Growing Greener II
Main Street and Downtown Redevelopment

Funding Principles | May 2006
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Section I – Introduction/Background

Pennsylvania voters overwhelmingly approved the Growing Greener Bond Referendum in the May 2005 Primary, also known as Growing Greener II (GGII). The Growing Greener Referendum authorizes the Commonwealth to incur debt of up to $625 million for the maintenance and protection of the environment, open space and farmland preservation, watershed protection, abandoned mine reclamation, acid mine drainage remediation, community redevelopment and other environmental initiatives. In July, implementing legislation was passed that details how the referendum money is to be spent, and allocates $50 million to the Department of Community and Economic Development (DCED) to be used for community capital improvement projects. The legislation also establishes the County Environmental Initiative Program, which authorizes $90 million of the bond fund to be available for capital improvement projects designated by Pennsylvania counties.

DCED will not issue separate guidelines for this funding source. Instead, this document outlines the principles DCED will use to award and administer its $50 million allocation for community improvement projects. It is DCED's intent to coordinate the use of its GGII resources with the other Departments' GGII funding, and with other state and federal programs.

In a state as large and diverse as Pennsylvania, the Department understands that it must be prepared to respond to a wide variety of needs and project concepts. Therefore, the DCED allocation of GGII resources will be managed with as much flexibility as possible in order to fill those needs not met by existing programs and resources.

A. Principles

1. Integration: DCED seeks to use its GGII funds to assist projects of significant scale and impact in Pennsylvania's previously-developed communities. DCED will integrate the approval and administration of GGII funding into its existing programs used to fund such projects. There will not be a separate application process or guidelines. DCED will use its existing Single Application process to receive and consider applications for assistance for such projects, and will consider funding them from multiple program sources. DCED may choose to fund projects with GGII funds that were originally submitted for another funding source.

2. Impact: DCED will seek to fund projects that will have a significant impact, by targeting a critical geographic area, leveraging additional private and public sector funding, and spurring additional revitalization efforts.

3. Coordination / Gap Financing: DCED will attempt to coordinate use of its GGII allocation with other funding sources and identify those activities and project elements for GGII funding that cannot be funded by other sources. DCED will seek to fund those projects that are "ready to go" except for a final gap that GGII funds can fill. DCED will be flexible enough to consider projects that have clear commitments in advance of receiving the financing from other funding sources as "ready to go".

4. Match: There is no required match level for DCED's GGII funds. However, there should be significant other funding sources available to support a project. Priority will be given to projects demonstrating real support (financial and in-kind) from the communities in which they are located.

DCED will adhere to the Commonwealth of Pennsylvania's Keystone Principles for Growth, Investment & Resource Conservation in making selection of projects to receive GGII funds.
B. Eligible Activities

DCED will use its GGII funds to support impact projects consistent with Act 45 of 2005. The Act specifically identifies the following eligible project types or activities:

"Main Street and downtown redevelopment related to smart growth"

DCED will consider any activity associated with an impact project meeting these criteria. Some such activities include: Projects fulfilling other DCED program eligibility requirements may also be eligible for DCED's GGII funding. Some examples of other DCED program categories that will be eligible for GGII funding include, but are not limited to, the following:

- Community development and housing activities funded under the Housing and Redevelopment Assistance Program;
- Downtown Reinvestment, facade and Anchor Building activities funded under the Main Street Program.
- Residential Reinvestment funded under Elm Street Program.
- Business assistance funded under DCED Business Financing Programs.

C. Eligible Uses

The use of GGII funds must be directly related to capital improvement. Eligible uses include, but are not limited to:

- Predevelopment costs
- Acquisition
- Construction
- Renovation
- Infrastructure
- Any related construction/capital costs

The average useful life of the facility or project must approximate the average term of the bond issued to finance it (typically 20 years). GGII cannot be used for short-term equipment and activities, such as computers, cars, research, planning, education, technical assistance or operating costs.

All funds will be awarded as a grant to an applicant.

D. Eligible Applicants

The eligible applicants for GGII funds include local governments, county and municipal authorities, and not-for-profit organizations. Such organizations are permitted to apply directly to the Department for these funds.

For-profit entities and private individuals may receive these funds as a sub-grant from an eligible applicant for an eligible project. Any sub-grant must be outlined in the project application or approved by DCED. Such sub-grants should be outlined in an agreement provided to DCED with the project application.