

STATE MULLS TAX CREDITS, EXEMPTIONS FOR SHOPPING MALL CONVERSIONS



By Anthony Hennen, The Center Square Today's decrepit shopping malls may become tomorrow's mixed-use communities. Making the conversion happen, though, could be driven

by state grants, tax abatements and credits.

A proposed bill, House Bill 1799, would create tax credits and abatements, a grant program, and an outreach program to encourage redevelopment of decrepit shopping malls into mixed-use areas of housing and retail.

"Municipalities deserve a fair shot at redeveloping outdated properties," Rep. Joshua Siegel, D-Allentown, wrote in a legislative memo. "Pennsylvania has a need for quality and affordable housing, this bill provides options to help solve these challenges."

Nationally, mall developments tend to be either mixed-use for housing and retail, or they become office space. Shifting shopping patterns from in-person to online have undercut some brick-andmortar malls. After a zoning change in suburban Philadelphia, the Oxford Valley Mall in Middletown began a partial redevelopment for a planned 600-apartment complex.

A number of successful mixed-use redevelopments have grabbed attention even before the pandemic, from Colorado to North Carolina and Virginia. But the bigger the mall, the higher the cost — and risk — of converting them to other uses. And ownership complexity can make redevelopment difficult — some anchor retailers may own part of a mall, while other owners control other lots.

HB1799 would create a Mixed-Use Redevelopment Board "to provide guidance and best practices" for redevelopment, and local taxing authorities would have the power to grant a tax exemption or provision.

Municipalities, school districts, and counties could offer up to a 10-year tax exemption for redevelopment.

In rural, suburban, and urban Pennsylvania, housing prices have been an issue. Some experts estimate that the commonwealth is short almost 100,000 housing units, driving up rents and making it harder to encourage population growth.

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