



**Aviation Advisory Committee**

# **"Hangar Development"** **subcommittee**

***Update to Members***

**June 10, 2021**

# Executive Summary

## ***How do support hangar development in a safe and economically viable way?***

- We have heard ***hangar development is “challenging” despite solid demand***
- The Uniform Construction Code (UCC) in aviation is an issue... ***but we suspect it’s not the main or only one***
- The Aviation Advisory Committee (AAC) has commissioned a ***sub-committee to investigate UCC/hangar development***
- The subcommittee ***plans to secure information and insights from stakeholders*** throughout the Commonwealth
- Thereafter, the subcommittee will endeavor to ***propose a comprehensive plan to invigorate sustainable hangar development***

# Subcommittee Members

***We established an experienced, diverse and dedicated group of individuals***

	Name	Aviation Role	Functional Expertise	Home Region
	<b>Fran Strouse</b>	Director Aviation Tech Services L.R. Kimball	Engineering	FAA Eastern Region
	<b>John Mininger</b>	Chairman Bucks County Airport Authority	Pilot/GA Airports	Bucks County, PA
	<b>Andrew Allen</b>	Board Secretary & Treasurer Pitt/Butler Regional Airport	Pilot/Mktg/RE/Biz Development	Western PA
	<b>Ed Lozano</b>	Vice Chairman PA AAC	General Management	Lehigh Valley, PA
	<b>Mark Murawski</b>	Secretary – PA AAC Vice Chairman - TAC	Transportation Planning	Lycoming County, PA
	<b>BJ Teichman</b>	Airport Coordinator Town of Bloomsburg	Pilot/Airport Operations	Bloomsburg, PA
	<b>Nolan Ritchie</b>	Executive Director Senate Transportation Committee	Public Administration	Harrisburg, PA



# Subcommittee Workplan

***Our process has been focused on securing facts and insights from stakeholders***  
***We are now developing and finetuning recommendations***

## Phase I

Oct '20



### Organize Subcommittee

Recruit members

Align on objectives and plan

Hold meetings

## Phase II

Nov – Jan '21



### Conduct Situation Analysis

Interview diverse hangar construction stakeholders

Conduct a survey to try and get more quantitative data

## Phase III

Feb '21



### Extrapolate Learnings

Based on insights from interviews and survey cull out learnings

## Phase IV

Mar '21



### Formulate Recommendations

Based on learnings as well as experience develop and propose recommendations

# Situation Analysis

**We conducted a fairly comprehensive situation analysis consisting of:**

**1. Surveys of Sponsors and Pilots**



**2. Zoom interviews with diverse PA aviation stakeholders**



**3. Insights of subcommittee members and organizations**



# Economic Impact

**Hangars can drive significant economic impact to communities**



**+50%**  
of business airplanes are turboprops or smaller jets



**A SINGLE BUSINESS AIRCRAFT CAN BRING AN AIRPORT & ITS COMMUNITY \$2.5 MILLION in economic benefit.**



**>42%** of business aircraft are flown to towns with **little or no airline service**



# Hangar Demand

**There is a very strong market/demand for hangars in PA**



## Occupancy

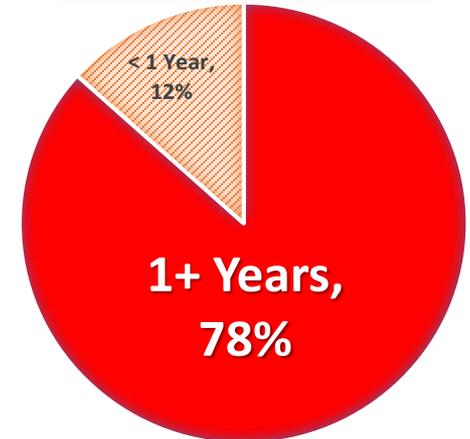


## Waiting List



- 703 PA owners on waiting list

## Wait Time



- 32% wait two years or longer



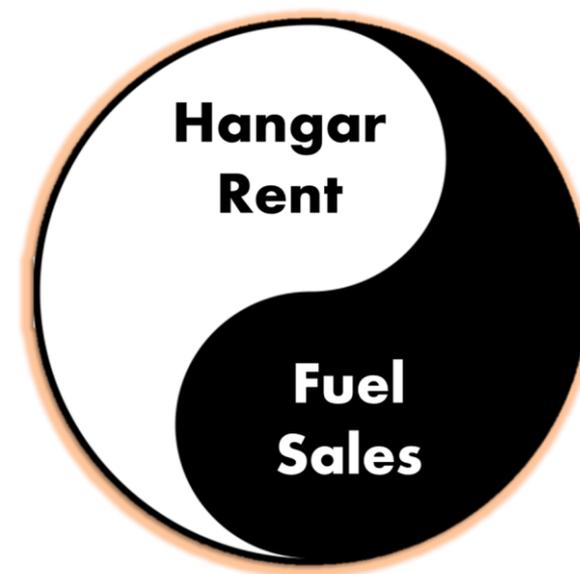
# Hangar Importance

**Hangars play a critically important role in the financials of an airport...representing 38% of their total revenue**



*In fact, a well-executed and successful hangar project can be the key to a **financially secure GA airport***

REVENUE	BUDGET	ACTUAL
Fuel sales	460,000	480,000
Hangar rent	420,000	450,000
Tiedown rent	15,000	17,800
Ground rent	90,000	93,000
Interest earnings	46,000	48,000
Property tax return	48,000	45,000
Miscellaneous	12,000	11,500
<b>TOTAL</b>	<b>1,091,000</b>	<b>1,145,300</b>





# PA Hangar Challenges

**According to sponsors, funding is the biggest obstacle to developing hangars followed by UCC application in hangar planning/construction**

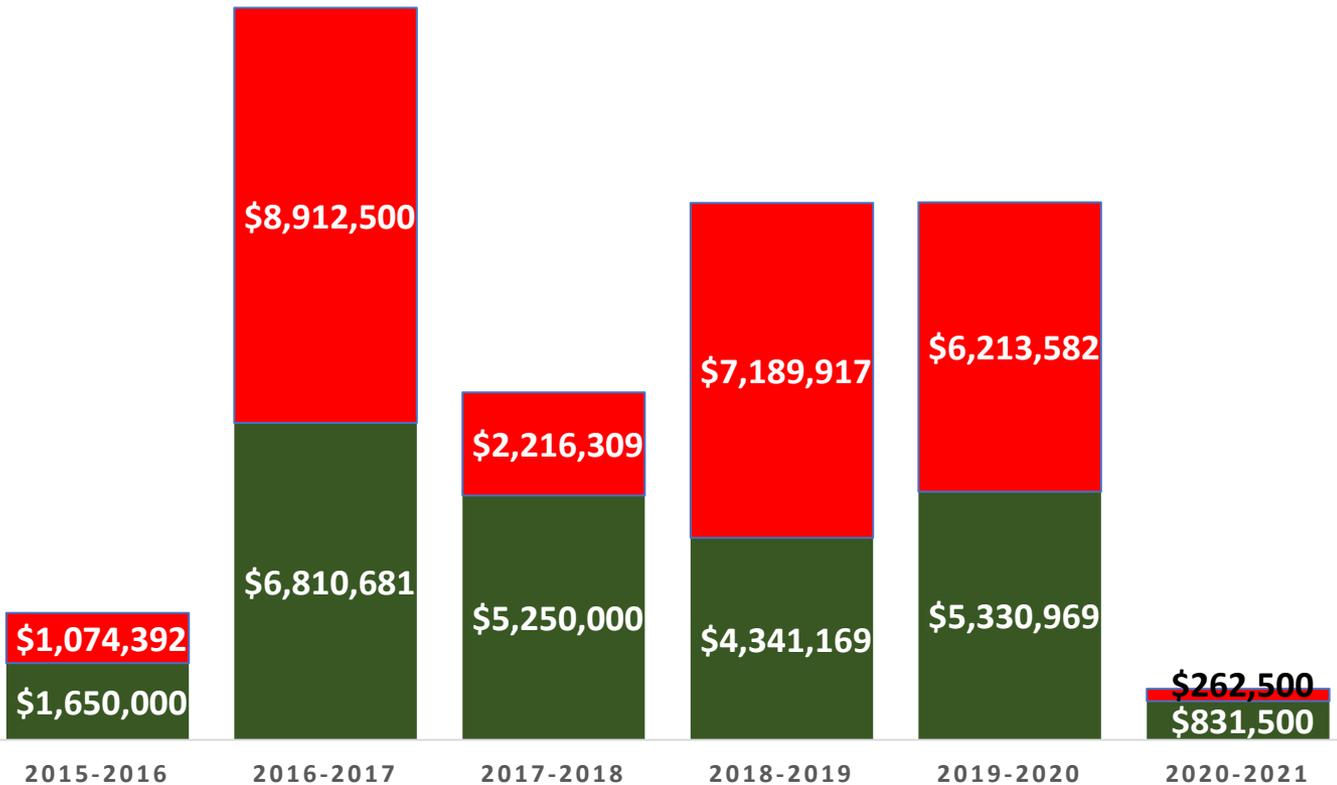
- Funding/Financing
- Grant Availability
- Universal Construction Code
- Fire Code
- Site Development (ie Storm water, utilities, etc.)
- Materials Cost (ie Steel)
- Fair Market Rent
- Developable land
- Insurance
- Lease Terms
- Inexperience in hangar development (airport, owner, engineer)

# PA Hangar Funding

**Overall, more than 50% of Hangar funding requests go unfunded every year...  
These figures DO NOT include submissions to PennDOT & DCED**

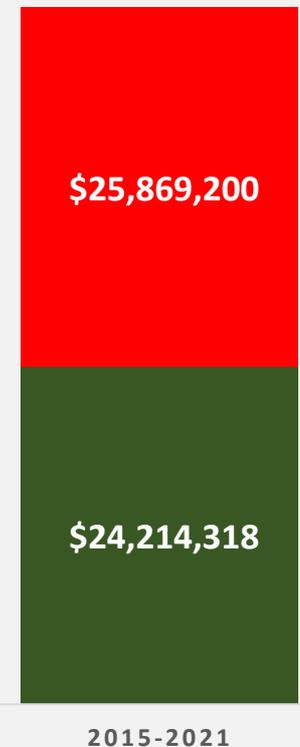
## ANNUAL HANGAR FUNDING REQUESTS

■ FUNDED ■ UNFUNDED



## CUMULATIVE 5 YEAR HANGAR FUNDING

■ FUNDED ■ UNFUNDED





# Hangar Investment Thesis

*In summary, we believe there is a strong case to increase investment in hangars*

Airports are  
important to  
communities



Hangars are  
important to  
airports



There is  
demand/need  
for more  
hangars

**BUT**

**Funding, Costs and Education are Key Challenges**



# Subcommittee Proposal

## 1. Increase annual funding / financing / support for hangar development projects

- Secure a dedicated annual budget for hangar projects (ie \$3-5MM/year)
- Increase hangar construction grant funding from 50% to 75% (dependent on increased budget)
- Secure a dedicated level of financing for hangars from PIB (ie \$XMM/year)

## 2. Reduce costs/improve efficiencies of hangar development

- Deregulate small aviation hangar construction from UCC
- Explore Hangar Development PPP opportunities
- Reduce admin expenses and redirect to aviation/hangar development (ie BLOCK admin, other)

## 3. Position hangars and GA as important economic and community development opportunities

- Partner with DCED/CFA to secure more focus and support/funding for aviation hangars
- Economic community impact data/online tool (drive completion)
- Airport Spotlight/GA Roundtable (ACP)

## 4. Explore incremental or new aviation revenue streams that can be reinvested back into GA and hangar development

- Maintain AVIATION fuel tax and increase rate along with some reasonable inflation mechanism
- Simultaneously plan for alternative fuels and electric aircraft
- Explore additional revenue measures (ie aircraft registration fee, user fee)
- Conduct a TAC study that optimizes needs and support for the long-term

# Senator Langerholc's Deregulation Bill

**Thanks to the hard work of ACP, AOPA and AAC, progress in the works  
Senator Langerholc is proposing a UCC deregulation bill**

## Current Co Sponsors

- Senator Argall
- Senator Scavello
- Senator Pittman
- Senator Yudichak
- Senator Mastriano
- Senator Stefano
- Senator Mensch

## Current Bill Language

(j) Small aircraft hangars.-- Neither this act nor any adoption of the International Building Code by a Commonwealth agency, a political subdivision or a local agency shall apply to an aircraft hangar of not more than 12,000 square feet. Aircraft hangars subject to this subsection may be preengineered or manufactured buildings and may not be occupied by an individual. This exemption shall not apply to inspections required pursuant to the International Code Council's Electrical Code or its successor codes.

# Summary

***In summary, we are transitioning to gaining alignment behind our proposals and determining best implementation***

## Analysis

Subcommittee completing its analysis

## Recommendations

Recommendations being finalized

## Next Steps

Progress underway with UCC bill as a start

Additional proposals for alignment and execution



# Questions & Answers

***Thank you for your time and consideration***

