

New Communities

Program Guidelines | August 2008

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Section I – Introduction

The New Communities Program supports three separate programs under one appropriation: the Enterprise Zone Program, the Main Street Program, and the Elm Street Program. These programs provide communities with the tools to integrate the revitalization of downtowns, surrounding neighborhoods and industrial/manufacturing areas. Complementary elements of each program have been developed to assist communities in undertaking a comprehensive approach to promote both sound land use and revitalization.

All three programs encourage development in core areas, thus helping to preserve open space and farmland. While the Main Street, Elm Street and Enterprise Zone programs address different sectors of local economies, their goals are complementary and their approach to these goals is consistent. Communities utilizing these programs are strongly encouraged to form partnerships among the organizations and the municipalities administering them. Further, if a community is interested in administering two or three of the programs, the Department expects the planning done for each program to be complementary with the other. For example, the five-year strategy for Main Street must be complementary and consistent with the five-year strategy for the Enterprise Zone and/or the Elm Street Program. Such partnerships should seek to maximize the benefits of the programs and to encourage sound community development practices.

The revitalization of our communities can create more attractive places to live, and will encourage business and job expansion and retention in Pennsylvania. The New Communities Program provides local officials and communities the needed flexibility in determining the nature of their revitalization efforts. Commercial, residential and industrial areas can be sustained and expanded through opportunities created by improved technology infrastructure that the New Communities Program will seek to assist and encourage.

The New Communities Program assists communities to incorporate sound land use policies by addressing their development needs on a community-wide basis that will manage growth, promote urban renewal, preserve local historic properties, and conserve open space and natural resources. Planning and cooperation on a regional basis is strongly encouraged and a requirement of the program.

Communities seeking “Main Street” and “Elm Street” designation will undergo a screening analysis prior to admittance to the program. This analysis will require the applicant to complete a comprehensive profile that has been developed by the Pennsylvania Downtown Center (PDC). Applicants seeking Main Street designation must complete the Central Business District Profile found in PDC’s “Getting Ready for Downtown Revitalization.” Those seeking Elm Street designation are required to complete the Residential Neighborhood Profile found in PDC’s “Elm Street Program Handbook.” These profiles can be downloaded from the PDC website at www.padowntown.org. Each profile will be made up of two parts – a technical profile and a subjective report. Both parts must be completed and submitted to the Department of Community and Economic Development (DCED) and PDC prior to consideration for admittance to either program.

DCED will review the profile to determine the best course of action for the applicant. Designation determinations will depend upon two factors. The first factor is the role the community plays within the context of its region, and the second factor is the presence of substantive assets within that community that make significant contributions to the regional economy. Examples of these assets include, but are not limited to, colleges and universities; Keystone Innovation Zone, Enterprise Zone, or Keystone Opportunity Zone designations; regional healthcare centers; county seats; tourism venues; and 21st Century / “Gazelle” Companies / high-tech business centers. (Elm Street communities may not have these assets in the project area; however, these assets should be present in proximity to the neighborhood.)

After review of the profile, the Department will work with the community and tailor assistance to meet the real needs of that community's revitalization effort and the community's ability to implement the proposed programs. This approach will encourage a community to develop at its own pace, utilizing its resources, and combining them with other resources within the immediate region.

According to the community's needs, DCED might determine that designation is not feasible and offer other options of assistance. These options can include regional programs or project assistance (facades, community art, cleanup, or other physical improvements). Technical assistance, consistent with this approach, will also be provided. This process will make applications more competitive, insure that the best "asset-based" projects are rising to the top, and focus greater resources on those communities most likely to show the greatest return on the DCED investment of state funds.

A. Guidelines Approach

In a state as large and diverse as Pennsylvania, the Department understands that no single approach or model can be optimal at all times for all communities. Therefore, the Department encourages communities to view these guidelines as suggesting an approach to structuring revitalization efforts that has been generally successful over time. However, where communities have a compelling reason for adopting alternative approaches, the Department will carefully evaluate these proposals and work with applicants to fashion a set of activities that meet the program's objectives. Communities pursuing alternative approaches are encouraged to contact Department staff in advance to discuss their proposed alternative approaches and obtain guidance through the application phase of their projects. All grants are awarded on a competitive basis and are contingent upon General Assembly approval of an annual appropriation.

B. Keystone Principles for Growth, Investment and Resource Conservation

The Department will adhere to the Commonwealth's Keystone Principles for Growth, Investment and Resource Conservation when selecting projects and awarding contracts. Project selection will support either redevelopment or concentrated development, or both. Greater consideration will be given to projects that make efficient use of infrastructure, increase job opportunities, and/or foster sustainable businesses. Every attempt will be made to make funding selections in a fair manner among geographic areas.

C. Immigrant Communities

In an effort to welcome and to integrate immigrant communities with the revitalization efforts of the Commonwealth and its municipalities, DCED encourages local governments and community-based organizations to actively engage these communities. DCED will give special consideration to applications that either include activities or describe how their municipality or organization currently takes proactive steps to integrate immigrant communities in their revitalization efforts. Activities that promote the integration of immigrant communities include, but are not limited to, projects that:

- Support community leadership training and develop the capacity of community-based organizations for project management.
- Encourage civic participation in local affairs and planning.
- Support English language acquisition.
- Support entrepreneurial assistance.

Definition of Immigrant: For the purposes of this section, "immigrant" shall also include U.S. citizens whose native language is not English.

Section II – The Main Street Program

A. Introduction

The Main Street Program provides technical assistance through the Pennsylvania Downtown Center and financial support to communities undergoing a revitalization effort in their downtowns. This program will provide funding for an activity that is specifically integral to the community's designated downtown area. Funding is available to communities that want to administer a traditional Main Street Program, a Regional Main Street Coordination Program, or undertake specific activity that will impact and complement downtown revitalization efforts.

B. Goals

1. To preserve and strengthen the existing retail, local government, and business centers of Pennsylvania's communities.
2. To improve residents' quality of life by making the traditional downtown more attractive as a place to live and work.
3. To act as a catalyst for small business development; thereby, increasing employment and tax revenues in traditional downtown locations.
4. To assist local governments and small businesses in developing relevant, state-of-the-art technology to provide cost-effective solutions for business and community development opportunities.
5. To develop and maintain continuous contact with Main Street businesses regarding opportunities and solutions to impediments to business growth.
6. To utilize a well, thought-out planning process to ensure bricks and mortar projects funded with public funds are those that will make a difference in the economy of the downtown area.
7. To ensure that the importance of reinvestment in traditional downtowns is considered in the overall economic development strategy at all levels of the private and public sectors.

C. Eligible Applicants

Eligible applicants include:

- Local governments;
- Redevelopment authorities;
- Nonprofit economic development organizations;
- Other nonprofit organizations; and,
- Business improvement districts, neighborhood improvement districts, and similar organizations incorporated as authorities.

Nonprofit economic development organizations, other nonprofit organizations, and business improvement districts and similar entities (downtown improvement districts, business improvement authorities, neighborhood improvement districts, etc.) must have at least two years of satisfactory operational experience relevant to the experience required for this program and at funding levels greater than or equal to the amount of funding requested, as evidenced by satisfactory audits and evidence of municipal support

through an executed cooperation agreement in order to apply directly for funds. Preference may be given to local governments and redevelopment authorities, depending upon the activity.

Given the many neighborhood commercial districts within Pennsylvania's larger cities, DCED will work with each local government, as well as various citywide technical assistance groups to allow them to determine priority areas where Main Street Program activities should be funded.

Business improvement districts and similar entities (downtown improvement districts, business improvement authorities, neighborhood improvement districts, etc.) that currently assess local fees are not eligible to receive Operational grant funding, but are encouraged to apply for Main Street Designation without Operational grant funding or Achiever Designation, Downtown Reinvestment and/or Anchor Building grants.

D. Eligible Activities

The following list outlines the categories of activities that can be funded through the Main Street Program. Additional detail and program examples can be found in Appendix A.

1. **Main Street Designation** – Personnel and other administrative costs including Façade Improvement grants.
2. **Planning Grants.**
3. **Façade Improvement Grants.**
4. **Operational Grants** – program operation and administration costs only.
5. **Anchor Building Grants** – Renovations to a significant downtown building, usually provided as a grant to the applicant and as a loan to the developer.
6. **Downtown Reinvestment Grants** – Acquisition or rehabilitation of commercial structures, improving public sites in a commercial target area, streetscape projects, and other construction costs determined to be a part of a larger project necessary for the revitalization of a downtown area. Assistance may be in the form of a loan if the funds are not used for a public purpose.
7. **Regional Main Street Coordination Designation** – Personnel and other administrative costs including Façade Improvement grants.

E. Match Requirements

Match requirements vary depending upon the activity. Applications are enhanced in the competitive review when match is provided above the required amounts.

There is an increasing match requirement for communities seeking Designation under the Four Point Approach. Operational grant requests without designation require at least a dollar-for-dollar match. Refer to Appendix A (Main Street Program), which lists application and funding match requirements.

The Department will provide up to \$500,000 for Anchor Building grants or up to 30% of the project cost, whichever is less. For Downtown Reinvestment grants, the Department will provide up to \$500,000 or up to 50% of the project cost, whichever is less. (Anchor Building grants are grants to the applicant, but a loan to the developer.)

Also, Planning grant requests should provide a local dollar-for-dollar match.

F. Application Requirements

1. **Complete Single Application.**
2. **Resolution** – A resolution is required from all applicants and must contain reference to the amount requested, provision of the local share, and reimbursement of ineligible expenditures. An example is provided in Exhibit II for any applicant seeking Main Street, Elm Street, or Enterprise Zone funding from DCED.
3. **Cooperation Agreement with the Local Government** (*for applicants that are not local governments*) – The Cooperation Agreement obligates the local municipality to guarantee the local share of project costs from the sources identified in the application, and obligates the municipality to pay its share of project costs and to reimburse the Commonwealth for expenditures found by DCED to be ineligible.
4. **Project Map** – Map(s) of sufficient size and quality to describe the project location.
5. **Evidence of Commitment of Other Funds** – Evidence of matching/other funds necessary to carry out the project, such as copies of letters from federal or state agencies, private fund commitments, financial institutions and local government commitments.
6. **Statement of Community Support** – A public meeting must be held at a convenient time so the general public can attend. The date, time, and location of the meeting must be advertised in the non-legal section of a newspaper of general circulation. A copy of the newspaper advertisement, copies of any related news stories, a summary of the events of the meeting, and a list of the attendees at the meeting must be submitted with the application. The purpose of this meeting is to provide affected residents the opportunity to discuss the project and its effects. While this meeting must be separately advertised and conducted, it may be held either before or after a regularly-scheduled municipal meeting.
7. **Project Budget Narrative** – A narrative description of each budget line item, addressing each line by funding source. Only costs associated with this project should be included in the budget. All DCED budgets over \$100,000 must contain an amount for a separate program closeout audit, which is considered to be an eligible administrative expense. The contingency line item may not be used. Please use the “Other Category” at the end of the budget for project costs that are not listed or cannot be appropriately anticipated. Include only local matching funds that are required since the budget form is attached to and becomes part of the contract. These local costs will have to be documented as available when the project audit is conducted.
8. **Project Narrative** – Describe the community, why the funds are needed, how they will be spent, and the benefit that will result.
9. **Five-Year Strategy** – Summarize all the activities expected to be accomplished in five years. Include all of the activities that are anticipated to be accomplished during the upcoming year. Provide information related to any new direction that may be planned, including major projects completed. Designated communities are required to describe any changes that were made to the Five-Year Strategy and how the changes will affect the overall program, and to describe any changes to the Main Street organization.
10. **Designation and Operational Grant Materials** – Refer to Appendix A (Main Street Program) for Main Street designation and Operational grants. These materials are in addition to the ones mentioned above.
11. **Draft loan documents** – applies to an Anchor Building grant in which the funds will be loaned to another entity.

12. All **Downtown Reinvestment and Anchor Building** applicants must submit a copy of their locally-adopted Five-Year Business District Strategy as part of the application package.

G. Main Street Program – Designation Benefits

1. Technical assistance and training for a manager, and local board and committee members in all areas of planning and implementation using the Main Street Four Point Approach.
2. Networking opportunities with other Pennsylvania Main Street grantees.
3. Administrative funding for up to five years.
4. Priority consideration for Main Street Downtown Reinvestment grant funding and Anchor Building funding.

H. Contracting and Program Administration

1. General

In an effort to assist applicants with the administration of the program, the following contract procedures generally apply. It is the grantee's responsibility to monitor its contract and to communicate with the Department to determine if and when a new Single Application is required, or if the current contract can be amended.

2. Designated Main Street Program Participants

When a Main Street is designated, the Department will offer a contract to the grantee for operational funding for the first three program years and Façade Improvement funding for two years, provided that all application requirements have been satisfied. The contract will be tailored to meet the community's needs. The contract may contain payment conditions that will have to be satisfied before any requests for payment will be processed. In addition, the contract will limit payment under it to coincide with spending approval received from the General Assembly. Lastly, the Department, in conjunction with the Pennsylvania Downtown Center (PDC), will assess the program each year. This assessment must take place because funds for the subsequent year will not be released until the Department and/or PDC documents that the grantee is performing as expected. If the assessment is satisfactory, funds will be released as specified in the contract.

The grantee will be required to submit a Single Application for Operational grant and Façade Improvement funding for the last two years of the program. If all application requirements and program requirements are satisfied, a contract will be offered. Payment conditions will have to be satisfied prior to payment and the Department and PDC will continue to assess the grantee's performance prior to the release of subsequent operational funds.

3. All Eligible Main Street Program Participants

All information regarding the drawdown of funds from an executed contract should be submitted directly to:

PA Department of Community & Economic Development
Center for Community Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

If the Department determines that a new application is required, the Single Application form must be completed and submitted to:

PA Department of Community & Economic Development
Customer Service Center
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

A copy of the application should be sent to the appropriate regional office and to:

Pennsylvania Downtown Center
130 Locust Street, Suite 101
Harrisburg, PA 17101

Non-designated Main Streets are not subject to the annual assessment by the Department and/or PDC.

I. Contract Closeouts

The Department has published closeout requirements. These requirements are mailed to the grantee with the contract. Grantees are required to follow these procedures upon the expiration of the grant contract. If a project audit is required, the grantee must budget funds from the grant to pay for this expense.

Non-compliance with this Section for any contract funded by DCED will result in delayed payment of grant funds and/or restriction from receiving new contracts.

Section III – The Enterprise Zone Program

A. Introduction

The Enterprise Zone Program (EZP) addresses the deteriorated, distressed and blighted industrial and manufacturing areas within a specific designated area. The purpose of the program is to improve the standard of living by revitalizing these areas, attracting new businesses to the area, and creating job opportunities.

B. Goals

1. To increase local communities' competitiveness through improvement of their business technology capabilities.
2. To increase the capabilities of local governments to respond effectively to local business expansion opportunities and constraints in financially disadvantaged municipalities.
3. To assist local governments and local business communities in the formation of public/private partnerships that will develop and sustain increased rates of business investment and job creation in financially disadvantaged municipalities.
4. To encourage multi-municipal participation for better economic planning and development.
5. To encourage the reuse of brownfields and the location of commercial, manufacturing and industrial enterprises into appropriately zoned areas.
6. To assist local governments and small businesses in developing e-business technology to provide cost-effective solutions for business and community development opportunities.
7. To increase the access of local firms to financing by lending institutions on mutually advantageous terms.

C. Designated Enterprise Zone Program Benefits.

1. Priority consideration for other DCED grants and loan funds.
2. Eligible to apply for competitive low-interest grants-to-loans for Enterprise Zone firms up to \$350,000 per project for up to seven years, or as long as the zone has not exited the program. The repayments from these loans are used to create the Revolving Loan Fund (RLF). As payments are received, they are deposited into the RLF and can be loaned over and over again to eligible businesses located within the boundaries of the Enterprise Zone.
3. Priority consideration for other DCED business development loan programs, including Pennsylvania Industrial Development Authority (PIDA), Machinery and Equipment Loan Fund (MELF), and Small Business First for two years after the zone exits the program.
4. Eligible to apply for 20% Neighborhood Assistance Program tax credits against most state business taxes for the value of improvements made to business properties located within an Enterprise Zone for two years after the zone exits the program.
5. Designation of Enterprise Zone firms as Socially and Economically Restricted Businesses to confer advantage in bidding on state government contracts for five years after the zone exits the program.

6. Availability of assistance for clean-up of contaminated sites under Act II. This benefit is active up to five years after the zone has exited the program.
7. Priority consideration for any resource administered by state government that would assist in leveraging imminent business investment and job creation in an Enterprise Zone.
8. Availability of State Liquor License in an Enterprise Zone.
9. Operational grant funding up to \$50,000 annually for seven years during the Enterprise Zone designation period, with the potential for an additional \$25,000 (or \$75,000 total annually) for two of the seven years if the zone undertakes an analytical study such as a cluster analysis.
10. The boundaries of the Enterprise Zone remain in tact as long as the RLF is operating.

D. Eligible Applicants

Eligible applicants include:

- Local governments;
- Redevelopment authorities;
- Nonprofit economic development organizations;
- Other nonprofit organizations; and,
- Business improvement districts, neighborhood improvement districts, and similar organizations incorporated as authorities.

Nonprofit economic development organizations, other nonprofit organizations and business improvement districts and similar entities (downtown improvement districts, business improvement authorities, neighborhood improvement districts, etc.) must have at least two years of satisfactory operational experience relevant to the experience required for this program and at funding levels greater than or equal to the amount of funding requested, as evidence by satisfactory audits and evidence of municipal support through an executed cooperation agreement in order to apply directly for funds. Preference may be given to local governments and redevelopment authorities, depending upon the activity.

E. Eligible Activities

The following list outlines the categories of activities that can be funded through the Enterprise Zone Program (EZIP). Additional detail and program examples can be found in Appendix B.

1. **Planning Grants.**
2. **Operational Grants** – program operation and administration costs.
3. **Analytical Studies** – cluster analyses or other analytical techniques to refine the Five-Year Strategy for the zone.
4. **Competitive Grants** – funds granted to local agency and then loaned to a business which are repaid to a local revolving loan fund.

F. Match Requirements

Match requirements vary depending upon the activity. Applications are enhanced in the competitive review when match is provided above the required amounts. Refer to Appendix B (Enterprise Zone Program), which lists requirements.

Planning grants and Operational grants do not require a match; again, local matching funds will enhance the application.

The Department will provide up to \$350,000 for Competitive grants, or 30% of the project cost, whichever is less. Competitive grants are grants to the applicant, but a loan to the business.

G. Application Requirements

1. **Complete Single Application.**
2. **Resolution** – A resolution is required from all applicants and must contain reference to the amount requested, provision of the local share, and reimbursement of ineligible expenditures. An example is provided in Exhibit II for any applicant seeking Main Street, Elm Street, or Enterprise Zone funding from DCED.
3. **Project Map** – Map(s) of sufficient size and quality to describe the project location.
4. **Evidence of commitment of other funds** – Evidence of matching and/or other funds necessary to carry out the project, such as copies of letters from federal or state agencies, private fund commitments, financial institutions and local government commitments.
5. **Project budget narrative** – A narrative description of each budget line item, addressing each line by funding source is required. Only costs associated with this project should be included in the budget. All DCED budgets over \$100,000 must contain an amount for a separate program closeout audit, which is considered to be an eligible administrative expense. The contingency line item may not be used. Please use the “Other Category” at the end of the budget for project costs that are not listed or cannot be appropriately anticipated. Include only local matching funds that are required since the budget form is attached to and becomes part of the contract. These local costs will have to be documented as available when the project audit is conducted.
6. **Project narrative** describing the community, why the funds are needed, and the benefit that will result.
7. **Five-Year Strategy** – Summarize all the activities expected to be accomplished in five years. Include all of the activities that are anticipated to be accomplished during the upcoming year. Provide information related to any new direction that may be planned, including major projects completed. Designated communities are required to describe any changes that were made to the Five-Year Strategy and how the changes will affect the overall program, and to describe any changes to the Enterprise Zone organization.
8. **Refer to Appendix B** (Enterprise Zone Program) for Enterprise Zone Designation and funding year requirements. These requirements are in addition to the ones mentioned above if requesting Enterprise Zone Designation and Operational grant funding.
9. **Draft loan documents**, if the application is for a Competitive grant request.
10. **Company financials**, if the application is a Competitive grant request.
11. **Evidence of legally-enacted zoning ordinances** for the participating municipalities.

H. Contracting and Program Administration

1. General

In an effort to assist applicants with the administration of the program, the following contract procedures generally apply. It is the grantee’s responsibility to monitor its contract and to communicate with the Department to determine if and when a new Single Application is required, or if the current contract can be amended.

2. **Designated Enterprise Zone Program Participants**

The Department may amend the operational grant contract each year. It is the Enterprise Zone Coordinator’s responsibility to contact the Department prior to submitting an application for operational grant funding to determine if a new Single Application is required, or if the current contract can be amended. If it is determined that the current contract can be amended without the submission of a new Single Application, all of the information outlined above, along with detailed information outlining the goals and activities for the zone in the upcoming contract year must be submitted to DCED.

3. **All Eligible Enterprise Zone Program Participants**

All information regarding the drawdown of funds from an executed contract should be submitted directly to:

PA Department of Community & Economic Development
Center for Community Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

If a new application is required, the Single Application form must be completed along with the above required information and submitted to:

PA Department of Community & Economic Development
Customer Service Center
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

A copy of the application should be sent to the appropriate regional office when it is sent to the Customer Service Center.

I. Reporting Requirements and Program Closeout

1. **General**

The Department has published closeout requirements. These requirements are mailed to the grantee with the DCED contract. Grantees are required to follow the closeout procedures upon the expiration of the grant contract. If a project audit is required, the grantee must budget funds from the grant to pay for this expense.

2. **Competitive Grant Recipients**

Competitive grant recipients are required to submit an audit report when the project is finished.

Competitive grant recipients are also required to submit, bi-annually, the Active Grant Contract Loan Report to the Department’s Audit and Compliance Office. This report is due every January 31 and July 31 until the initial loan of any Competitive grant is repaid.

Additionally, Competitive grant recipients are required to submit an Enterprise Zone Revolving Loan Fund Report. These reports must be submitted quarterly – every January 31, April 30, July 31 and October 31 – until the revolving loan fund no longer exists.

Non-compliance with this Section for any contract funded by DCED will result in delayed payment of grant funds and/or restriction from receiving new contracts.

Section IV– The Elm Street Program

A. Introduction

The Elm Street component of the New Communities Program will allow communities to integrate a Main Street or downtown revitalization program with a neighborhood renewal strategy. The Elm Street Program is designed to provide assistance and resources to those mixed use residential areas in proximity to central business districts to further enhance the downtown area and to improve the viability of older neighborhoods.

B. Goals

1. To revitalize neighborhoods in proximity to the existing downtown by improving the exterior appearance of the buildings and streetscapes.
2. To formalize a connection between established residential neighborhood areas with downtown revitalization activities.
3. To prevent neighborhood decline by developing a plan that includes the establishment of a sustainable community organization that will implement an Elm Street Plan.
4. To assist municipalities in preparing and implementing a revitalization strategy for established residential neighborhoods either in the vicinity of a Main Street Program project, or in proximity to an existing commercial district.

C. Eligible Applicants

Eligible applicants include:

- Local governments;
- Redevelopment authorities;
- Nonprofit economic development organizations;
- Other nonprofit organizations; and,
- Business improvement districts, neighborhood improvement districts, and similar organizations incorporated as authorities.

Nonprofit economic development organizations, other nonprofit organizations, and business improvement districts and similar entities (downtown improvement districts, business improvement authorities, neighborhood improvement districts, etc.) must have at least two years of satisfactory operational experience relevant to the experience required for this program and at funding levels greater than or equal to the amount of funding requested, as evidence by satisfactory audits and evidence of municipal support through an executed cooperation agreement in order to apply directly for funds. Preference may be given to local governments and redevelopment authorities, depending upon the activity.

Given the many neighborhoods within Pennsylvania's larger cities, DCED will work with each local government, as well as various citywide technical assistance groups to allow them to determine priority areas where Elm Street Program activities should be funded.

D. Eligibility Criteria

The applicant must provide documentation to support compliance with the following:

- The location where the project will take place must be in a residential area in an established neighborhood.
- The neighborhood must be within ½ mile from a commercial district.
- The neighborhood must have existed as a residential neighborhood since 1961.
- The neighborhood must display signs of deterioration and be in need of revitalization.

E. Eligible Activities

The following list outlines the categories of activities that can be funded through the Elm Street Program. Additional detail and program examples can be found in Appendix C (Elm Street Program).

1. **Elm Street Designation** – Personnel and other administrative costs to administer Residential Reinvestment grants.
2. **Planning Grants.**
3. **Facade Improvement Grants.**
4. **Operational Grants** – program operation and administration costs only.
5. **Residential Reinvestment Grants** – Infrastructure and structural improvements, promoting home ownership, facade grants, neighborhood revitalization activities, etc.

F. Match Requirements

A 10% match from local, private or public sources is required. The required local match is 10% of the DCED grant award. Matching funds can be cash and/or documented in-kind sources. Applications are enhanced in the competitive review when match is provided above the required amounts.

The match requirement may be waived or reduced if it is determined that the requirement would constitute a hardship upon the municipality or an agency designated by the municipality. A hardship exists if the municipality meets one of the following criteria:

1. The municipality is declared financially distressed under the Act of July 10, 1987 (P.L. 246, No. 47), known as the Municipalities Financial Recovery Act.
2. The matching requirements for the application would exceed 5% of the municipality's annual operating budget.
3. Part, or all, of the residential neighborhood identified in the application is participating in the Pennsylvania Weed and Seed Program, as administered by the Pennsylvania Commission on Crime and Delinquency.
4. A minimum of 20% of the municipality's population falls below 150% of the Federal Poverty Level.

G. Application Requirements

1. **Complete Single Application.**
2. **Resolution** – A resolution is required from all applicants and must contain reference to the amount requested, provision of the local share, and reimbursement of ineligible expenditures. An example is

provided in Exhibit II for any applicant seeking Main Street, Elm Street, or Enterprise Zone funding from DCED.

3. **Cooperation Agreement** with the local government, if applicable.
4. **Project Map** – Map(s) of sufficient size and quality to describe the Elm Street project location with the commercial district included.
5. **Evidence of commitment of other funds** necessary to carry out the project. This evidence may be documented by letters from federal or state agencies, private fund commitments, financial institutions and local government commitments. The dollar value of in-kind services should be documented and included in the budget. Documentation supporting the assigned value of the services should be included with the application. Evidence documenting waiver of the local match must be provided if there is no match.
6. **Statement of Community Support** – A public meeting must be held at a convenient time that will allow the general public to attend. The date, time and location of the meeting must be advertised in the non-legal section of a newspaper of general circulation. A copy of the newspaper advertisement, copies of any related news stories, a summary of the events of the meeting and a list of the attendees at the meeting must be submitted with the application. The purpose of this meeting is to provide affected residents the opportunity to discuss the project and its effects. While this meeting must be separately advertised and conducted, it may be held either before or after a regularly-scheduled municipal meeting.
7. **Project Budget Narrative** – A narrative description by line item and funding source is required. Only costs associated with this project should be included in the budget. The contingency line item may not be used. Please use the “Other Category” at the end of the budget for project costs that are not listed or cannot be appropriately anticipated. Include only those local matching funds that are required since this form is attached to and becomes part of the contract.
8. **A comprehensive project narrative** describing the community, why the funds are needed and the benefit that will result.
9. **Refer to Appendix C** (Elm Street Program) for additional Elm Street Designation, Operational and Residential Reinvestment funding requirements that are program specific and in addition to the ones mentioned above.
10. **Elm Street Plan** – Summarize all the activities expected to be accomplished in five years. Include all of the activities that are anticipated to be accomplished during the upcoming year. Provide information related to any new direction that may be planned, including major projects completed. Designated communities are required to describe any changes that were made to the Elm Street Plan and how the changes will affect the overall program, and to describe any changes to the Elm Street organization.

A community does not have to be designated in order to receive planning, operational or residential reinvestment funding. If a community is requesting Operational grant funding without designation, it should be noted that this funding will not be provided on a yearly or continuous basis. The provision of matching funds will enhance an application of this nature.

H. Elm Street Program – Designation Benefits

1. Technical assistance and training for a manager, and local board and committee members in all areas of planning and implementation using the Elm Street Approach.
2. Networking opportunities with other Pennsylvania Elm Street grantees.
3. Administrative funding for up to five years.
4. Priority consideration for Elm Street Residential Reinvestment grant funding.

I. Contracting and Program Administration

1. General

In an effort to assist applicants with the administration of the program, the following contract procedures generally apply. It is the grantees responsibility to monitor its contract and to communicate with the Department to determine if and when a new Single Application is required, or if the current contract can be amended.

2. Designated Elm Street Program Participants

When the Elm Street is designated, the Department will offer a contract to the grantee for operational funding for the first three program years and a Residential Reinvestment grant, provided that all application requirements have been satisfied. The contract will be tailored to meet the community's needs. The contract may contain payment conditions that will have to be satisfied before any requests for payment will be processed. In addition, the contract will limit payment under it to coincide with spending approval received from the General Assembly. Lastly, the Department, in conjunction with the Pennsylvania Downtown Center (PDC), will assess the program each year. This assessment must take place because funds for the subsequent year will not be released until the Department and/or PDC documents that the grantee is performing as expected. If the assessment is satisfactory, funds will be released as specified in the contract.

When all Residential Reinvestment monies have been expended, the grantee is eligible to apply for another Residential Reinvestment grant. The current contract will be amended if there is sufficient time to complete the proposed activities. If not, a new Single Application must be submitted.

The grantee will be required to submit a Single Application for operational funds for the last two years of the program. Residential Reinvestment funding may be requested if all activities from the prior Residential Reinvestment grant have been expended. If all application requirements and program requirements are satisfied, a contract will be offered. Payment conditions will have to be satisfied prior to payment, and the Department and PDC will continue to assess the grantee's performance prior to the release of subsequent operational funds.

3. All Eligible Elm Street Program Participation

All information regarding the drawdown of funds from an executed contract should be submitted directly to:

PA Department of Community & Economic Development
Center for Community Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

If the Department determines that a new application is required, the Single Application form must be completed and submitted to:

PA Department of Community & Economic Development
Customer Service Center
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

A copy of the application should be sent to the appropriate Regional Office and to:

Pennsylvania Downtown Center
130 Locust Street, Suite 101
Harrisburg, PA 17101

Non-designated Elm Streets are not subject to the annual assessment by the Department and/or PDC.

J. Elm Street Program – Prohibitions

1. No funds from this program shall be expended to develop or convert farmland to residential, commercial or industrial uses. Farmland is any land that supports, or land with a recent history of supporting, the commercial production of agricultural crops, livestock or livestock products, poultry products, milk or dairy products, fruit or other horticultural products.
2. No more than 20% of the funds appropriated or allocated to the program in any fiscal year may be granted to any one county, including all municipalities within the same county.

K. Contract Closeouts

The Department has published closeout requirements. These requirements are mailed to the grantee with the contract. Grantees are required to follow these procedures upon the expiration of the grant contract. If a project audit is required, the grantee must budget funds from the grant to pay for this expense.

Non-compliance with this Section for any contract funded by DCED will result in delayed payment of grant funds and/or restriction from receiving new contracts.

Section V – The Application Process

A. General

All grants are awarded on a competitive basis and are contingent upon General Assembly approval of an annual appropriation.

1. Applicants ready to apply for funding must utilize the DCED Single Application.
 - a. The Single Application must be completed online by accessing <http://www.newpa.com/programFinder.aspx>.
 - b. Questions concerning the completion of the Single Application should be directed to DCED's Customer Service Center at 1-800-379-7448 or 717-787-3405 or via email at ra-dcedcs@state.pa.us.
 - c. Supplemental application information not attached to the Single Application should be mailed to the DCED Customer Service Center, Commonwealth Keystone Building, 400 North Street, 4th Floor, Harrisburg, PA 17120-0225. Please reference the Web ID Number or the Single Application Number on all supplemental information.
 - d. Applications may be submitted at any time.
 - e. Please provide the appropriate regional office with a copy of the supplemental information when it is provided to the DCED Customer Service Center.

In addition, the applicant must submit a copy of the application to the appropriate Regional Office.

2. While not a requirement, the potential applicant is strongly encouraged to communicate with the applicable DCED Regional Office (refer to the inside back cover) about a proposed project prior to application submission.
 - a. This can be accomplished by sending a letter or concept paper that provides basic information about the proposed project to the DCED Regional Office, or the Center for Community Development, 400 North Street, 4th Floor, Commonwealth Keystone Building, Harrisburg, PA 17120-0225.
 - b. Potential applicants may call either office to discuss the same information.
 - c. The purpose of this preliminary step is twofold – it permits DCED staff to offer technical assistance, and it alerts staff to pending Single Application submissions.
3. Applicants should carefully review the instructions contained in the Single Application kit and submit documentation that addresses the objectives identified in the Request for Proposal.
 - a. The narrative section in the Single Application should be detailed.
 - b. The narrative should describe the project to the extent that DCED can understand and evaluate it.

B. Other

1. The application form allows applicants to identify specific program preference. If you choose to do so, indicate New Communities Program and specify whether it is Elm Street, Main Street or Enterprise Zone. DCED reserves the right to explore alternative funding sources, either singly or in combination, to fund a specific application proposal.
2. Please remember that the Single Application form is for all programs and assistance offered by DCED. Accordingly, some information on the form will not be applicable to your specific proposal. Please address only line items relevant to your proposal.

Appendix A – Main Street Program

A. General

In order to accommodate the Commonwealth's vast array of communities and, more importantly, to accommodate the needs of our core communities, the Department has structured the New Communities Guidelines to provide financial assistance to the diversity of municipalities in Pennsylvania and to support effective proposals. Consequently, the Guidelines provide the Department with flexibility to fund strong proposals and ideas that are not specifically delineated in the Guidelines.

As part of the New Communities Guidelines, this Appendix suggests many Main Street proposals, projects, and example forms of assistance, along with the likely DCED requirements for those examples. These suggestions are provided to guide communities in how to structure an acceptable application proposal. The traditional Four Point Main Street Approach is one of the examples offered below, but the Department will consider alternatives. (NOTE: The National Trust Main Street Center requires the Four Point approach be adhered to and implemented in order to be acknowledged as a Main Street Program under that national program.)

While we have listed the traditional program examples below, the Department will consider applications to undertake other revitalization activities in an established downtown. These activities can range from requests for funding marketing programs to streetscape improvements, building repairs, operational funding on a limited basis, etc.

A community wishing to participate in the Main Street Program must clearly present its ideas to the Department in its application. The Department will review the community's application and determine what approach is best for that community, as well as funding levels.

B. Examples of Main Street Programs

1. Planning Grants

Some examples and uses of Planning grant funds are listed below. These grants are available to all eligible applicants.

- Funding to assist a community develop the Four Point Approach, or an alternative approach with the specific goal to revitalize the downtown.
- Planning for the establishment of a Neighborhood Improvement District, as identified in the Neighborhood Improvement Act (P.L. 949, No. 130).
- The development of an e-commerce element, within the context of a Geographic Information System (GIS) where appropriate, that includes buyer/seller transactional capabilities, and the provision for features such as retail business internet marketing, business inventory management, area available building inventory, anchor building identification, area electronic infrastructure inventory, available financial assistance, and links to appropriate public sector and nonprofit agency activities.
- The development of zoning/comprehensive plan revisions that will foster viability of the Main Street downtown area.
- The development of a Downtown Parking Analysis and Management Plan.
- The development of a Complete Streets Plan to address downtown circulation issues.

- The planning done for Main Street must be complementary and consistent with both Elm Street and Enterprise Zone strategies when multiple programs are funded in a single community or region.

Funding Amounts

Grants up to \$25,000 will be made available to eligible applicants for the completion of any or all of the above planning activities. Applicants will enhance their competitiveness if they provide dollar-for-dollar matching funds for these activities.

2. Main Street Designation – Requirements

This category is for communities that possess assets including, but not limited to, colleges and universities; Keystone Innovation Zone, Enterprise Zone, or Keystone Opportunity Zone designations; regional healthcare centers; county seats; tourism venues; and 21st Century / “Gazelle” Companies / high-tech business centers. The program generally succeeds in core communities with a critical mass of business establishments within a single business district, an appropriate population size, and a pedestrian-oriented business district with traditional older commercial buildings that may be eligible for a local or National Registered Historic District. (Note: The Department has generally considered at least 65 businesses a critical mass and 3,000 to 50,000 an appropriate population size.)

If a community is interested in becoming a designated Main Street, the following steps must be completed:

- a. The community must complete the Central Business District Profile contained in the Pennsylvania Downtown Center’s Getting Ready for Downtown Revitalization (Edition 2). A copy of the profile must be submitted to the appropriate DCED Regional Office, the Center for Community Development, and the Pennsylvania Downtown Center. The Department will review your profile and determine if your community is eligible for Main Street Designation. If your community is approved, the next items in this section must be addressed in the application requesting designation and funding.
- b. The downtown organization that will be responsible to administer the program must be identified. The board member names and titles, committee chairs, copies of regularly-scheduled board and committee meetings (minutes) must be attached for review. The strength of the organization must be discussed in this section of the application. A vision/mission statement for the Main Street must be developed and it must be relevant to community conditions and endorsed by the organization. This downtown organization will have the responsibility to oversee the implementation and ongoing evaluation of the Five-Year Strategy, as well as the activities of a Main Street manager. The vision/mission statement and priority goals must be accepted by the general public. Organizational by-laws, official incorporation, and nonprofit tax status approval (in most cases) must be in place.
- c. The strength of private and public sector financial and conceptual commitment to the Main Street effort must be documented through proof of actual dollars raised through a pledge drive and/or a realistic five-year fundraising plan. Ideally, no one local source should provide more than 33% of the total match funds.
- d. Documentation of local interest and commitment to historic preservation as evidenced by the existence or planned creation of a local historic district; the involvement of local historic groups on the organization’s board; or qualification as a Local Certified Government should be provided.
- e. Discussion and/or documentation of local commitment to community and economic development as evidenced by the existence or planned passage and operation of a Neighborhood Improvement District or similar authority (also known as a downtown or business improvement district), a Local Economic Revitalization Tax Abatement (LERTA), and/or other documented strategies to support

ongoing economic development should be provided.

- f. Clearly defined local program goals and objectives must be listed and discussed.
- g. The employment of a full-time professional downtown manager is required for these communities as is the raising of the local matching funds of at least \$125,000 over five years.
- h. All communities that are selected to be a Main Street community must adequately complete the provisional development and startup process during a planning phase. The selected communities will not receive funds to hire a full-time manager until all of the following requirements are completed and approved by DCED:
 - Completion of a Five-Year Strategy.
 - Completion a market assessment and image development report.
 - Completion of a long-term fundraising plan.
 - Completion of design guidelines.
 - Office and computer readiness.
- i. The community may request a Planning grant of up to \$25,000 to help the downtown organization develop the required startup/planning items listed directly above in Section h.
- j. Designation and the offering of an Operational grant will not occur until the Department receives and accepts all of the items listed in this Main Street Designation – Requirements Section of the Guidelines. Upon receipt of the items, the Pennsylvania Downtown Center will perform an appraisal to determine if all of the community is ready to implement a local Main Street program and to receive an Operational grant.

Operational Grant / Designation Funding Amounts

Applicants must be a DCED-designated Main Street community in order to receive an Operational grant as described below. The Operational grant can only be used for the cost of hiring a full-time manager to oversee the Main Street program and to administer a local Façade Improvement program. Operational grants totaling up to \$200,000 over a five-year period are available as follows:

Year	Grant	Required Cash Match
Year One	Up to \$50,000	\$15,000 local match
Year Two	Up to \$45,000	\$20,000 local match
Year Three	Up to \$40,000	\$25,000 local match
Year Four	Up to \$35,000	\$30,000 local match
Year Five	Up to \$30,000	\$35,000 local match

Additionally, upon completion of design guidelines, Main Street communities will be eligible to receive up to four years of Façade Improvement grant funding not to exceed \$120,000 during the designation period. Façade Improvement grant funding must be matched dollar-for-dollar by the individual owner of the property. See the Façade Improvement Grant Section of the Guidelines below and the Pennsylvania Downtown Center document *Getting Ready for Downtown Revitalization* for more design guidelines details.)

Main Street managers must be offered health benefits with employment. Health benefits may be charged to the DCED award or financed from the local match share. Adequate administrative assistance must be included in the local Main Street budget.

Costs to operate the program, which include salaries and fringes, training and technical assistance, consumable supplies, travel, advertising, public relations and promotions, office equipment, office space, audit, etc., are examples of eligible administrative expenses for the Operational grant.

Pennsylvania Downtown Center membership over the life of the program is required and may be charged to the DCED award or financed from the local match funds.

Current Main Street programs will adhere to the funding levels approved prior to the implementation of these guidelines.

Applicants may apply for Operational grant funding without designation. In these instances, funding is not guaranteed for a specific period of time, and it must be matched at least dollar for dollar.

Planning grants up to \$25,000 are an option that communities can request but must be matched dollar for dollar. See the Planning Grant Section of the Guidelines above.

Main Street Term of Designation

Main Street communities are designated for a term of five years.

Application Information Required to Fund Years 2, 3, 4 and 5, Designations

The following additional information must be submitted before the Department will release subsequent year funding under the Main Street Designation:

- i. An evaluation/summary of the prior years' program (maximum of three pages).
- ii. An updated Five-Year Strategy for the future years if appropriate.
- iii. A status of the fundraising and organizational strategies for continuing the program beyond the five years.
- iv. A summary of the local façade improvement program's history to date (guidelines, grants awarded, obligations, etc.).
- v. A resolution by the applicant, if applicable.

Façade Improvement grant funding requests must be included with the annual funding request.

Re-Designation of Main Street Communities

- i. DCED may consider re-designation of previously-designated Main Street communities if the following circumstances exist:
 - An unusual opportunity is occurring in the community that would have significant positive impact in the downtown.
 - Economic deterioration may also be considered if local organizational capacity presents a compelling strategy that supports and sustains the creation of a Main Street.
- ii. If approved for re-designation, DCED generally will restart a previously-designated Main Street at the planning phase.
- iii. Previously-designated Main Street communities may apply for assistance for Planning, Downtown Reinvestment and Anchor Building grants without restrictions. See the criteria outlined in those sections of the Guidelines.

3. Main Street Achiever

This category is for core communities that are successfully implementing the Main Street Four Point Approach without DCED administrative assistance. These communities could be a formerly-designated Main Street community or a community that never received DCED Main Street

funding to support the creation of its Main Street Program. However, a Main Street Achiever must be carrying out a downtown program that currently meets the National Main Street Communities Certification Criteria that is listed below. The Department reviews the criteria to determine if the community warrants Achiever status.

A Main Street Achiever is not eligible for Operational grant funds to hire a full-time Main Street manager.

A Main Street Achiever is eligible to attend various training and technical assistance sessions offered from DCED/PDC. Main Street Achievers are required to comply with the quarterly reporting requirements of the program. PDC will provide technical assistance as needed and directed by DCED.

A Main Street Achiever is given priority for Planning grants, Downtown Reinvestment grants and Anchor Building grants. A community can apply for Achiever status and funding at the same time.

National Main Street Communities Certification Criteria for Main Street Achievers

- a. Has broad-based community support for the commercial district revitalization process, with strong support from both the public and private sectors.
- b. Has developed vision and mission statements relevant to community conditions and to the local Main Street programs organizational stage.
- c. Has a comprehensive Main Street-type work plan.
- d. Possesses an historic preservation ethic.
- e. Has an active board of directors and committees.
- f. Has an adequate operating budget.
- g. Has a paid professional program manager.
- h. Conducts a program of ongoing training for staff and volunteer.
- i. Reports key statistics.
- j. Has current membership in the Pennsylvania Downtown Center, the National Trust Main Street Center, and the International Downtown Association.

Main Street Achiever Term of Designation

Main Street Achiever designations are for a period of three years.

4. Regional Main Street Coordination Program Designation Requirements

This designation offers Operational grant funding over a five-year period. Several of the following thresholds must be in place in order to be considered for regional designation.

- There must be an identified strong relationship or connection among the communities – something that defines common activities.
- There must be a theme common to all participating communities; for example, tourism, connected by a trail, or participation within a broader designation such as a Heritage Park, Regional Trail Town (e.g. Greater Allegheny Passage), or Regional Recreational/Tourism focus area (e.g., the PA Wilds), etc.
- There must be a geographic connection among the participating communities. This connection should be identified in manageable terms and, ideally, not greater in distance than the residents are willing to drive to work.
- There must be an economic interest or goal tying the communities together.

- There must be a viable downtown area in each participating community.
- The downtown, in each participating, municipality must have a traditional commercial area that is well-defined geographically and has appropriate commercial zoning.
- Support by resolution must be acknowledged by each participating local governing municipality.
- Other revitalization activities supporting physical improvements should be currently taking place; such as the renovation of significant older buildings, new construction, new housing, or streetscape programs, etc., in more than half of the participating municipalities.
- Presence of one, or preferably more, of the following community assets exist in more than half of the participating communities – colleges and universities; Keystone Innovation Zone, Enterprise Zone, or Keystone Opportunity Zone designations; regional healthcare centers; county seats; tourism venues; and 21st Century / “Gazelle” Companies / high-tech business centers.

If a group of related communities are interested in applying for a Regional Main Street Coordination Designation, the following steps must be completed:

- a. Projects must be multi-municipal (or multi-neighborhoods in the case of large municipalities) and be designed to assist downtown revitalization efforts in traditional business districts using the Four Point Main Street Approach. The participating communities (two or more) must meet the Regional Threshold described above.
- b. A lead community, preferably one of the participating municipalities or the county, must be selected to be the applicant to receive the funds and administer the program.
- c. The lead community must complete the Regional Profile on behalf of the participating communities, contained in the Pennsylvania Downtown Center’s *Getting Ready for Downtown Revitalization* (Second Edition). A copy of the profile must be submitted to the appropriate DCED Regional Office, the Center for Community Development, and the Pennsylvania Downtown Center. The Department will review the profile to determine if the regional communities are eligible for a Regional Main Street Coordination Designation. If approved, the next items in this Section must be addressed in the designation request.
- d. The regional organization that will be responsible to administer the program must be identified. The board member names and titles, committee chairs, copies of regular board and committee meetings (minutes) must be attached for review. The strength of the organization must be discussed in this Section. A vision/mission statement for the Regional Main Street Coordination Program must be developed and must be relevant to community conditions and endorsed by the organization. This regional organization will have the responsibility to oversee the implementation and ongoing evaluation of the Five-Year Strategy, as well as the activities of a Regional Main Street Coordinator. The vision/mission statement and priority goals must be accepted by the general public. Organizational bylaws, official incorporation, and nonprofit tax status approval (in most cases) must be in place.
- e. The strength of private and public sector financial and conceptual commitment to the Regional Main Street Coordination effort must be documented through proof of actual dollars raised through a pledge drive and/or a realistic five-year fundraising plan. No one local source should provide more than 33% of the total match. Clearly defined local program goals and objectives must be listed and discussed.
- f. Commitment to the Regional Main Street Coordination revitalization methodology must be the fundamental organizational framework of the program, with historic preservation as a key principle and practice.

- g. Development of a required strategy that focuses on the core communities, that defines their common activities and that demonstrates a strong connection or relationship among the participating communities.
- h. The employment of a full-time professional Regional Main Street Coordinator is required for these communities as is the raising of the local matching funds of at least \$125,000 over five years. Each of the participating communities is encouraged to commit local funds towards the administration of the program. A job description for the Regional Main Street Coordinator must be submitted with the application. The applicant must demonstrate that the selected Regional Main Street Coordinator has the capacity to fulfill the requirements listed in the job description.
- i. A Regional Main Street must complete a provisional development and startup process during a planning phase. The lead community will not immediately receive funds to hire a full-time coordinator until all of the following requirements are completed and approved by DCED:
 - Completion of a regional Five-Year Strategy.
 - Completion of a regional market assessment and image development report.
 - Completion of a long-term regional fundraising plan.
 - Completion of design guidelines (if applicable).
 - Office and computer readiness.
- j. The community may request a Planning grant up to \$25,000 to help the regional organization develop the required startup/planning items listed directly above in Section i.
- k. Designation and the offering of Operational grant funds will not occur until the Department receives and accepts all the items listed in this Regional Main Street Coordination Program Designation Requirements Section of the Guidelines. Upon receipt of the items, the Pennsylvania Downtown Center will perform an appraisal to determine if all of the communities are ready to implement a Regional Main Street Coordination program and to receive operational funding.

Operational Grants / Regional Coordination Funding Amounts

Applicants must be a DCED-designated Regional Main Street Coordination Program in order to receive Operational grant funding as described below. The Operational grant can only be used for the cost of hiring a full-time coordinator to oversee the program and to administer a Façade Improvement Grant. Operational grants totaling up to \$250,000 over a five-year period are available as follows:

<u>Year</u>	<u>Grant Amount</u>	<u>Required Cash Match</u>
Year One	Up to \$60,000	\$15,000 local match
Year Two	Up to \$55,000	\$20,000 local match
Year Three	Up to \$50,000	\$25,000 local match
Year Four	Up to \$45,000	\$30,000 local match
Year Five	Up to \$40,000	\$35,000 local match

Additionally, upon completion of design guidelines, Regional Main Street Coordination communities will be eligible to receive up to four years of Façade Improvement grants not to exceed \$120,000 during the designation period. Façade Improvement grant funding must be matched dollar-for-dollar by the individual owner of the property. (See the Façade Improvement Grant Section of the Guidelines below and the Pennsylvania Downtown Center document Getting Ready for Downtown Revitalization for more design guidelines details.)

Regional Main Street coordinators must be offered health benefits with employment. Health benefits may be charged to the DCED award or financed from the local match share. Adequate administrative

assistance must be included in the local Regional Main Street coordination budget.

Pennsylvania Downtown Center membership over the life of the program is required, and may be charged to the DCED award or financed from the local match funds.

Communities participating in a Regional Main Street Coordination Program are not eligible to apply separately for a Main Street designation on their own until the regional designation is concluded. Generally, if a community has the capacity to run the Main Street Program on its own, that community should not be in the regional program.

Current Regional Main Street Coordination programs will adhere to the funding levels approved prior to the implementation of these guidelines.

A Main Street regional coordinator is required to attend various training and technical assistance sessions from DCED/PDC. Main Street Regional programs are required to comply with the quarterly reporting requirements of the program. PDC will provide technical assistance as needed and directed by DCED.

Planning grants up to \$25,000 are an option that communities can request but must be matched dollar for dollar. See the Planning Grant Section of the Guidelines above.

Terms of Designation

Main Street Regional Coordination programs may be designated for up to five years.

Application Information Required to Fund Years 2, 3, 4 and 5, Designations

The following additional information must be submitted before the Department will release subsequent year funding under the Regional Main Street Designation:

- a. An evaluation/summary of the prior years' program (maximum of three pages).
- b. An updated Five-Year strategy for the future years if appropriate.
- c. A status of the fundraising and organizational strategies for continuing the program beyond the five years.
- d. A summary of the local façade improvement program's history to date (guidelines, grants awarded, obligations, etc.).
- e. A resolution by the applicant, if applicable.

Façade Improvement grant funding requests must be included with the annual funding request.

5. Façade Improvement Grants

Main Street designation participants (both regular and regional coordination designations) may apply for a maximum grant of \$30,000 for design assistance in each of the second, third, fourth and fifth years of their designation. Eligible applicants that are not designated Main Streets are also eligible to apply for this funding. The Façade Improvement grant is designed to:

- Stimulate private investment in downtown properties.
- Foster an attractive shopping environment.
- Preserve the architectural heritage of downtown properties.

Applicants must develop a local Façade Improvement program that at a minimum matches the DCED grant dollar-for-dollar with locally-generated funds. Investments by individual property owners may be considered as the local match. Most programs are operated on a reimbursement basis for improvements that have been preapproved to ensure that this matching requirement is met.

The total recommended maximum Façade Improvement grant per property owner should not exceed \$5,000 per property. Applications for Façade Improvement grants should include the following activities as eligible costs for reimbursement:

- Sign programs
- Paint programs
- Design assistance
- Storefront facades

All Façade Improvement grant programs must include the following considerations:

- a. **Establishing program boundaries.** Consideration must be given to the number of properties that can be assisted. All properties must be within the downtown or Main Street target area. For maximum impact, these boundaries can be reduced to include a portion of the Main Street target area.
- b. **Setting design standards.** Promoting sensitive and quality rehabilitation is usually done by creating design guidelines that are approved by a local design review committee and distributed to local property owners. These guidelines should follow the U.S. Department of the Interior’s “Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.”
- c. **Defining eligible applicants and activities.** Generally, only commercial properties are eligible. However, if single-family, owner-occupied units within the target area are deemed important to the overall Main Street Program, the local board can decide to include them as eligible for grants. Only external improvements are eligible. Arrangements can be made for merchants who lease buildings and for residential properties located within the target area, if these buildings are addressed in the local façade guidelines. Work items eligible for assistance must be specified in the local façade guidelines. For example, landscaping and site improvements, such as sidewalks and paving, though important aspects of a revitalization program, are ineligible expenditures for Main Street Façade Improvement grant assistance.
- d. **Developing Policy and Procedures.** A written document with local program guidelines should be prepared by the design committee and should encourage the use of the local façade improvement program through clear and easy instructions. It assists the program by having written policies to rely on if disputes arise. All of the necessary forms and the contract document should be included as appendices. This is important for the local organization and business/property owners and should clearly outline the step-by-step procedures a person must follow – from initial inquire, to final inspection and payment.

6. Main Street Development Grants

a. Downtown Reinvestment Grants

State financial assistance is available to all Pennsylvania municipalities for a variety of development projects to help eliminate decline and provide gap financing for projects proposed within the community’s traditional downtown or neighborhood commercial district. Methods to achieve reinvestment vary greatly. DCED will review each proposal on its own merit and determine whether it clearly serves the public purpose, has a strong local financial commitment, is part of a cooperative partnership, and is ready to go. An applicant does not have to be a designated Main Street community in order to apply for a Downtown Reinvestment grant. Grants up to 50% of the total development costs are available for projects only, if they are identified in and supported by an up-to-date, locally-adopted Five-Year Strategy for the downtown.

Community Development Financial Institutions should be considered as management partners for Revolving Loan Fund operation, as should local financial institutions.

Funding Amounts

The Department will fund up to 50% of the total development cost, or up to \$500,000 whichever is less.

b. Anchor Building Grants

Generally, these grants-to-loans are grants to a local public or private nonprofit entity that are borrowed by the developer from the grantee and repaid to a local Revolving Loan Fund. The municipality where the Anchor Building project is located must be a participant in the Revolving Loan Fund that receives the loan repayments. Anchor Building projects in the municipality located within or close by the traditional business district that supports the downtown must be given first priority consideration in subsequent loans of these repayments. Local loans must be collateralized with a reasonable security position. A Phase I environmental assessment and an appraisal are required for projects which involve real estate acquisition and/or site improvements.

DCED will give priority consideration to an Anchor Building project application where the building project is:

- Greater than 10,000 square feet.
- Vacant or underutilized.
- Considered by the community to be an important downtown building that is vital to the downtown's health as evidenced by its key part in the downtown strategy.
- Coordinated between local and county government so there is an integration and strategic linkage between economic and community development. At a minimum, any Main Street staff should participate with any Enterprise Zone, Industrial Development Corporation authority, or countywide development corporation in decisions concerning development opportunities and resource allocations. Additional progress in this direction could include area vocational/technical school staff and staff from any area college or university departments of continuing education.
- A structurally-sound building that is eligible for, or already listed on the National Historic Register.
- A renovated building that will house local business expansion or creation.
- A renovated building that will create new or improved tax revenues for the municipality.
- A renovated building that will likely create full-time jobs paying substantially above minimum wage and providing fringe benefits.

Eligible activities for Anchor Building grants-to-loans can be used for up to 30% of the total project investment required to acquire and renovate the building, including installation of fiber-optic wiring in the building.

Existing configurations of interior space should be carefully examined and redesigned, if necessary, to ensure that they will fully accommodate space needs of small firms with Internet components of their businesses. Architects with previous successful experience in this area should be retained for this purpose.

Costs of public infrastructure development and of hazardous waste testing may be considered if the lack of conventional funding sources for such costs is documented.

Funding Amounts

Generally, Anchor Building grants will not exceed \$500,000 or 30% of total project investment, whichever is less.

Refer to Exhibit V – Guidelines for the Administration of Local Business Loan and Investment Programs – for information concerning the administration of local revolving loan funds.

c. **Required Documentation for Main Street Development Grants**

The following narrative items must be submitted with the application for Downtown Reinvestment and Anchor Building funds:

- i. If a redevelopment authority is the applicant, it must enter into a cooperation agreement with the local municipality that guarantees the local share from the sources identified in the application, and obligates the municipality to pay its share of project costs and agrees to reimburse the Commonwealth for any expenditures found by DCED to be ineligible.
- ii. Five-Year Strategy. All applicants for the Downtown Reinvestment and Anchor Building component must submit their locally-adopted Five-Year Strategy for the downtown as part of the application package.

Appendix B – Enterprise Zone Program

A. General

In order to accommodate the Commonwealth's vast array of communities and, more importantly, to accommodate the needs of our core communities, the Department has structured the New Communities Guidelines to provide financial assistance to the diversity of municipalities in Pennsylvania and to support effective proposals. Consequently, the Guidelines provide the Department with flexibility to fund strong proposals and ideas that are not specifically delineated in the Guidelines.

As part of the New Communities Guidelines, this Appendix suggests many Enterprise Zone proposals, projects, and example forms of assistance, along with the likely DCED requirements for those examples. These suggestions are provided to guide communities in how to structure an acceptable application proposal. While we have listed the traditional program examples below, the Department will consider applications to undertake other revitalization activities in consistent with the goals of the program.

In order to receive Enterprise Zone funding, a specific area, preferably within two or more related communities, must be designated as an Enterprise Zone. The Department will review the application and determine if designation is appropriate. This Appendix outlines the designation process and funding levels. There are three funding categories, planning, operations and competitive. Each is described in detail below.

An Impact Project Enterprise Zone designation allows businesses located within the zone to apply for Enterprise Zone Tax Credits under the Neighborhood Assistance Program. Operational and Competitive grants are not benefits of this Impact Project designation. However, if the community is interested in pursuing Enterprise Zone designation, planning assistance may be available.

A community wishing to participate in the Enterprise Zone Program must clearly present its ideas to the Department in its application. The Department will review the application and will determine if designation is appropriate, as well as funding and benefits provided.

B. Examples of Enterprise Zone Program

1. Planning Grants

Planning grants are available to communities wishing to participate in the program as a designated Enterprise Zone. This grant will provide funding to help communities complete designation requirements. The communities desiring Enterprise Zone designation must select a lead community or agency to become the applicant for the Planning grant funds. The Planning grant should support development of a Five-Year Strategy including the following elements and activities:

- Identify opportunities for and obstacles to business growth and retention, including suggestions and a plan to upgrade the existing building stock to attract new businesses into vacant, deteriorated areas.
- The strategy must be based upon surveys of property owners, business owners and executives located within the boundaries of the proposed zone area with opportunity for input from residents, community-based organizations, and municipal officials. Communities may be able to access this data from the Business Retention and Expansion Program (BREP). The purpose of the survey is to learn from business owners and managers what their best opportunities are for growth, their most significant barriers to growth, and the most effective ways in which local and state government can assist them to grow. The survey should be designed to identify the type of service or merchandise sold and produced in the area; the number of employees (jobs) of each business; types of occupations resulting from the

businesses; salaries; benefits offered by the companies; locations of the businesses; is the business satisfied in that location; type of neighborhood where the business is located; how well the business is doing (able to expand, not doing so well, etc.); services available to the businesses in the area; cost of doing business in the area, etc.

- The strategy must focus on use of land zoned for business purposes, industrial strategies pertaining to manufacturing, business-to-business services, and Internet business development.
- The planning done for the Enterprise Zone strategy must be complementary and consistent with both Main Street and Elm Street strategies when multiple programs are funded in a single community.
- Cluster analyses and/or an e-commerce element, where appropriate, should be incorporated into this strategy as an activity to be completed by the end of the fourth year in the program.
- Identify the goals and objectives of the proposed zone.
- Outline a scope of work that describes how the applicant intends to carry out the strategy.

Identification of the Communities Participating in the Program

The Planning grant should be used to identify the communities that will participate in the proposed zone. Enterprise Zone designations are generally multi-municipal. The municipalities must be programmatically related and, preferably, contiguous to all the municipalities within the proposed zone.

A Map of the Proposed Zone

The Planning grant should be used to develop a map of the proposed zone. The areas to be designated in each municipality must be identified and depicted on a map. Areas zoned commercial, industrial and manufacturing can and should be included in the proposed zone. Residential areas may not be included in the zone. Only communities with local zoning are eligible for designation within the zone.

Resolutions

The applicant must provide a resolution that authorizes the filing of the application, states the amount required, insures local share, if appropriate and assures the reimbursement of any costs found to be ineligible by the Department. (See example resolution in Exhibit II.)

Funding Amount

- Up to \$50,000
- One grant per designation request per applicant.
- Applicants will enhance their competitiveness if they provide dollar-for-dollar matching funds for this activity.

2. Enterprise Zone Designation - Requirements

The following items must be presented to the Department when Enterprise Zone designation is requested:

- Five-Year Strategy as described above.
- A resolution by each participating municipality that indicates willingness to participate in the program, approves the Five-Year Strategy, supports the program and authorizes the applicant to represent them.
- Enterprise Zone map that details the boundaries of the Enterprise Zone in relation to the areas established by the applicable local zoning as enacted in the municipal zoning ordinances. The total acreage should also be included.

- Identification of each participating municipality.
- Identification of the Enterprise Zone Coordinator.
- Evidence that each participating municipality has legally-enacted zoning ordinances. In fact, any area covered by local zoning ordinances that authorize business uses or activities can be proposed for inclusion in an Enterprise Zone. Areas zoned as manufacturing and industrial should be included within the zone. Downtown commercial areas may be included.
- A description of the proposed area naming the participating municipalities, deeming the area distressed – both financially and physically. Describe in detail the distressed nature of the area and provide evidence that supports the distressed description. Some examples of the factors used to describe or contribute to distressed are as follows: population statistics contributing to the workforce, such as disabled, skilled versus unskilled employment needs; educational levels of the population; migrant/seasonal farm workers or other workforce group; unemployment rate in comparison to the state; number of blighted properties in the selected area; crime rate; income levels; poverty rate; availability of public transportation; business growth; market value of properties; per capita income; percentage of the population over 65; financial stability of the participating municipalities; identification of severe job loss or other economic crises within the proposed zone; etc.
- Identification, by name, of the local organization that will direct the activities of the Enterprise Zone. The names and titles of all members should be included, as well as their role within the organization. A copy of the adopted guidelines/bylaws of the organization is required.

Enterprise zones should be multi-municipal and the municipalities participating in the program should be contiguous. The areas within the zone itself do not have to be contiguous, but they must be programmatically and, preferably, geographically connected. DCED will review single municipality requests for Enterprise Zone designation on a case-by-case basis. DCED will review non-contiguous multi-municipal requests on a case-by-case basis.

In instances where a rural county is seeking designation, the county may include several core areas that are considered disadvantaged as described in the Guidelines above. These core areas are not required to be contiguous, but they must be programmatically connected in relation to the county’s economic development strategy and the business strategy that will be developed.

Applicants are expected to develop an Enterprise Zone organization with membership that reflects the business development focus of the Enterprise Zone, and includes representation from community interest groups and labor organizations. The application should briefly describe local firms, groups, agencies, etc., forming the organization. If the Enterprise Zone organization is already an incorporated entity with substantial and successful business development experience, the organization may be the operating entity and grantee for the grant funds. If the grantee is a local government or a redevelopment authority, the Enterprise Zone organization should be advisory in nature. In either case, the Enterprise Zone organization should include representation from community interest groups and labor organizations.

Enterprise Zone Term of Designation

Enterprise zones are designated for a term of seven years.

3. Impact Project Designation – Requirements

DCED can designate an Impact Project Enterprise Zone that provides a more narrow scope of benefits than regular designation. This component of the program is designed to assist communities that are undertaking a comprehensive redevelopment or revitalization plan. This comprehensive approach should combine several project components that are scaled to the size of that community, but will provide a positive, long-term community-changing impact within the community. The scope of this

revitalization effort should encompass such diverse elements as housing, community facilities/infrastructure improvements, and business development opportunities. Ideally, this approach should provide the catalyst to create direct and spin-off business that create job lasting community improvements.

Designation of an Impact Project Enterprise Zone is based upon DCED's approval of a strategy document that outlines the set of activities that are included in the community's comprehensive redevelopment or revitalization plan. The document should outline opportunities for business growth and the effective ways in which the local government intends to assist businesses when implementing their activities for revitalization. The information needed to develop this strategy document is usually found in the community's comprehensive community development plan required by the Department of Housing and Urban Development (HUD) every year.

The applicant is required to submit a map that details the boundaries of the Impact Project Enterprise Zone in relation to the areas established by applicable local zoning as enacted in the municipal zoning ordinances. The total acreage should also be included.

The applicant is required to identify, by name, the individual(s) that will administer the activities of the Impact Project Enterprise Zone. In most instances, this individual(s) is employed by the municipality's Office of community development. If the applicant is not a municipality, the applicant must name the individual(s) within the organization that will be responsible for administering the activities of the Impact Enterprise Zone.

The applicant is usually a single municipality. The applicant is required to submit a resolution to the Department that authorizes and supports the creation of the Impact Enterprise Zone.

All eligible businesses located within the Impact Project Enterprise Zone will be eligible to apply for tax credits against the applicable state business tax for the value of improvements made to business properties located within the Enterprise Zone.

Impact Project Enterprise Zone Term of Designation

Impact Project Enterprise Zones are designated for a term of seven years.

4. Re-Designations, Time Extensions and Boundary Extensions

Re-Designations

Previously designated Enterprise Zone communities may be considered for re-designation if at least one of the following criteria applies:

- An unusual investment opportunity is occurring in the community that will have a significant positive impact on the local community.
- Sudden and severe dislocation occurred, such as the closing of a major employer, or a series of significant closures and employment cutbacks happened in a short period of time.
- Chronic and severe economic deterioration over a long period of time may also be considered if local organizational capacity presents a threshold of opportunity that defines what will be different in the Enterprise Zone efforts to promote economic recovery.

If approved for re-designation, DCED will restart the Enterprise Zone with the planning phase of the program. In special instances, the planning phase may not be required and restart of the program could occur immediately.

Time Extensions

- a. Communities may request a one-time, two-year time extension to their Enterprise Zone designation. The basis of this request must identify one or all of the following circumstances:

- An unusual investment opportunity is occurring in the community that will have a significant positive impact on the local economy.
 - Sudden and severe dislocation occurred, such as the closing of a major employer, or a series of significant closures and employment cutbacks happened in a short period of time.
 - Chronic and severe economic deterioration over a long period of time may also be considered if local organizational capacity presents a threshold of opportunity that defines what will be different in the Enterprise Zone efforts to promote economic recover.
- b. In requesting an extension, the applicant must describe the status of the Revolving Loan Fund in terms of available balance, outstanding loans, and how the Revolving Loan Fund is used to spur economic development within the zone.
 - c. If approved for a time extension, all benefits of the program remain intact for the extended period.
 - d. DCED reserves the right to extend a zone exit date beyond two years in cases where a community is experiencing severe economic hardship.

Boundary Extensions

- a. Applicants should take great care to ensure that the initial request for designation includes all of the municipalities wishing to participate in the program. Each municipality should take care to insure that all of the areas to be included in the zone are properly identified.
- b. Boundary extension requests should be discussed with appropriate Departmental personnel prior to the submission of a formal request.
- c. In cases of exceptional opportunity that could not reasonably have been foreseen, consideration will be given to amend Enterprise Zone boundaries.
- d. Documentation of exceptional opportunity and an explanation of why the municipality(ies) and/or areas in question were not included with the original application must be provided.
- e. In some instances, the Enterprise Zone entity may be required to reduce the size of the zone by the same amount of property that will be added.
- f. At a minimum, the following is required:
 - A detailed narrative describing the nature of the boundary extension.
 - A statement explaining why the municipality or area was not included in the original designation application.
 - A statement explaining how the inclusion of this municipality will benefit the zone and how it relates to the overall Five-Year Strategy.
 - A map of the zone that includes the new location.
- g. Exited zones are not permitted to request boundary changes.

5. Operational Grants and Funding Criteria

Operational grants are available to applicants administering a designated Enterprise Zone. Impact Project Enterprise Zones are not eligible to receive Operational grants. The Operational grant provides financial assistance for the administration of the Enterprise Zone. Operational funds can be used for the following activities:

- To update the business development survey. The survey update will assist the Enterprise Zone to stay in touch with the business community and to identify any economic changes that may be occurring within the business community.

- To provide technical assistance, consultant contracts for technical assistance and other professional services, to the businesses within the zone.
- To pay for the administration of the Revolving Loan Fund (RLF) until enough activity has occurred to produce enough income to sustain the RLF.
- To pay for the marketing and promotion of the Enterprise Zone, which is usually made through advertisements in local papers, outreach to surrounding areas and businesses, advertising of available space, etc.
- To update the Five-Year Strategy so it is consistent with the administration of the program.
- To provide information to businesses about the program, to educate them about other DCED programs, and to assist them when they apply for assistance.
- To pay for the salary and administrative costs of the Enterprise Zone coordinator.
- To pay for the development of an exit strategy in the seventh year. This strategy should outline, in detail how the zone will be maintained and managed without the assistance of operational grant funds. Funds in the RLF must be documented and a strategy for its continued use must be outlined. The grantee is required to document how it will continue to provide assistance to local businesses and spur job creation within the zone.

Operational Grant Funding Amounts and Funding Criteria

Designated Enterprise Zones are eligible for basic grants of up to \$50,000 per year during the designation period.

Designation as an Enterprise Zone does not guarantee the maximum grant amount of \$50,000 per year for the administration of the program. In order to receive basic grant funding, the Enterprise Zone must submit an application that addresses the following in detail:

- Financial Need for the Basic Grant** – Explain how the funds are necessary to administer the Enterprise Zone, including how other sources are either inadequate or not available to support the administrative cost of the zone.
- Provision of Technical Assistance** – Describe progress in providing technical assistance services to businesses located within the Enterprise Zone or moving into the Enterprise Zone.
- Status of the Revolving Loan Fund (RLF)** – Outline usage of the RLF (number of loans, jobs, etc.), progress/accomplishments of the local RLF, and how the Enterprise Zone is developing/expanding the RLF.
- Other Benefits to Businesses in the Zone** – Describe any other benefits or assistance provided to businesses located within the zone beyond technical assistance, RLF, and the state-provided benefits.

Enterprise zones that propose one or more of the following activities will be eligible for up to an additional \$25,000 grant twice during the seven-year designation. (Thus, it is possible for a zone to receive an operational grant of up to \$75,000 on two separate occasions during the designation period.) The activities that qualify for the additional grant award are:

- Undertaking cluster analysis activities.
- Undertaking activities that require the use of analytical tools to enhance the development plans of the zone.

Operational Grant Application Requirements

- a. Complete Single Application, if applicable.
- b. Resolution - that authorizes the filing of the application, states the amount required, insures local share, if appropriate and assures the reimbursement of any costs found to be ineligible by the Department. (See example resolution in Exhibit II.)
- c. Project Map - map(s) of sufficient size and quality to describe the Enterprise Zone area by participating municipalities and identifying the areas zoned industrial, manufacturing and commercial.
- d. Evidence of commitment of other funds - Evidence of matching and other funds necessary to carry out the project, such as copies of letters from federal or state agencies, private fund commitments, financial institutions and local government commitments.
- e. Project budget narrative - A narrative description of each budget line item, addressing each line by funding source is required. Only costs associated with this project should be included in the budget. All DCED budgets over \$100,000 must contain an amount for a separate program closeout audit, which is considered to be an eligible administrative expense. The contingency line item may not be used. Please use the “Other Category” at the end of the budget for project costs that are not listed or cannot be appropriately anticipated. Include only local matching funds that are required since the budget form is attached to and becomes part of the contract. These local costs will have to be documented as available when the project audit is conducted.
- f. Project narrative describing the community, the benefit that will result, and specifically how the zone meets the requirements of the Operational Grant Funding Criteria section above.
- g. Operational Grant Work Program – Summarize the activities that may occur in the upcoming year. Provide information related to any new direction that may be planned, including major projects completed. Describe any changes that were made to the Work Program and how the changes will affect the overall program. Describe any changes to the Enterprise Zone Organization, and finally, summarize any cluster analysis work completed or proposed to be completed.
- h. Program Objectives – Program objectives must be quantified in your application submission so we can measure the Enterprise Zone’s progress. Some examples of these objectives are jobs created, jobs retained, number of new businesses entering the zone, number of vacant buildings recently occupied, etc. This progress must be included in all operational requests for funding. The following chart should be completed:

Objective	Five-Year Estimate	Current Fiscal Year's Progress (July 1 to date of operational grant application)	Total Progress to Date (from date of designation to date of grant application)

First-time applicants seeking designation often include a request for the first Operational grant when they submit their application. All the requirements outlined above, including the designation information, should be included in the application.

6. **Competitive Grants**

Enterprise Zone organizations are encouraged to apply for Competitive grants on behalf of an eligible business located within the zone. Competitive grant funds are granted to the Enterprise Zone organization, which loans the funds to the eligible business. Eligible businesses include industrial, manufacturing and technology-oriented businesses that are located within the boundaries of the designated Enterprise Zone. The businesses must be expanding or located into the Enterprise Zone area. Retail and commercial businesses are not eligible to apply for or receive Competitive grant funds. Corporate/regional headquarters of any type firm may be funded with Enterprise Zone Competitive grant funds.

Enterprise zone organizations are eligible to apply for these grants provided the zone has not exited the program. The intent of the program is to award Competitive grants to Enterprise Zones in order to establish a financially-viable RLF that will continue to carry out the purposes of the program after the Enterprise Zone has exited the program and operational funding has stopped.

Competitive grant applications are reviewed and underwritten by staff from the Department's Loans Division, Center for Business Financing.

Competitive Grant Criteria

- a. Jobs created/retained must provide full-time employment at substantially above federal minimum wage levels, with some fringe benefits. One full-time job must be created or retrained for each \$35,000 increment of the Competitive grant request.
- b. Can be used for up to 30% of the total project costs.
- c. May be used to acquire machinery and equipment; building improvements; building and/or equipment modernization; new building construction; site improvements; infrastructure; the cost of prepared business lease space; and in some special cases, for up to 40% of inventory or working capital needs.
- d. A phase one environmental assessment is required for projects that involve the acquisition of real property.
- e. Competitive financing for public infrastructure development and hazardous waste testing may be considered if financing is not available from conventional sources. The lack of conventional financing must be documented.
- f. The Enterprise Zone entity is responsible for insuring that the Enterprise Zone revolving loan recipient creates or retains the appropriate number of jobs. Generally, companies should create jobs within three years. If the required jobs are not created within a reasonable period of time, sanctions, such as an increase in the loan interest rate or an accelerated loan payment schedule up to and including immediate repayment at a higher interest rate, may be enacted against the recipient. The Enterprise Zone entity is responsible for determining when the required jobs should be created and what sanctions should be enacted if the recipient does not create the required jobs.

Funding Amounts

Competitive grants-to-loans are available in amounts not to exceed \$350,000 per project, provided the requested Enterprise Zone funding amount does not exceed 30% of total project cost, and one full-time job is created or retained for each \$35,000 increment of the Competitive grant request.

Competitive Grant Application Requirements

The following information must be submitted when applying for a Competitive grant.

- a. Identify the business by name, address of the business, along with evidence documenting that the business is located within the boundaries of the currently-approved Enterprise Zone.

- b. Describe the physical and economic impact the Enterprise Zone business will have on the project site (e.g. 100,000 square feet industrial building will increase the property values of other buildings in the project area).
- c. Explain how the funding of this Competitive grant application is related to and supports the Enterprise Zone strategy.
- d. Provide the proposed terms and conditions of the loan.
 - Annual interest rate.
 - Amortization period.
 - Description and value of collateral.
 - Position of real estate encumbrance or equipment/machinery lien.
- e. The Competitive grant recipient's financial statements should include the following:
 - The loan applicant's financial statements (e.g. balance sheets and income statements) for the last two operating years of the business.
 - Year-to-date (or most current) financial statements.
 - If the loan applicant is a "start-up" business, three years projected income statements (with the proposed debt included) and one year projected balance sheet.
 - If the Enterprise Zone loan guidelines require personal loan guarantees, then a current financial statement(s) of the guarantor(s) must be provided.
 - All financial statements should be prepared according to Generally Accepted Accounting Principles.
 - If possible, all financial statements (except personal financial statements) should be prepared by an accountant.
- f. Competitive grant loan documents should include the following, when applicable:
 - Copies of matching loan and/or grant approvals.
 - Copies of loan terms for approved matching loan funds.
 - Copies of the relevant lease(s) or rental agreement(s).
 - If the Competitive grant funds are to be used to acquire machinery and/or equipment, copies of purchase orders or invoices must be provided for single items costing \$10,000 or more.
- g. Real estate documents should include the following:
 - A current (less than one year-old) real estate appraisal must be submitted if Competitive grant funds will be used to acquire real property.
 - A current (e.g. less than one year-old) Phase I and/or Phase II Environmental Assessment Report.
- h. A construction budget and schedule must be submitted when the Competitive grant funds are used for new building construction or major building renovations (e.g. in excess of \$25,000).
- i. Description of Competitive grant recipient's target market, product, services, market area, etc.
- j. Description of Competitive grant recipient's ownership status (e.g. corporation, LLP and the proportional equity of the principals).

- k. Business history of the Competitive grant applicant. If the applicant is a “start-up” business, then resumes of principals of the business must be submitted.
- l. An executed resolution by the applicant requesting funding, stating the amount requested, insuring the provision of local share funding and guarantees for the reimbursement of costs found to be ineligible by DCED.
- m. Evidence attesting to the fact that the jobs created are full-time (a majority of the jobs to be created) jobs with salaries and wages substantially above the federal minimum level and that these new jobs provide company benefits, such as health insurance, retirement, vacation, etc.

7. Enterprise Zone – Revolving Loan Fund

Upon the receipt of a Competitive grant, the Enterprise Zone organization is required to establish a Revolving Loan Fund (RLF). All Competitive grant funds must first be deposited into the RLF and remain invested until such funds are disbursed to the DCED-approved business. All interest, income and loan payments accumulated in the RLF must remain in the fund and should be loaned to eligible businesses, including retail and commercial establishments within the zone or used to offset the cost of administering the fund. Loans to commercial and retail businesses are at the discretion of the Enterprise Zone organization. The terms and conditions of the resulting loans to the businesses should be structured to benefit the business, but should also be structured to earn adequate income to enable the RLF to become self-sustaining. The following applies to the use of the RLF during the Enterprise Zone designation and after the exit date:

- a. The Enterprise Zone organization may withdraw interest income from the RLF to pay for the cost of administering the fund.
- b. Earned income and interest that are not needed to administer the RLF must remain in the fund and be loaned to eligible Enterprise Zone businesses.
- c. The Enterprise Zone entity may not withdraw principal from the RLF to pay for administrative costs or other program costs that are not related to the administration of the fund.
- d. The Enterprise Zone organization may not withdraw principal from the fund without Departmental approval.
- e. The Enterprise Zone organization is required to submit, bi-annually, the Active Grant Contract Loan Report to the Department’s Audit and Compliance Office. This report is due every January 31 and July 31 until the initial loan of any Competitive grant is repaid.

Additionally, Competitive grant recipients are required to submit an Enterprise Zone Revolving Loan Fund Report. These reports must be submitted quarterly – every January 31, April 30, July 31 and October 31 – until the revolving loan fund no longer exists.

Appendix C – Elm Street Program

A. General

In order to accommodate the Commonwealth’s vast array of communities and, more importantly, to accommodate the needs of our core communities, the Department has structured the New Communities Guidelines to provide financial assistance to the diversity of municipalities in Pennsylvania and to support effective proposals. Consequently, the Guidelines provide the Department with flexibility to fund strong proposals and ideas that are not specifically delineated in the Guidelines.

As part of the New Communities Guidelines, this Appendix suggests many Elm Street proposals, projects, and example forms of assistance, along with the likely DCED requirements for those examples. These suggestions are provided to guide communities in how to structure an acceptable application proposal. The DCED five-point Elm Street approach is one of the examples offered below, but the Department will consider alternatives.

While we have listed the traditional program examples below, the Department will consider applications to undertake other revitalization activities in a traditional neighborhood. These activities can range from neighborhood planning activities to streetscape improvements, building repairs, operational funding on a limited basis, etc.

A community wishing to participate in the Elm Street Program must clearly present its ideas to the Department in its application. The Department will review the community’s application and determine what approach is best for that community, as well as funding levels.

B. Examples of Elm Street Programs

1. Planning Grants

Planning grants are available to communities wishing to participate in the program as a designated Elm Street. This grant will provide funding to help these communities complete the following designation requirements, in addition to completing the application requirements already outlined in Section IV of the Guidelines:

- a. There must be an organization in place, or one that is in the process of forming, to become the Elm Street Organization. If an organization is not in place, an employee of the local government can assume this role and assist in the development of the organization. When an employee of local government assumes the role of Elm Street manager, that employee must function as the full-time Elm Street manager and comply with all requirements as defined for any Elm Street manager.
- b. The preparation of a Five-Year Elm Street Plan for Elm Street designation. An outline to assist the community to develop this plan is included in Appendix D. The Elm Street Plan must contain:
 - i. A mission statement.
 - ii. A vision for the area.
 - iii. An action plan.
 - iv. Evidence of public input.

The Pennsylvania Downtown Center will provide technical assistance to communities who are undergoing the planning process. Award of a Planning grant does not guarantee Elm Street designation.

Additional Planning Activities

Listed below are other eligible activities that a community may want to address after a community has achieved Elm Street designation. It should be noted that Elm Street designated communities will receive priority when applying for these funds. Non-designated communities may apply for this funding if they can demonstrate that their community is Elm Street eligible.

- Establishment of a Neighborhood Improvement District as defined in the Act of December 20, 2000 (P.L., 949, No. 130) known as the Neighborhood Improvements District Act. (In the course of developing its Elm Street Plan, the Elm Street community may determine that it is both prudent and viable to plan for and implement a Neighborhood Improvement District (NID) program under existing Pennsylvania state law. A NID is a structured, formal group of neighborhood residents and/or property owners that can buy/sell/rehabilitate properties within that prescribed area and provide a funding stream for these activities through membership fees. Such an organization would greatly enhance the community's efforts to sustain an Elm Street organization in the neighborhood.)
- The review of local comprehensive plans and zoning and other land use ordinances to foster the viability of established residential neighborhoods with a balanced mix of commercial, civic, employment and residential uses, with particular attention to the diversity of housing options.
- The review of educational and recreational opportunities and facilities.
- The marketing and promoting of urban residential living.
- Leveraging additional private and public investment.
- Promoting home ownership and other housing options.
- Addressing social and economic concerns including, but not limited, to crime, blight, employment opportunities and public services and amenities.
- Achieving consistency, whenever appropriate, with existing commercial and residential revitalization efforts.
- The establishment of a deliberate connection to the local Main Street program or downtown revitalization effort.
- Preparation of a map that clearly identifies the established residential neighborhood and demonstrates its proximity to a commercial district.

Funding Amount

A one-time planning grant to develop an Elm Street Plan of up to \$25,000 will be available to eligible applicants who demonstrate the initiative to implement an Elm Street Program as a designated Elm Street community.

A one-time planning grant of up to \$25,000 is available to communities wishing to undertake any of the other eligible planning activities listed directly above. Designated Elm Street communities may apply for one additional planning grant up to \$25,000 for any of the additional planning activities listed directly above.

All planning grant recipients must submit a copy of the completed plan to the Department prior to the grant contract expiration date.

A 10% match from local private or public sources is required. Matching funds can be cash and/or documented in-kind services. (Example: The planning grant of \$25,000 must show a match of \$2,500.) In-kind services must be documented when the funding is requested. The in-kind service must be provided and documented during the contract period. Documentation that the match has been waived must be provided if there is no match.

The planning done for Elm Street designation must be complementary and consistent with both Main Street and Enterprise Zone strategies when multiple programs are funded in a single community.

2. **Elm Street Designation – Requirements**

Elm Street designation will enable a community to employ an Elm Street manager for up to five years. The Elm Street applicant must complete the planning process before DCED will consider designation. If a suitable plan equivalent to an Elm Street Plan already exists, the planning phase may be waived. The applicant should submit the Elm Street Plan, a request for designation, and an application for operational funding (\$150,000) for the first three years of the program to the DCED Customer Service Center, with a copy to the appropriate regional office and the Pennsylvania Downtown Center (PDC). The PDC will assist DCED with the designation process by completing an Elm Street Appraisal. Elm Street designations are awarded by DCED. The Department must approve the Elm Street Plan and designation before the community can hire an Elm Street manager and before operational funding is awarded.

Application Content

A community desiring Elm Street designation must submit an application that addresses the following criteria in addition to the information outlined in Section IV of the Guidelines:

- a. **Traditional Neighborhood.** A targeted, residential district must be identified that is pedestrian-oriented and dominated by traditional older buildings, preferably within a local historic district or National Registered Historic District, which has existed as a residential neighborhood since before 1961. The selected area may be comprised of mixed-use areas, but must be primarily residential.
- b. **Geographic Location.** This target area must be generally within one-half mile from the edge of a downtown commercial district or a Main Street that is undergoing downtown revitalization. A programmatic connection must be shown to exist between this area and the current Main Street or downtown revitalization program.
- c. **Need.** Demonstrate that this defined residential neighborhood is in need of revitalization. The level of revitalization need must be evident through the reporting of crime, poverty, unemployment, deteriorated/dilapidated housing stock, blighted buildings, reduced homeownership rates, or similar criteria. A blight declaration in accordance with the Housing and Redevelopment Assistance Law and the Urban Renewal law would clearly indicate deterioration in the neighborhood.
- d. **Organizational Support.** Show that there is a strong functioning organization in place (most commonly through a private, nonprofit 501(c) 3 corporation) whose mission statement incorporates the Elm Street purpose; that will oversee the implementation and ongoing evaluation of the Elm Street Plan, as well as the activities of the Elm Street manager. Two years of satisfactory audits may help to demonstrate the strength and sustainability of the organization, along with experience in administering other relevant grants at funding levels greater than or equal to the amount of funding requested for this program. The organization must be neighborhood-oriented and should be comprised of Elm Street neighborhood residents, community-based organizations, property owners, institutions, churches, businesses, social service agencies, and municipal officials. This support may be evidenced by signed petitions, meeting notes, service organizations, etc. If the organization is an extension of the Main Street organization, it must be a separate arm of that organization. If a formal organization does not exist, or is unlikely to be development, and there are no other agencies in the neighborhood, the local government can request Elm Street designation.

Board names and titles, committee chairs, copies of regular board and committee meetings (minutes) must be submitted for review. A vision/mission statement for the Elm Street neighborhood should be developed that is relevant to community conditions and endorsed by the organization.

The following activities will be required if the local government intends to administer the Elm Street Program:

- Support from the prospective neighborhood as evidenced by petitions and meetings.
- An individual hired by the local government as the Elm Street manager must hold frequent neighborhood meetings and must perform all of the duties required by the program.
- The Elm Street manager would be an employee of the municipality.

DCED-funded Main Streets generally cannot become the Elm Street organization while receiving DCED Main Street funds during Years 1, 2 and 3, unless the Main Street organization demonstrates the capacity to administer the Elm Street Program. It is recommended that the Main Street organization should begin planning for an Elm Street designation in Year 4 of the DCED Main Street Program. An existing Main Street organization and/or Neighborhood Improvement District (NID) are encouraged to incorporate an Elm Street Program through appropriate bylaw changes. An existing neighborhood nonprofit may also serve as the organization in charge of the Elm Street effort if a separate committee/task force, etc., has been established for this purpose. The involvement of the board of directors through service on an Elm Street committee must be shown. A Main Street manager cannot be the Elm Street manager, however, the Elm Street manager can report to the Main Street manager.

- e. **Leveraging other funds.** Priority will be given to organizations that can demonstrate a significant degree in the leveraging of other funds during the Elm Street designation period.
- f. **Discussion of local commitment** to community and economic development as evidenced by the existence or planned passage and operation of a Neighborhood Improvement District or similar authority (also known as a downtown or business improvement district), Local Economic Revitalization Tax Abatement (LERTA), or other documented strategies to support ongoing economic development.
- g. **An Elm Street Plan** that defines specific goals and objectives for the project, and will be used throughout the program as a work plan. This plan must be based upon current conditions in the Elm Street area and connected to the purpose of the Main Street organization.
- h. **Computerization** of the Elm Street office has taken place. (Attach a brief description).
- i. **An explanation** of how adequate administrative services (clerical and bookkeeping) and office space will be provided by the applicant.

Upon receipt of the designation application, the Department will review it; and, if warranted, the Pennsylvania Downtown Center (PDC) will be asked to complete an appraisal. If the Department designates an Elm Street community, the applicant will receive Operational grant funding to begin the Elm Street Program.

In some instances, the community may be instructed to revise the Elm Street Plan or to supplement a portion of it in order to better meet the Elm Street requirements before designation is awarded.

Elm Street Term and Designation

The term of designation for an Elm Street is up to five years.

3. Operational Grants

Operational grants are available to designated Elm Street communities after the planning phase has been satisfactorily completed. A designated Elm Street may receive funding in this category to administer the Elm Street Program for up to five consecutive years to pay for the employment of an Elm Street manager who will implement the Elm Street Plan. If there is an existing Main Street

Program in the applicant's community, the Elm Street manager could be an assistant to the Main Street manager.

Applicants may apply for Operational grant funding without designation. In these instances, funding is not guaranteed for a specific period of time, and it must be matched with at least 10% of DCED grant funds unless the community is eligible for the match waiver.

Eligible Activities

- The cost to employ a full-time or part-time professional Elm Street manager.
- The cost of health insurance benefits for the Elm Street manager at the time of employment during the designation period. (Health benefits may be charged to the DCED award or financed from the local share.)
- The cost of administrative assistance to support the Elm Street manager during the designation period. Recipients of operational grants are required, throughout the term of the program, to provide an accounting of administrative services (clerical and bookkeeping support) and hard costs for the program, such as office overhead, copier machines, computer and computer hock-ups.
- The cost to operate the program, which includes salaries and fringes, training and technical assistance, consumable supplies, travel, advertising, public relations and promotions, office equipment, office space, audit, etc.
- Pennsylvania Downtown Center (PDC) membership during the designation period.

Application Content

In addition to the application requirements in Section IV of the Guidelines, the following information must be submitted when requesting operational funding for subsequent years.

- a. An evaluation/summary of the prior year's program.
- b. An updated Elm Street Plan for the future years, if appropriate.
- c. Documentation that the local share is available or that it has been waived.
- d. A summary of the local Façade Grant Program's history to date (guidelines, grants awarded, obligations, etc.), if applicable.

The Department and/or PDC annual assessment of the prior year's activities must be satisfactory in order to receive additional Operational grant funding.

Funding Amounts

Up to \$50,000 per year for up to five consecutive years is available to designated Elm Street communities for the hiring of a full-time manager. The required local match is 10% of the DCED award. Matching funds can be cash and/or documented in-kind services.

4. Residential Reinvestment Grants

Residential Reinvestment grants may be used to carry out physical improvements within an established residential neighborhood that is within one-half mile from a commercial district, has existed as a residential neighborhood since 1961, and is in need of revitalization.

DCED will review each proposal on its own merit and will determine whether it clearly serves the public purpose. Proposed activities must be tied to a strategic plan.

An Elm Street designation is not required to receive Residential Reinvestment funding.

The Elm Street manager is expected to oversee the administration of Residential Reinvestment grants for designated Elm Streets. Administration costs are limited to 10% or less of the grant award for non-designated projects.

Funding preference will be given to designated Elm Street communities.

Eligible Activities

Development projects that help eliminate decline within the community's traditional residential district are eligible. Examples of eligible activities include, but are not limited to:

- a. Infrastructure and structural improvements, including, but not limited to, streets, streetlights, trees exteriors of buildings, and sidewalks or other pedestrian-oriented features.
- b. Structural improvements of buildings for mixed-use.
- c. Acquisition of properties that could have historical significance through a subsidized loan program in conjunction with local financial institutions to encourage increased homeownership and/or centralized management of rental units in the project area.
- d. Facade improvements for exteriors; such as painting, siding, coverings, etc., design assistance, roof repairs, removal of large objects such as but not limited to tree roots, fence repairs and historically-accurate improvements. These improvements are limited to \$5,000 per property. Facade improvements for non-residential buildings and rental properties must be matched dollar-for-dollar. A match waiver will not be granted for non-residential and rental properties. Facade improvements for homeowners must be matched dollar-for-dollar for owners whose income is above 115% of the median income for the community. At least a 10% match (cash or in-kind) is required for homeowners whose income is less than 115% of the median. Other grant programs; such as HOME, CDBG or local funds, may be used to match facade improvements for homeowners whose income is less than 115% of the median income. In-kind match must be documented per property, Facade Program Guidelines are required, must contain in-kind eligible criteria, and must be approved by the Department prior to implementation. An Elm Street community is eligible to apply for facade improvements under the Residential Reinvestment component of the program.
- e. Examples of other activities that are eligible are as follows: Acquisition; demolition; code violation corrections and improvements; emergency housing repairs; ADA ramps; home security items, such as motion lights, bars on windows, etc., passive pocket parks; water and sewer connection fees; homeownership programs; housing rehab-for-resale programs; etc. All activities must be approved by DCED. Individuals receiving assistance must qualify to receive benefits as described in Number 4 above.

Application Content

In addition to the application requirements outlined in Section IV of the Guidelines, the following information must be provided:

- a. The applicant must demonstrate that there is a programmatic connection between the planned activity and the Main Street or local downtown revitalization effort and have a plan in place that includes the proposed project as a priority.
- b. A match of at least 10% of the grant amount is required, unless the match is waived.
- c. Leveraging with other funds will make the project more competitive.
- d. If the applicant is not an Elm Street-designated community, the following additional information must be included in the project narrative or as an Appendix to the application:

- i. A community plan that is comparable to the required Elm Street Plan.
- ii. A programmatic connection between the proposed project area and the downtown Main Street Program.
- iii. The targeted area must be pedestrian-oriented and dominated by traditional older buildings, preferably within a local historic district or National Registered Historic District, which has existed as a residential neighborhood since before 1961. The selected area may be comprised of mixed-use areas, but must be primarily residential. This target area must be generally within one-half mile from the edge of a downtown commercial district or a Main Street that is undergoing downtown revitalization. The applicant must demonstrate that this defined residential neighborhood is in need of revitalization. The level of revitalization need must be evident through the reporting of rates of crime, poverty, unemployment, deteriorated / dilapidated housing stock, blighted buildings, reduced homeownership rates, or similar criteria.
- e. If the applicant is not a municipality, the applicant must have a Cooperation Agreement with the local municipality that obligates the applicant to its share of project costs from sources identified in the application, and obligates the municipality to pay its share of project costs and to reimburse the Commonwealth for any expenditures found by DCED to be ineligible.
- f. Elm Street Plan. All applicants for the Residential Reinvestment component must submit their locally-adopted Five-Year Strategy as part of the application package.
- g. A copy of the local facade program guidelines, if applicable.
- h. A detailed narrative describing the project, it's location in the Elm Street Neighborhood, purpose, benefit to the neighborhood, etc.
- i. A detailed budget with a narrative explaining how the funds will be spent. Include the local share and required match (i.e. cost estimates, contractor estimates, proposals, etc.).

Funding Amounts

Normal grant size under this component generally ranges from \$50,000 to \$250,000.

Exhibit I – The Main Street Four Point Approach

The chart below depicts the Traditional Main Street Four Point Approach as endorsed by the National Trust Main Street Center.

Downtown Action Plan Elements Based Upon The Four Point Approach of the National Main Street Center			
DESIGN	PROMOTION	ORGANIZATION	ECONOMIC RESTRUCTURING
Enhancing the physical appearance of the central business district	Marketing the unique characteristics to shoppers, investors, new businesses, tourists, youth and others	Building consensus and cooperation among the groups that play a role in downtown and providing the necessary resources	Strengthening and diversifying the economic base of the central business district
Buildings Physical Improvements <ul style="list-style-type: none"> • Streetscape • Banners • Signage • Seasonal Decorations • Public Amenities Planning / Zoning Parking / Transportation Visual Merchandising Graphic Elements	General Image <ul style="list-style-type: none"> • “Top-Of Mind” Ads • Image Events • Media Relations • Collateral Materials Special Events <ul style="list-style-type: none"> • Fairs, Festivals • Parades • Craft Shows • Heritage Events • Holiday Events Retail Promotions <ul style="list-style-type: none"> • Cooperative Ads • Sidewalks Sales • Cross-Retail Promo • Niche Retail Ads • Coupon Programs 	Partnerships Volunteer Development Communications <ul style="list-style-type: none"> • Newsletters • Web-Sites • Annual Reports Funding <ul style="list-style-type: none"> • Government Grant-Writing • Fundraising Events • Membership • Improvement Districts • Corporate Contributions • Foundation Contributions 	Business Retention Business Recruitment New Economic Uses Trade Area Information <ul style="list-style-type: none"> • Trade Area Studies • Business Inventory • Property Inventory Financial Incentive <ul style="list-style-type: none"> • Grant Programs • Loan Programs • Tax Incentives

Exhibit II – Sample Resolution

Resolution of the _____ authorizing the filing of a proposal for funds with the Department of Community and Economic Development (DCED), Commonwealth of Pennsylvania.

WHEREAS, the _____ is desirous of obtaining funds from the Department in the amount of \$_____.

BE IT FURTHER RESOLVED, that the _____ will assume the provision of the full local share of project costs.

BE IT FURTHER RESOLVED, that the _____ will reimburse the Commonwealth for the state's share of any expenditures found by DCED to be ineligible.

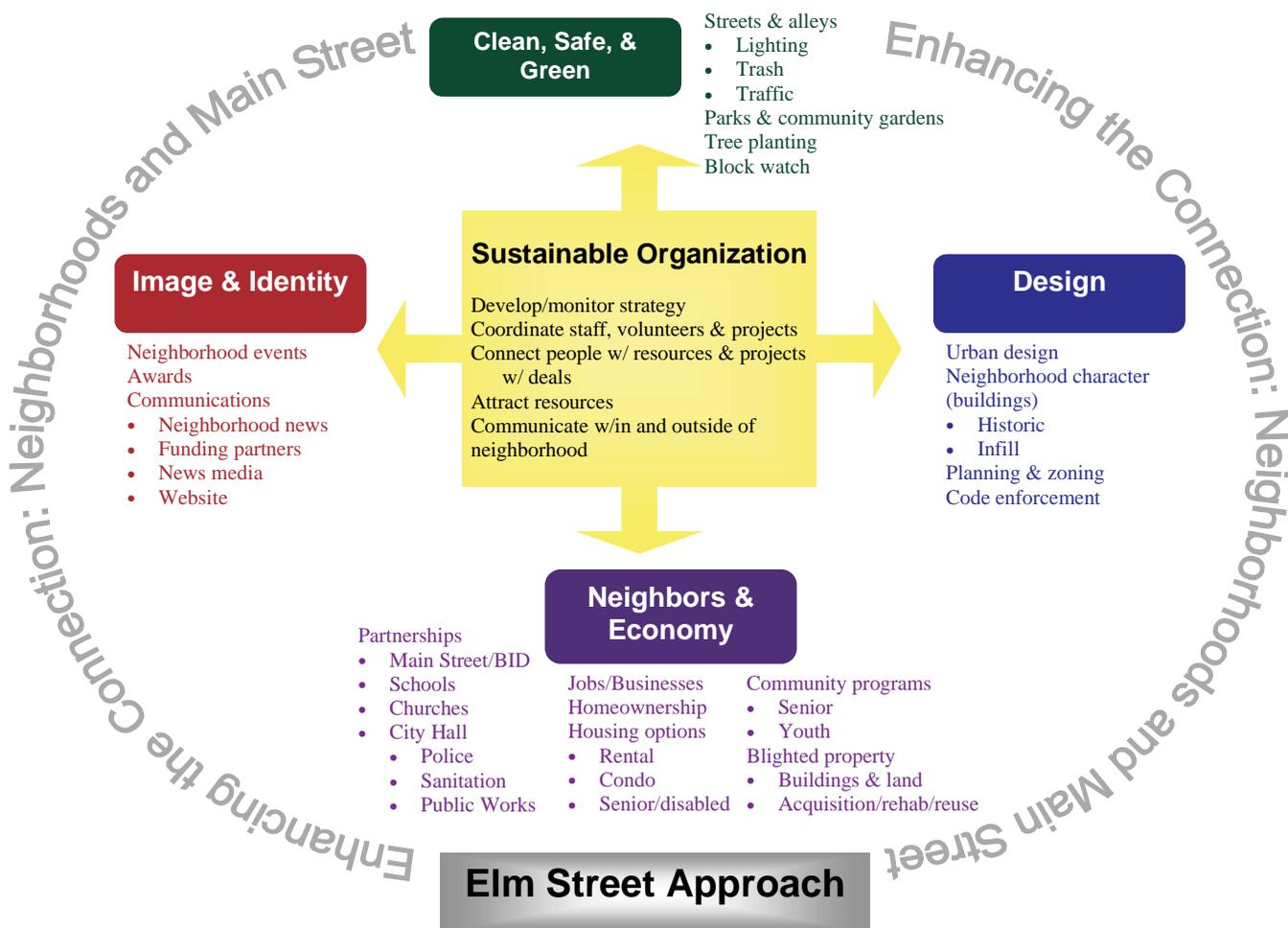
BE IT FURTHER RESOLVED, that the Secretary of _____ is directed to execute a certificate attesting to the adoption of this Resolution and to furnish a copy of the Resolution to the Department of Community and Economic Development.

(Attest)

(Seal)

Exhibit III – The Elm Street Approach

Each neighborhood is different, and coming out of its Elm Street Planning effort, each is likely to identify its own priorities. However, all Elm Street neighborhoods are expected to address all of the focus areas.



Five-Year Revitalization Strategy Outline

I. Program Area: Organization

Goal: Building consensus and cooperation among the groups that play roles in the district through the designation of an Elm Street organization.

Objectives:

- A. Create a viable organization to carry out the Elm Street Program that has a solid legal base, a mission, a vision, and appropriate board and committee structure to do the job.
- B. Create partnerships between Main Street, Elm Street, community-based organizations, the municipality, property owners, and other stakeholders through board and committee representation.
- C. Develop a volunteer base to staff various committees using local stakeholders – matching skills with needs.
- D. Ensure communication among and between all volunteers and partners through the creation of regular newsletters and email updates.
- E. Find regular ongoing funding support to ensure operational security through such tools as the Neighborhood Improvement District assessment, public assessment programs, and private donors.

II. Program Area: Image and Identity

Goal: Market the unique characteristics of the Elm Street District to potential residents, investors, new businesses, tourists and others.

Objectives:

- A. Organize special district events; such as house tours, holiday/heritage celebrations and welcome visits, to encourage social interaction.
- B. Improve the general image of the district through the development of printed materials, improved media relations, and image-building events.
- C. Undertake residential marketing through local real estate agencies, use of online property listings and personal contacts.
- D. Undertake various commercial-related promotions using the downtown/Main Street techniques as examples.

III. Program Area: Design

Goal: Enhance the physical appearance of the Elm Street District by capitalizing on its unique assets and traditional layout.

- A. Undertake property inventories to establish a baseline database, as well as understand the makeup of the area.
- B. Survey the private residential and commercial building stock needs of the district in terms of exterior appearance and interior code compliance. Methods to address these needs could include exterior rehabilitation programs, façade work, and complementary site improvements.
- C. Survey the public improvement needs of the district and prioritize their importance. These public improvements can be categorized into the following: streetscape enhancements (lighting, sidewalks,

curbs, signs, street furniture, trees). Service contracts with public and private sectors for improved maintenance and Adopt A and B Block program are examples of possible tasks.

- D. Review and revise relevant planning and zoning ordinances to improve development and reinvestment potential. Local historic designation is an example of a possible change.
- E. Review and revise various parking and traffic-calming methods to improve pedestrian safety and quality of life in the district.

IV. Program Area: Neighbors and Economy

Objectives:

- A. Identify neighborhood demographic and market information.
- B. Identify housing and commercial building stock condition.
- C. Develop a strategy to foster the viability of the district with a mix of commercial, civic, employment and residential uses. This strategy should include such activities as vacant property removal; concentrated code enforcement; increasing homeownership and housing value through targeted assistance programs; reuse of existing vacant or underutilized buildings; etc.

V. Program Area: Clean, Safe & Green Activities

Objectives:

- A. Assess the level of maintenance of important public spaces, such as sidewalks, front yards, vacant lots, etc., for the existence of such items as graffiti, trash, etc.
- B. Inventory open space and recreational areas within the district.
- C. Assess the perceived and real crime situation.
- D. Develop specific tasks to deal with the above-identified issues. These tasks could include community policing, community gardens, neighborhood parks, tool banks, graffiti removal, block watch efforts, etc.

Exhibit IV – The Elm Street Plan

The following is an outline of what should be included in the Elm Street Plan.

Executive Summary

- Brief summary of primary plan elements.
- Neighborhood's key assets, challenges and strategies distinguishing this Elm Street neighborhood from others.

Description of Neighborhood: Yesterday and Today

- Neighborhood location in relationship to the commercial district/Main Street, other neighborhoods, and key features.

Yesterday

- Brief history of neighborhood.
- Resident population history (who was here originally, who came after).
- Key events and notable people, if any, who have lived here today.

Character of the Neighborhood

- Neighborhood's basic identity.
- Housing Types: Are they predominantly 2 to 3-story attached? 2-story detached? Apartment buildings? Brick? Frame?
- Lot sizes.
- Are there industrial or commercial facilities in the neighborhood?

Public Safety

- Neighborhood safety.
- Perception of safety.

General Condition of Buildings

- Occupied? Vacant?
- Owner-Occupied? Absentee owners?
- Well-maintained? Updates such as vinyl siding and replacement windows? Historic preservation-friendly rehabilitations? Neglect?

Open Space

- Vacant lots.
- Yards.
- Parks.
- Public spaces.
- Sidewalks, streets and alleys.
- Lighting.

Residents

- Demographics: Who lives here now?
- Age, employment, family size, education and income levels.
- Community survey results.

Institutions

- Churches.
- Schools.
- Community/service organizations.
- Business/private organizations with major presence.

Maps

- A detailed map showing the proposed boundaries for your Elm Street neighborhood.
- Map showing the defined Elm Street neighborhood in proximity to the revitalization area of the nearby downtown or commercial corridor.

Neighborhood Connection to the Commercial District

- Proximity to everyday goods and services useful to residents.
- Employment opportunities suitable for neighborhood residents.

Planning Process

- Describe how the plan was prepared and how work was accomplished (volunteer committees, task groups, etc.). Were consultants involved?
- Describe outreach activities. How were residents of the neighborhood involved? Property owners? Businesses?
- Keep notes or minutes from your meetings.
- How does the plan reflect input from public meetings? How many people came to meetings or participated in creating it?

Assets and Challenges

- Physical structures and spaces.
- People.
- Organizations.

Readiness Assessment

Summarize the neighborhood's status in each of the categories of the Elm Street Approach. Does this neighborhood have a fairly strong economy, but have trouble with clean and green? is the neighborhood clean, green, and doing well in design issues, but struggling with issues of economy and image/identity.

Goals and Objectives

Goals and objectives will be based upon an assessment of the neighborhood's standing in relation to the elements of the Elm Street Approach, guided by the analysis of its readiness as described above. Those areas in which it is currently least successful will have more ambitious goals that face more

difficult challenges than those where the neighborhood ranks higher. Present the goals and objective for each element:

- Clean, safe and green.
- Design.
- Neighbors and economy.
- Image and identify.
- Sustainable organizations.

Strategies

For each goal/objective, describe how the plan's action items will be accomplished over the next five years and how connections (physical, organizational and programmatic) to the downtown or commercial corridor revitalization area will be enhanced. This Section is where assessment (who we are) and visioning (what we'd like to be) meet action – the strategies are the “how to get there” of your plan, a set of concrete actions or programs for achieving the vision, and goals identified in the planning process to date.

Measures

For each goal/objective, how will you track progress? Identify which measures you will be using.

Action Plan

Typically, the horizon for a neighborhood plan is about ten years as goals, objectives and strategies are developed. The Action Plan component has a shorter five-year horizon and is very specific with a focus on accountability. It encompasses the actions felt to be first in line or most essential to accomplish if the goals are to be met. The Action Plan element needs to answer:

- What will get done?
- Who will be primarily responsible for each item? Who will collaborate? Who will consult?
- When will each item be completed?
- What is the estimated cost to accomplish the plan?
- What is the funding strategy (proposed sources of funds for capital projects, programmatic initiatives, staffing, consultants, etc.?)

Credits

Be generous and recognize everyone who contributed – sponsors, committees, donors, and those who gave space, materials, services, etc., as well as consultants.

Make it Your Neighborhood's Plan with Your Strategies and Measures

Your plan document should not be seen as a grant application, for this is not just a grant program.

Your organization will likely excerpt from the plan for grant applications, but its real audience is those who will be executing its strategies for the next five or more years. It needs to work in your particular community and for your neighborhood.

The Elm Street Approach calls for integrated action in all five program areas, and your planning will have addressed them all.

In the process, however, it is likely that clear priorities will emerge that call for particular focus in your neighborhood in one or two of these areas. This does not mean ignoring the rest of the components of the Elm Street Approach. Attention needs to go to them, too.

Leveraging effort and money to produce positive change is what implementation is all about.

Exhibit V

Guidelines for the Administration of Local Business Loan and Investment Programs

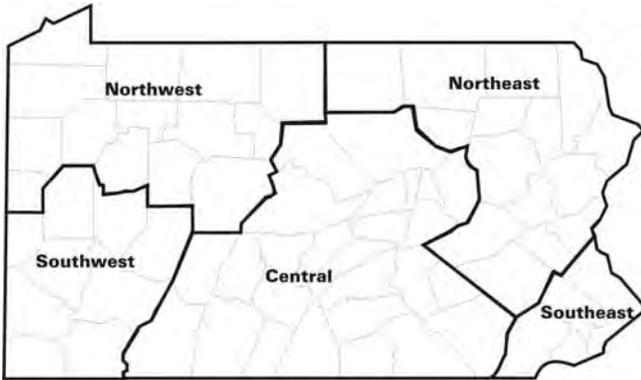
These guidelines are applicable to programs funded with any New Communities Program Grant resulting in the establishment of a Revolving Loan Fund.

1. **Grantee's Responsibility to the Department of Community and Economic Development (DCED).**
The grantee is responsible for ensuring that funds expended from the New Communities Program grants are used for legitimate purposes, in accordance with the applicable laws, regulations, rules, guidelines and other orders issued by DCED, and the provisions of the New Communities Program contract. The grantee is responsible for ensuring that loans or investments made to private businesses from New Communities Program funds meet those purposes and adheres to these and other guidelines or orders issued by DCED.
2. **Delegation of Authority**
The grantee may delegate, by written agreement, the authority to administer the New Communities Program loan or investment program to an eligible agency. In such cases, the delegated agency shall be required to adhere to these guidelines, and any additional requirements imposed by the grantee. However, such delegation does not reduce or otherwise affect the grantee's responsibilities to the Department of Community and Economic Development as set forth in the above paragraph.
3. **Approval of Loans or Investments**
Loans and investments must be reviewed by a loan/investment committee appointed or approved by the grantee or delegated agency for the purpose of providing informed recommendations on loan or investment applications to the governing body which approves the loan or investment. The loan/investment committee shall be comprised of members competent to judge the feasibility of the financing proposal, the ability of the proposed activity to meet DCED's contract and program requirements (e.g. Enterprise Zone requires job creation), and the ability of the recipient (borrower) to meet stated repayment obligations. Members of the committee shall have no interest in the business, the loan, or the investment.
4. **Minimum Requirements for Loan or Investment**
 - a. Loans to, or investments in businesses must serve a "public purpose." They must primarily promote the health, safety or welfare of the public at-large, and provide overall benefit to the citizens of the community. In addition, the primary objective of the loan or investment must be fully-consistent with the objectives of the New Communities Program.
 - b. The recipient shall prove that the loan or investment is necessary to complete a feasible financing plan: other financing options were considered, but were not feasible, and the current financing plan will not be feasible without the amount of the loan or investment and repayment conditions stipulated by the grantee. At a minimum, the amount of the loan or investment must be matched with an equal amount of private loans or investments in the project for which the loan is sought. The grantee or delegated agency may make a commitment of the loan or investment only upon receipt of notice of the commitment of the other sources of financing.
 - c. All loans shall be secured by lien positions on collateral at the highest level of priority, which can accommodate the borrower's ability to raise sufficient debt and equity capital.

- d. For Enterprise Zone loans, the businesses must benefit the Enterprise Zone. There shall be provision in the loan or investment agreement that the recipient will create a reasonable number of jobs within a reasonable time, will provide employment for Enterprise Zone residents where feasible, and/or otherwise provide tangible benefits to the zone in such matters as increased overall economic activity and/or enhanced economic environment of the zone. The agreement between the grantee, or delegated agency, and the recipient shall contain a provision that if the business relocates outside the Enterprise Zone within two years of the agreement in the case of an equity investment, or before a loan is paid, the par value of the investment or the outstanding balance of the loan shall become payable within 60 days. The grantee or delegated agency shall also require a premium on the stipulated interest rate on the balance of a loan in the event of relocation.
- e. The activity financed by the loan or investment shall commence and be completed within a reasonable time. Provision shall be made for immediate or accelerated repayment or penalty if the activity is not started or completed within a reasonable and agreed upon time, unless there are mitigating reasons accepted by the grantee or delegated agency.
- f. The loan or investment agreement shall include requirements, which the recipient must meet in satisfaction of the loan or investment, shall provide for monitoring of the progress of the recipient's activity, and provide means for enforcing compliance with the terms of the agreement. Additionally, the loan agreement shall provide for the return to grantee of loan repayment funds to be used for additional loans or investments, or other activities in accordance with the provisions and purposes of the New Communities Program.
- g. All loans processed from repayment funds in the Enterprise Zone must be made to businesses located in the Enterprise Zone area. Other loans processed from repayments funds must be made in the community where the loan originated and must be in accordance with the reuse plan outlined in the New Communities contract.
- h. Departmental approval must be received prior to converting a loan to a grant or utilizing the funds for purposes other than a loan.
- i. Quarterly reports must be submitted to DCED on January 31, April 30, July 31, and October 31.

Regional Offices

Pennsylvania Department of Community and Economic Development



Southeast

Bucks, Chester, Delaware, Montgomery and Philadelphia counties

Department of Community and Economic Development
Toni Crawford-Major, Director
Philadelphia State Office Building
1400 Spring Garden Street, Room 1800
Philadelphia, PA 19130
(215) 560-2256
Fax: (215) 560-6722

Northeast

Berks, Bradford, Carbon, Lackawanna, Lehigh, Luzerne, Monroe, Northampton, Pike, Schuylkill, Sullivan, Susquehanna, Tioga, Wayne and Wyoming counties

Department of Community and Economic Development
Sara Hailstone
409 Lackawanna Avenue
3rd Floor, Oppenheim Building
Scranton, PA 18503
(570) 963-4571
Fax: (570) 963-3439

Central

Adams, Bedford, Blair, Cambria, Centre, Clinton, Columbia, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Lycoming, Mifflin, Montour, Northumberland, Perry, Snyder, Somerset, Union, and York counties

Department of Community and Economic Development
Louis Colon, Director
400 North Street, 4th Floor
Commonwealth Keystone Building
Harrisburg, PA 17120-0225
(717) 720-7302
Fax (717) 234-4560

Southwest

Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Washington, and Westmoreland counties

Department of Community and Economic Development
Jack Machek, Director
1405 State Office Building
300 Liberty Avenue
Pittsburgh, PA 15222
(412) 565-5002
Fax: (412) 565-2635

Northwest

Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson, Lawrence, McKean, Mercer, Potter, Venango, and Warren counties

Department of Community and Economic Development
Philip Scrimenti, Director
100 State Street, Suite 205
Erie, PA 16507
(814) 871-4241
Fax: (814) 454-7494