed values in the expired KOZ properties.

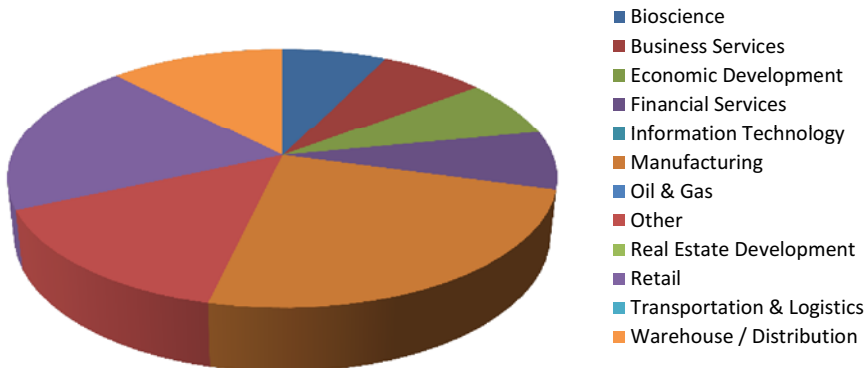


*Before, Walter Business Park, Blair County*



*After, Walter Business Park, Blair County*

## Southern Alleghenies KOZ Industries



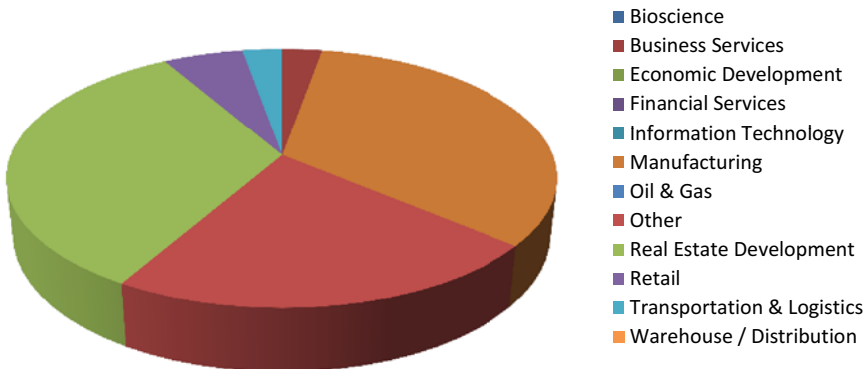


# South Central

## KOZ Impact

County	Beginning Assets	Beginning Liabilities	Ending Assets	Ending Liabilities
Dauphin	\$ 41,567,680.00	\$ 25,952.96	\$ 33,185,000.00	\$ 141,705.23
Franklin	-		\$ 956,070.00	-\$ 113,492.20
Lebanon	\$ 161,500.00	\$ 33,094.11	\$ 5,308,800.00	\$ 163,679.29
York	\$ 27,204,830.00	\$ 477,031.92	\$ 38,124,431.00	\$ 1,852,957.04
Total	\$ 68,934,010.00	\$ 536,078.98	\$ 77,574,301.00	\$ 2,271,833.76

## South Central KOZ Industries





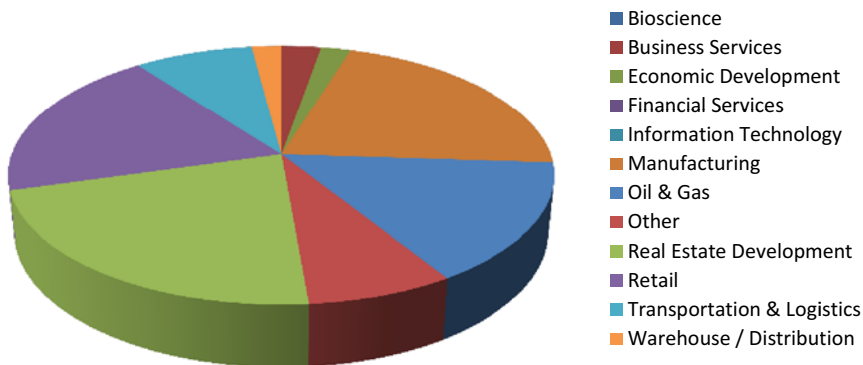
# Central PA

## KOZ Impact

The Central PA region has realized significant benefits from their expired KOZ's.

	Before KOZ	After KOZ	Assessment Before KOZ	Assessment After KOZ	Taxes After KOZ
<b>COLUMBIA COUNTY</b>					
Berwick Boro	\$ 671,544	\$ 1,324,319	\$ 25,882		\$ 91,830
Briar Creek Boro	\$ 262,441	\$ 10,682,560	\$ 8,679		\$ 628,882
Bloomsburg	\$ 29,879	\$ 387,947	\$ 1,061		\$ 24,057
<b>CENTRE COUNTY</b>					
Rush Township	\$ 45,170	\$ 2,391,685	\$ 1,522		\$ 142,184
<b>JUNIATA COUNTY</b>					
Fermanagh	-	-	\$ 82.53		\$ 12,423
<b>CLINTON COUNTY</b>					
County	-	-	\$ 1,742		\$ 11,441
Renovo Boro	-	-	\$ 1,930		\$ 21,209
Keystone Central SD	-	-	\$ 4,486		\$ 25,891

## Central PA KOZ Industries







# Southeast

Berks County in the Southeast Region has experienced tremendous increases in the assessments of their expired KOZ properties. At the time the KOZs were designated, the combined assessments totaled \$2,030,200. Upon expiration in 2013, those properties were assessed at \$41,346,400 based on the 2014 tax rate. These new assessments generated a total of \$1,653,070 in new taxes to the city, county, and school districts.

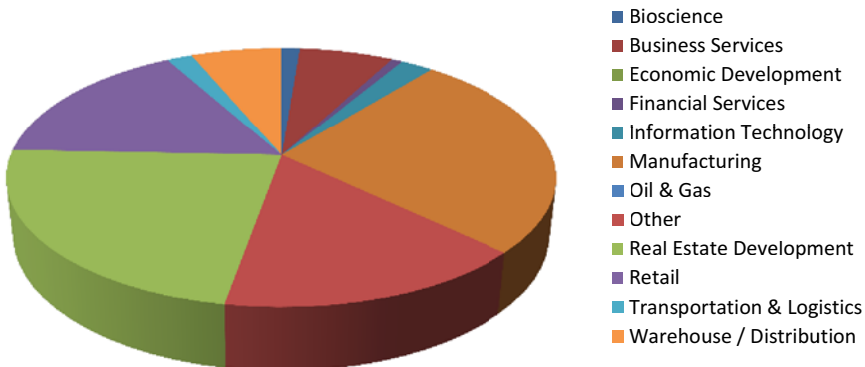


*Before, Entertainment Square, Berks County*



*After, Entertainment Square, Berks County*

## Southeast KOZ Industries





# Southwest

Penn Machine Company and WyoTech school campus were among KOZ properties that returned to the tax rolls in 2011 in Indiana County. This added \$174,000 per year to the tax revenue of the Blairsville-Saltsburg School District. These properties were located in the Corporate Campus business park. At the beginning of the KOZ, they had a combined assessed value of \$63,590. The properties are currently assessed at \$1,383,420. Additionally, Burrell Township has had 11 properties exit the KOZ program. The new assessed value of the properties totals more than \$3 million.

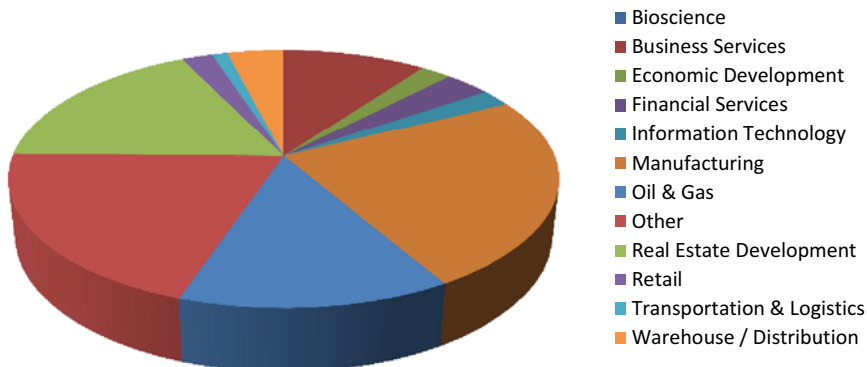
—— “ ——

*“When you look at the Corporate Campus and you look at the Commerce Park and Indian Springs development, there's no doubt that not only has there been a high level of job creation, but now that those properties are on the tax rolls and paying a full property tax, the abatement of those areas would have been just vacant land, has more than been paid back to the local governments by a significant magnitude.” There was very little sacrifice in implementing those abatements, but there's been a tremendous reward.”*

— Joe Pittman, chief of staff for state Sen. Don White (R-Indiana)

—— ” ——

## Southwest KOZ Industries





# Northwest

KOZs attracted development by businesses such as Universal Well Services, Inc., Emiclare Investments, LLC, Chipblaster Holdings LLC and J&M Manufacturing Co., Inc.



## Crawford County

## New Taxes

Vernon Twp

\$ 86,724

Greenwood Twp

\$ 124,237

## Butler County

## New Taxes

County

\$ 240,722

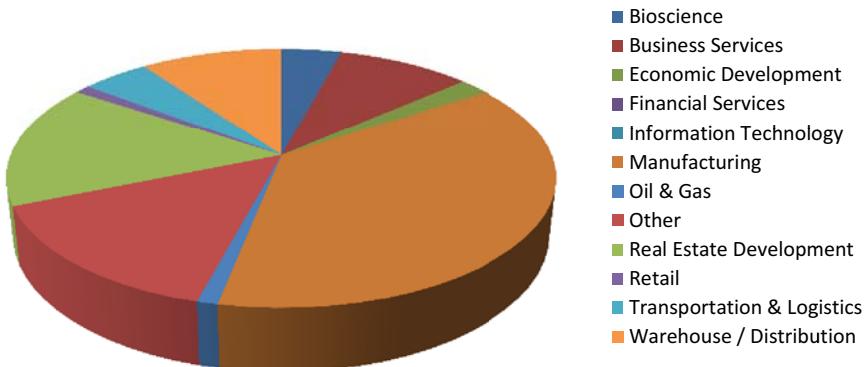
Township

\$ 46,526

School District

\$ 44,132

## Northwest KOZ Industries



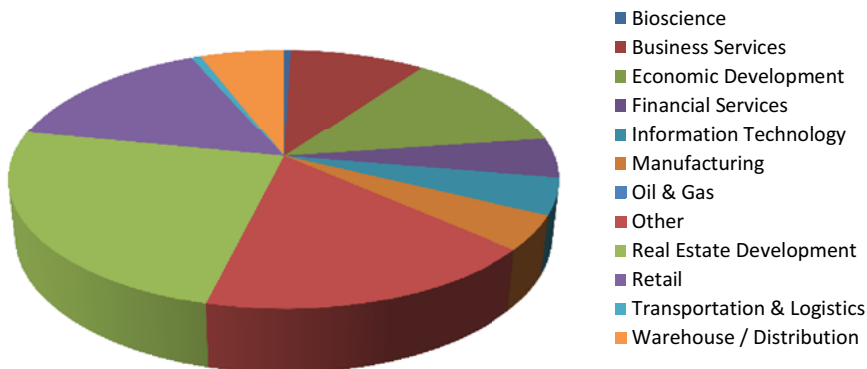


# Lackawanna/Luzerne

Greater Hazleton-based CANDO, Inc., developed the Humboldt Industrial Park, which consists of just over 2,750 acres and spans more than two counties. When the KOZ program began in 1999, there were 960 acres of the park designated. Those KOZ properties were assessed at \$120K and generated \$20K in tax revenues.

Hazel Township in Luzerne County possesses more than half the KOZ-designated properties of the industrial park. As of 2013, 216 acres expired and are currently assessed at \$95M. The county, township, and school district are now receiving \$1.5M in tax revenues from those expired properties.

## Lackawanna/Luzerne KOZ Industries





# Testimonies

“

*“The Keystone Opportunity Zone program in the City of Reading has been a tremendous success! The KOZ has resulted in new manufacturing facilities, state-of-the-art office buildings, and an arts and entertainment district. Over \$100 million in investment was generated as a direct result of the KOZ. Construction in the KOZ resulted in close to a \$40 million increase in assessed value for the properties that expired in 2013. In addition, Reading was able to retain/create over 2,000 jobs during the KOZ period, and those jobs remain today. The KOZ played a significant factor in the redevelopment efforts of the City of Reading, and the benefits of the program will continue for many years in the future.”*

— Mr. Albert Boscov, Chairman,  
Boscov’s Department Stores

”

*“The Keystone Opportunity Zone Program was the single largest decision driver as Marshalls/TJ Maxx sought to locate a new, one-million-square-foot distribution center in the City of Philadelphia. This project put a vacant city-owned property back to productive use, created much-needed family sustaining jobs for over 1,500 local residents and continues to contribute significantly to the city’s overall financial well-being.”*

— Rob Dubow, Director of Finance, City of Philadelphia

*“When KOZ began, we started with 102 acres in the Elk Haven Industrial Park. With the exception of approximately 12 acres left to develop, the Industrial Park is almost fully developed. More importantly, all developed properties are occupied by operating businesses. We believe the KOZ program is the main reason the Elk Haven Industrial Park has seen so much growth since its start.”*

— Michael J. Delullo, Owner,  
Delullo Real Estate Development Company

*“It seems risky when these areas are created and dedicated for tax relief and you wait for the property to become taxable, however with maintaining relationships with the entities and a line of communication they stay in the area. For our district the gamble paid off and we now have a premier corporation within our boundaries and hope that they will stay for many years. The relationship that we have forged has proven to be fruitful and allows us to continue to provide an educational experience that is second to none amongst our area schools. We would like to see other businesses take advantage of this program within our boundaries in the future. We have supported the KOZ program, and it has been beneficial to our operation.”*

— Charles Helper, President, North Schuylkill School Board

## DCED Team

### Tara L. Santore

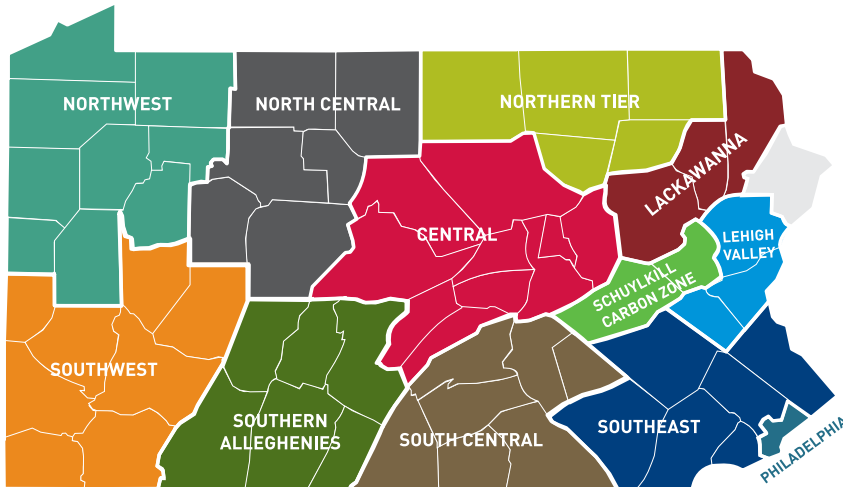
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12/29/2015