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Keystone Communities

Program Guidelines

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Section I – General

A. Introduction

The Department of Community and Economic Development's (DCED) vision for the commonwealth is to play a more strategic role in local government and municipal interaction by investing in our communities to provide assistance and support jobs that pay for all Pennsylvanians. The Department's 2015-16 budget has a priority to revive Pennsylvania's economy by providing tax credits and targeted assistance to distressed areas and low income populations with a strategic focus on community participation and collaborations among residents, nonprofits, and businesses.

Pennsylvania's renaissance will be driven by the need to increase community revitalization efforts, and this translates into the importance of programs such as the Keystone Communities Program to provide support and opportunity for every neighborhood and community in the commonwealth. The Keystone Communities Program will offer a proactive approach, with respect to its goals, which aim to offer additional resources in assisting neighborhoods with fiscal difficulties, averting adverse impacts on health, safety, and the welfare of the residents helping to put communities back on the right track to fiscal well-being.

The Keystone Communities (KC) Program offers 4 designation types (Keystone Main Street, Keystone Elm Street, Keystone Communities & Enterprise Zone) and 4 grant types that can for the most part be independently awarded (Planning, Implementation, Keystone Communities Development Grant & Accessible Housing Grants). Each community's needs and circumstances will determine what component of Keystone Communities best fits their needs/goals (Designation and/or Grant Funding). **Communities do not need to become designated in order to receive grant funding** with the exception of Implementation Grants and Enterprise Zone Revolving Loan Fund Grants.

DCED is increasing the flexibility of the benefits and financial resources in order to meet the variety of needs of local communities. Designation offers benefits that may assist a community in non-financial ways, such as providing a roadmap and process to guide a community's revitalization efforts; however, as noted above, Keystone Communities does not require a community to secure a designation to participate in the funding opportunities offered through the KC Program. DCED will provide either designation, grant funding, or both as warranted to help communities achieve their local goals and address specific local revitalization needs.

In a state as large and diverse as Pennsylvania, DCED understands each community maintains its own identity. DCED will work individually with the community to develop a flexible revitalization strategy tailored to meet the community's needs, which incorporates and utilizes the community's assets. This approach will encourage a community to develop at its own pace, utilizing its resources, and combining them with other available public and private resources.

The KC Program is designed to encourage the creation of partnerships between the public (governmental) and private (non-governmental) sectors in the communities that jointly support local initiatives such as the growth and stability of neighborhoods and communities; social and economic diversity; and a strong and secure quality of life. DCED strongly encourages community-based organizations, public agencies, business leaders, private developers, financial institutions, and private citizens to work in partnership with local government to develop a comprehensive approach to address community development and housing needs. These partnerships can and will create more attractive places to live and will encourage business and job expansion and retention in Pennsylvania.

DCED will work with the community and tailor assistance to meet the real needs of each community's revitalization effort; accounting for the community's ability to implement the proposed programs. A competitive review process will ensure 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 investment of state funds. Designated communities/organizations requesting funding are prioritized when funding decisions are finalized; however, designation does not guarantee funding.

Communities devastated from the results of a natural disaster will receive priority consideration above all other funding requests and prior Departmental commitments. Communities requesting funding resulting from a natural disaster are instructed to identify the disaster in the narrative. These funds may be used for clean-up, housing, water, sewer, utility, infrastructure stabilization, revitalization, and operational activities deemed appropriate by the Department when a natural disaster occurs within the commonwealth.

B. Eligible Applicants

Eligible applicants for designation and funding include:

- Units of local government (counties, cities, boroughs, townships, towns and home rule municipalities),
- Redevelopment and/or housing authorities,
- Nonprofit organizations to include economic development organizations, housing corporations, etc.,
- Community development corporations, and
- Business improvement districts, neighborhood improvement districts, downtown 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. Nonprofits will also be required to submit copies of their two most recent agency audits (preferably the two most recent years). These audits must show funding levels which are equal to or greater than the requested amount. These audits cannot include any findings.

All non-governmental entities must enter into a cooperation agreement with the local municipality or county that obligates the local municipality to guarantee the local share of project costs from the sources identified in the application, pay its share of project costs (if any), outlines the local government and applicant responsibilities pertaining to the project, and obligates the local government to reimburse the commonwealth for expenditures found by DCED to be ineligible at project closeout.

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 determine priority areas where program activities should be funded.

Section II – Keystone Designations

Designation is a special achievement which sets a community apart from other communities. A designated community has identified a specific need and developed a strategy to address that need. This strategy will be accomplished through efforts of an organization's dedicated members possessing the organizational skills needed to raise the financial resources necessary to implement a successful program. A community achieving these milestones will be recognized and honored as one of Pennsylvania's special Keystone Designations for a period of five consecutive years.

DCED intends to designate communities as Keystone Main Streets, Keystone Elm Streets, Keystone Enterprise Zones and Keystone Communities as long as the organization implementing the program is financially sustainable and can hire a full-time manager to administer the program over the five-year designation term. Additionally, all applicants requesting designation must describe how the designation strategy fits in with and complements other goals with the community during the designation period and afterwards.

Applicants for designation must first contact the appropriate DCED Regional Office to discuss designation requirements. The Regional Office may request additional information from the applicant to determine if the application meets program requirements and qualifies to implement a designation program. The applicant may request a planning grant to help the organization develop the required startup/planning items necessary for designation purposes.

Applicants should not submit an application for designation until instructed to do so by the Regional Office.

DCED will review all designation applications to determine if the community is ready for designation and implementation of the specific program and strategy.

There are four designations allowed under these guidelines. Each is discussed in detail below.

A. Keystone Main Street Designation Requirements

1. Introduction

The Keystone Main Street Designation is one of two types: a single municipality implementing the Four Point Approach in one downtown or two or more municipalities partnering to implement the Four Point Approach in two or more downtowns within a specific geographic region. Notably, DCED has added a fifth point - organizational sustainability – to the National Trust Model. This point can be satisfied by identifying and documenting a sustainable funding stream that will employ the full time manager for either type of Main Street Designation. (Exhibit I)

2. Main Street Goals

Listed below are examples of several goals which may be incorporated into the Main Street Strategy for either type of program:

- a. To preserve and strengthen the existing retail, local government, and business centers of Pennsylvania's communities.
- b. To improve residents' quality of life by making the traditional downtown a more attractive place to live and work.
- c. To act as a catalyst for small business development, thereby increasing employment and tax revenues in traditional downtown locations.
- d. 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.

- e. To develop and maintain continuous contact with Main Street businesses regarding opportunities and solutions for impediments to business growth.
- f. To utilize a well thought-out planning process, ensuring bricks and mortar projects funded with public funds are those making a meaningful difference in the economy of the downtown area.
- g. To ensure the importance of reinvestment in traditional downtowns is considered in the overall economic development strategy at all levels of the private and public sectors.

3. Requirements for a single municipality requesting Keystone Main Street Designation

The following documents/information must be submitted when designation is requested:

- a. Identify the community applying for designation. Discuss the role the community plays within the context of its region. Identify the substantive assets within the community and explain how these assets significantly contribute to the regional economy. Some examples of these assets include, but are not limited to, colleges and universities; Keystone Innovation Zone, Keystone Opportunity Zone designations; regional healthcare centers; county seats; tourism venues; and high growth businesses and/or high-tech business concentrations.
- b. Provide a specific Main Street Five-Year Strategy which contains mission and vision statements and identifies the revitalization effort in terms of goals, objectives, and outcomes. This strategy must also identify how its implementation complements the community's overall development strategy. The strategy should list all of the activities anticipated to be accomplished during the first year and within the first five years. These statements must be accepted by the general public.
- c. Financial stability must be demonstrated by identifying the funding source(s) being used to sustain a full time manager for at least five years (the designation period).
- d. Provide a map of the proposed designation area which details the area's location with regard to major thoroughfares, amenities, and other notable landmarks specific to the community (e.g., Google Map Image).
- e. Provide a resolution from the municipality indicating the municipality supports the designation request, is willing to participate in the program, approves the Five-Year Strategy, supports the program, and authorizes the applicant to represent the municipality.
- f. Identify the downtown organization responsible for overseeing and administering the program on a daily basis.
 - Include the board member names and titles, noting committee chairs.
 - Provide copies of regularly scheduled board and committee meetings minutes since the inception of designation discussions.
 - Provide copies of the organizational by-laws, official incorporation, and nonprofit tax status of the organization.
 - Indicate the source of funds that will sustain the program.
 - Identify the full-time, professional downtown manager and provide his/her contact information (name, address, phone and e-mail) and a narrative on resume/experience.
- g. Provide 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.
- h. Provide a copy of the market assessment and image development report.

- **Market Assessment:** the business inventory, the property/building inventory, and the socio-economic psychographic profile, aka the PRIZM lifestyle profile. The Pennsylvania Downtown Center (PDC) has templates available for both the business inventory and the property/building inventory on the members-only section of the PDC website and will make available upon request. The socio-economic psychographic profile/PRIZM lifestyle profile is available upon request to the PDC for each community applicant.
 - **Image Development Report:** The image development report is based off of the results from a survey that consists of a series of standard perceptual questions community members are asked about their downtown. The purpose of this survey tool is to get a better idea of how people feel about common attributes that contribute to a “sense of place” within a community. PDC is able to assist prospective communities with this report; however, the proposed community must be in contact with their regional representative prior to requesting this assistance.
4. **Requirements for two or more municipalities jointly requesting Keystone Main Street Designation**
These designations are multi-municipal within a specific geographic region and are designed to assist downtown revitalization efforts in traditional business districts using the National Trust’s Four Point Main Street Approach along with the Keystone Communities Program’s fifth point – organizational stability. If two or more communities are partnering and seeking a Keystone Main Street Designation, the following information must be submitted when designation is requested:
- a. Identify the participating communities applying for designation. Discuss the role the communities play within the context of the region. Identify the substantive assets within each community and explain how these assets significantly contribute to the regional economy. Some examples of these assets include, but are not limited to, colleges and universities; Keystone Innovation Zone, Keystone Opportunity Zone designations; regional healthcare centers; county seats; tourism venues; and high growth businesses and/or high-tech business concentrations.
 - b. Identify and describe the common theme to all participating communities; for example, an economic interest or goal tying the communities together, 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.
 - c. Describe the 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.
 - d. There must be a viable downtown area in each participating community that is well defined geographically and is appropriately zoned commercial.
 - e. Provide a specific Main Street Five-Year Strategy that identifies the revitalization effort in terms of goals, objectives and outcomes. This strategy must also identify how its implementation complements the community’s overall development strategy.
 - f. Financial stability must be demonstrated by identifying the funding source(s) being used to sustain a full time manager for at least five years (the designation period).
 - g. Provide a map of the proposed designation area which details the location of each participating municipality including the downtowns of each, with regard to major thorough-fares, amenities, and other notable landmarks specific to the communities (e.g. Google Maps Image – will often list landmarks, businesses, etc.).

- h. Identify the community/organization selected to: be the applicant, receive the funds, and administer the program (one of the communities, a nonprofit organization, or the county).
- i. Provide a resolution from each participating municipality indicating they: support the designation request, are willing to participate in the program, approve the Five-Year Strategy, support the program, and authorize the applicant to represent the municipalities.
 - Include the board member names and titles, noting committee chairs.
 - Provide copies of regularly-scheduled board and committee meetings minutes since the inception of designation discussions.
 - Provide copies of the organizational by-laws, official incorporation, and nonprofit tax status of the organization.
 - Indicate the source of funds that will sustain the program.
 - Identify the full-time, professional downtown manager and provide his/her contact information (name, address, phone and e-mail).
- j. A vision/mission statement for the Main Street must be developed. It must be relevant to community conditions and endorsed by the organization. The vision/mission statement and priority goals must be accepted by the general public. Provide a copy of this statement and explain how it complements the five year strategy.
- k. Provide 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.
- l. Provide a copy of the market assessment and image development report (See Section II.A.3.h. for more details)

5. **Keystone Main Street Designation Benefits**

- a. Technical assistance and training for the Main Street manager, the local board and committee members through the Department's consultant in all areas of planning and implementation of the Main Street Program.
- b. Networking opportunities with other Pennsylvania Regional Main Street grantees.
- c. Eligible to apply for and to receive an Implementation Grant.
- d. Eligible to receive an initial Keystone Façade Grant for up to \$50,000 for year one. Eligible to receive additional grants of \$50,000 each over the designation period (five consecutive years), provided there is a documented demand for the funds and the Main Street organization is able to demonstrate the expenditure of prior awarded façade funds.
- e. Priority consideration for Keystone Communities Development Project funding.
- f. Businesses located within the designated downtown are eligible to apply for 25% Enterprise Zone Tax Credits under the Neighborhood Assistance Program.

The managers of all designated communities under the Keystone Communities Program are required to attend various training and technical assistance sessions offered by DCED and its consultant and to comply with reporting requirements.

B. Keystone Elm Street Designation Requirements

1. Introduction

The Keystone Elm Street Designation encourages communities to integrate a Main Street or downtown revitalization program with a neighborhood renewal strategy for a residential neighborhood adjacent to the commercial district. This program, utilizing the Elm Street Five Point Approach (see page 33), is designed to provide assistance and resources to mixed use residential areas in proximity to central business districts with the aim of further enhancing the downtown area and to improving the viability of older neighborhoods.

2. Elm Street Goals

- a. To revitalize neighborhoods in proximity to the existing downtown by improving the exterior appearance of the buildings and streetscapes.
- b. To formalize a connection between established residential neighborhood areas with downtown revitalization activities.
- c. To prevent neighborhood decline by developing a plan that includes the establishment of a sustainable community organization that will implement an Elm Street Plan.
- d. To assist municipalities in 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.

3. Keystone Elm Street Eligibility Criteria

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

- a. The location where the designation will take place must be in a residential area in an established neighborhood.
- b. The neighborhood must be within ½ mile from a commercial district, must have existed as a residential neighborhood since 1961, and must display signs of deterioration and be in need of revitalization.
- c. Match Requirements for Elm Street funding are listed in Section III Eligible Activities under the various funding categories.

4. Keystone Elm Street Designation Application Requirements

The following documents/information must be submitted when designation is requested:

- a. Identify the community applying for designation. Discuss the role the community plays within the context of its region. Identify the substantive assets within the community and explain how these assets significantly contribute to the regional economy. Some examples of assets include, but are not limited to: colleges and universities; Keystone Innovation Zone, Keystone Opportunity Zone designations; regional healthcare centers; county seats; tourism venues; and high growth businesses and/or high-tech business concentrations.
- b. Provide a specific Elm Street Five-Year Strategy that contains a mission statement and a vision. The Five-Year Strategy should identify the revitalization effort in terms of goals, objectives, and outcomes. This strategy must also identify how its implementation complements the community's overall development strategy. The strategy should list all of the activities anticipated to be accomplished during the first year and within the first five years.

- c. The following required criteria must be addressed in the Elm Street designation request:
- **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.
 - **Geographic Location:** This target area must be generally within one-half mile from the edge of a downtown commercial district that is actively undergoing a revitalization effort or a current Keystone Communities Main Street. A programmatic connection must be shown to exist between the proposed neighborhood and the current Keystone Communities Main Street or between the proposed neighborhood and the downtown commercial district that is actively undergoing, or in need of a revitalization effort.
 - **Need:** Demonstrate 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.
 - *DCED has prioritized addressing blight in Pennsylvania's communities. Requests focusing on the elimination of blight will receive priority consideration for designation.*
- d. Financial stability must be demonstrated by identifying the funding source that will sustain a full time manager for the designation period and in subsequent years (documented by commitment letters, fund raising history, etc.).
- e. Provide a map of the proposed designation area detailing the area's location with regard to major thorough-fares, amenities, and other notable landmarks specific to the community (e.g. Google Maps images).
- f. Provide a resolution from the municipality indicating support for the designation request, willingness to participate in the program, approval of the Five-Year Strategy, support for the program, and authorization of the applicant to represent the municipality.
- g. Identify the neighborhood organization responsible for overseeing and administering the program on a daily basis.
- Include the board member names and titles, noting committee chairs.
 - Provide copies of regularly-scheduled board and committee meetings minutes.
 - Provide copies of the organizational by-laws, official incorporation, and nonprofit tax status of the organization.
 - Identify the full-time, professional downtown manager and provide his/her contact information (name, address, phone and e-mail) and a narrative on resume/experience.

Please note, the organization must be supported by the community and neighborhood. 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 community support may be evidenced by signed petitions, meeting notes, service organizations, etc.

If a formal organization does not exist, or is unlikely to be developed, and there are no other agencies in the neighborhood, the local government can request Elm Street designation. The local government will be required to provide evidence that it has sufficient resources to pay for a full time Elm Street manager. The following activities will be required if the local government intends to administer the Keystone 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 will be employed by the municipality.

5. Keystone Elm Street Designation Program Benefits

- a. Technical assistance and training for the Elm Street manager, the local board and committee members through the Department's consultant in all areas of planning and implementation of the Elm Street Program.
- b. Networking opportunities with other Pennsylvania Elm Street grantees.
- c. Eligible to apply for and to receive an Implementation Grant.
- d. Priority consideration for Keystone Communities Development Grant funding.

The managers of all designated communities under the Keystone Communities Program are required to attend various training and technical assistance sessions offered by DCED and its consultant and to comply with reporting requirements.

6. Keystone Elm Street Designation Program Prohibitions

- a. No Keystone Elm Street funds 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.
- b. For Elm Street purposes, 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 for Elm Street purposes.

C. Keystone Enterprise Zone Designation Requirements

1. Introduction

The Keystone Enterprise Zone Designation 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 standards of living by revitalizing these areas, attracting new businesses to the area, and creating job opportunities. Keystone Enterprise Zone communities must establish a Five-Year Strategic plan, consistent with these guidelines and demonstrate financial sustainability by identifying and documenting the funding stream that will employ the full time Enterprise Zone coordinator.

2. Goals

- a. To increase local communities' competitiveness through improvement of their business technology capabilities.
- b. To increase the capabilities of local governments to respond effectively to local business expansion opportunities and constraints in financially disadvantaged municipalities.

- c. 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.
- d. To encourage multi-municipal participation for better economic planning and development.
- e. To encourage the reuse of brownfields and the location of commercial, manufacturing and industrial enterprises into appropriately zoned areas.
- f. To assist local governments and small businesses in developing e-business technology to provide cost-effective solutions for business and community development opportunities.
- g. To increase the access of local firms to financing by lending institutions on mutually advantageous terms.

3. **Keystone Enterprise Zone Designation Application Requirements**

The following documents/information must be submitted for each designation request:

- a. Identify the communities applying for designation. Discuss the role each community plays within the context of the region. Identify the substantive assets within each community and explain how these assets significantly contribute to the regional economy. Some examples of these assets include, but are not limited to: colleges and universities; Keystone Innovation Zone, Keystone Opportunity Zone designations; regional healthcare centers; county seats; tourism venues; and high growth businesses and/or high-tech business concentrations.
- b. Provide a specific Enterprise Zone Five-Year Strategy that incorporates a business strategy and identifies the revitalization effort in terms of goals, objectives and outcomes. This strategy must also identify how its implementation complements the community's overall development strategy. The strategy should list all the activities anticipated to be accomplished during the first year and within the first five years.
- c. Financial stability must be demonstrated by identifying the funding source(s) that will sustain a full time coordinator for the designation period and in subsequent years.
- d. Provide a description of the proposed area naming the participating municipalities and demonstrate how the area is distressed – both financially and physically.
 - Describe in detail the distressed nature of the area.
 - Provide evidence that supports the distressed description.
 - Some examples of the factors used to describe distressed areas are as follows: population statistics that describe the nature of the workforce, such as disabled, skilled versus unskilled employment needs; educational levels of the population; migrant/seasonal farm workers or other workforce groups; unemployment rate in comparison to that of 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.
 - 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.
 - Single municipality requests for Enterprise Zone designation will be reviewed on a case-by-case basis.

- Non-contiguous multi-municipal requests will be reviewed 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 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.
- e. Provide the total number of acres making up the zone.
- f. Each participating municipality must have passed legally-enacted zoning ordinances since only areas zoned as manufacturing and industrial may be included in the zone.
- g. Identify, by name, the local organization that will direct the activities of the Enterprise Zone and is responsible for overseeing and administering the program on a daily basis.
- The names and titles of all members should be included, as well as their role within the organization.
 - Provide copies of the organizational by-laws, official incorporation, and nonprofit tax status of the organization.
 - Membership should reflect the business development focus of the Enterprise Zone, and include representation from community interest groups and labor organizations.
 - Include a description of the local firms, groups, agencies, etc., forming the organization.
 - If the applicant 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.
 - Indicate the source of funds that will sustain the program, e.g., 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.
 - Identify the full-time, professional coordinator and provide his/her contact information (name, address, phone and e-mail) and a narrative on resume/experience.
- h. Provide a map of the proposed designation area detailing the area's location with regard to major thoroughfares, amenities, and other notable landmarks specific to the community.
- i. Provide a resolution from each participating municipality, indicating willingness to participate in the program, approval of the Five-Year Strategy, support for the program and authorization of the applicant to represent the municipality.

4. Keystone Enterprise Zone Designation Program Benefits

- a. Priority consideration for other DCED grants and business development loan funds.
- b. Eligible businesses located within the zone may apply for Enterprise Zone Revolving Loan Fund grants for up to \$350,000 per project during the designation period.
- c. The repayments from Enterprise Zone Revolving Loan Fund grants must be used to create the Enterprise Zone 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.
- d. Eligible businesses located within the zone may apply for 25% Enterprise Zone Tax Credits under the Neighborhood Assistance Program. These tax credits can be applied against most state business taxes for the value of improvements made to business properties located within an Enterprise Zone. This benefit continues for two years after the zone exits the program.

- e. Eligible businesses located within the zone receive priority consideration when bidding on state government contracts. This benefit continues for five years after the zone exits the program.
- f. Eligible businesses located within the zone receive priority consideration when applying for financial assistance to clean-up contaminated sites under Act II. This benefit is active up to five years after the zone has exited the program.
- g. Eligible businesses receive priority consideration for any resource administered by state government that would assist in leveraging imminent business investment and job creation in an Enterprise Zone.
- h. Priority consideration for a State Liquor License.
- i. The potential to apply for up to \$25,000 if the zone undertakes an analytical study such as a cluster analysis.
- j. The boundaries of the Enterprise Zone remain in-tact as long as the RLF is operating.
- k. Eligible to apply for and receive an Implementation Grant.

5. **Keystone Enterprise Zone Boundary Extensions**

- a. Applicants should make sure the initial request for designation includes all of the municipalities wishing to participate in the program. Each municipality should ensure all of the areas to be included in the zone are properly identified.
- b. Boundary extension requests should be discussed with the appropriate DCED Regional Office prior to the submission of a formal request.
- c. Consideration will be given to amend Enterprise Zone boundaries in cases of exceptional opportunity that could not have been foreseen.
- 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.

D. Keystone Community Designation Requirements

1. Introduction

This designation is for communities wishing to undertake an alternative approach to revitalization which may include one or more of the aspects of the Main Street, the Elm Street or the Enterprise Zone approaches as defined above.

The applicant must present a specific Five-Year Strategy to DCED that is consistent with program activities. Financial sustainability of the local organization is required and can be demonstrated by the employment of a full-time manager or coordinator who spends at least 60% of his/her time implementing the Five-Year Strategy (with the balance of time spent on other community related projects/activities). The designation term is five consecutive years.

2. Keystone Community Designation Application Requirements

The following documents/information must be submitted for each designation request:

- a. Identify the community(ies) applying for designation. Discuss the role the community(ies) play within the context of the region. Identify the substantive assets within the community(ies) and explain how these assets significantly contribute to the regional economy. Some examples of these assets include, but are not limited to, colleges and universities; Keystone Innovation Zones, Keystone Opportunity Zone designations; regional healthcare centers; county seats; tourism venues; and high growth businesses and/or high-tech business concentrations.
- b. Provide a specific Five-Year Strategy that incorporates and identifies the revitalization effort in terms of goals, objectives, and outcomes. This strategy must also identify how its implementation complements the community's overall development strategy. The strategy should summarize all of the activities anticipated to be accomplished during the first year and within the first five years.
 - The document should emphasize opportunities for business growth, downtown revitalization and/or neighborhood revitalization and the effective ways in which the local government intends to assist businesses, downtowns and neighborhoods 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.
 - This comprehensive approach can focus on one revitalization effort or can combine several project components that are scaled to the size of that community. This approach will yield a positive, long-term, community-changing impact within the community.
- c. Financial stability must be demonstrated by identifying the funding source(s) that will sustain a full-time manager for the designation period and in subsequent years.
- d. Identify the organization responsible for overseeing and administering the program on a daily basis.
 - The names and titles of all members should be included, as well as their role within the organization.
 - Provide copies of the organizational by-laws, official incorporation, and nonprofit tax status of the organization.
 - Membership should reflect the business development focus of the designation, and include representation from community interest groups and labor organizations relevant to the effort.
 - Include a description of the local firms, groups, agencies, etc., forming the organization.
 - Identify the full-time, professional coordinator and provide his/her contact information (name, address, phone and e-mail) and a narrative on resume/experience.

- e. Provide a map of the proposed designation area detailing the area's location with regard to major thorough-fares, amenities, and other notable landmarks specific to the community.
- f. Provide a resolution from each participating municipality indicating support for the designation request, willingness to participate in the program, approval of the Five-Year Strategy, support for the program and authorization of the applicant to represent the municipality.

3. **Keystone Community Designation Benefits**

- a. Technical assistance and training for a manager, and local board and committee members if undertaking a Main Street or Elm Street effort, in all areas of planning and implementation.
- b. Networking opportunities with other Pennsylvania designation managers.
- c. Eligible to apply for an Implementation Grant on a case by case basis.
- d. Priority consideration for Keystone Communities Development Grant funding if connected to a Main Street or Elm Street physical improvement.
- e. Businesses and other organizations located within the boundaries of the designation are eligible to apply for 25% Enterprise Zone Tax Credits under the Neighborhood Assistance Program. These tax credits can be applied against most state business taxes for the value of improvements made to properties.

The managers of Keystone Community Designations implementing a Main Street and/or Elm Street initiative have the option to attend various training and technical assistance sessions offered by DCED and its consultant, but must comply with reporting requirements.

Section III – Eligible Grant Activities

This section identifies four types of physical improvement funding to complement a community's revitalization efforts and any designation initiatives.

The community must first contact the appropriate DCED Regional Office to discuss the proposed activity and to determine the funding category. The Regional Office may request additional information from the applicant to determine if the proposed activity meets program requirements and qualifies for funding. In any event, the applicant should not submit an application for funding until instructed to do so by the appropriate regional office.

The Center for Community Enhancement staff will review all applications to determine if the applicant is eligible and the activity is consistent with departmental guidelines and policies.

A. Planning

Planning grants are available to communities desiring to address a particular need or circumstance within a community, undertake a study relevant to an identified need within a community or study the results of implementing a specific activity. Applicants may apply for assistance to develop planning applications to work toward one of the designation statuses, but first must demonstrate financial sustainability. This is accomplished by identifying the source of funds available to pay for the manager over a five year period and beyond. At a minimum, the applicant must be able to demonstrate the ability to obtain these funds. Commitment letters and fundraising history are ideal ways to show the ability/capacity to maintain a manager. Communities not designated and not seeking designation may apply for any other eligible planning activities. Funding priority will be given to designated communities.

1. Some examples of planning activities are listed below:

- a. Funding to assist a community with the development of the Four Point Plus Sustainability Approach (Main Street) or an alternative approach with the specific goal to revitalize the downtown.
- b. Funding to assist a community to develop the Five Point Plus Sustainability Approach (Elm Street) or an alternative approach with the specific goal to revitalize a neighborhood.
- c. Planning for the establishment of a Neighborhood Improvement District, a Business Improvement District, or a Downtown Improvement District that will help an organization to become self-sustaining when implementing a designation.
- d. Funding to assist a community with the development of a Five-Year Enterprise Zone Strategy.
- e. Funding to carry out a business development survey in preparation of a business development strategy.
- f. The development of a Downtown Parking Analysis and Management Plan.
- g. The development of a Complete Streets Plan to address downtown circulation issues.
- h. Undertaking cluster analysis activities and/or undertaking activities requiring the use of analytical tools to enhance the development plans of a Keystone Enterprise Zone.
- i. Soft costs such as architectural, engineering, legal, fees, consulting, etc. needed to implement the construction of a project. Evidence of secured funding for construction is recommended. Examples include streetscape projects, anchor buildings, and development projects that will not pay for these costs.

2. Planning Grant Program Requirements

- a. Planning undertaken for designated Keystone Main Street, Keystone Elm Street, Keystone Communities, and Keystone Enterprise Zones must be complementary and consistent with each program when multiple programs are funded in a single community or region.
- b. Planning grants are generally limited to \$25,000. Additional amounts are available to communities designated under the Keystone Communities Program on a case by case basis. A fee to administer the planning grant by the applicant is not an eligible expense.
- c. Match Requirements
 - A dollar for dollar match is required except for Elm Street projects which require a 10% match as described below.
 - Elm Street Match Requirements
 - A 10% match from local, private or public sources is required.
 - Match can be cash and/or documented in-kind services or goods. 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:
 - 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.
 - The matching requirements for the application would exceed 5% of the municipality's annual operating budget.
 - A minimum of 20% of the municipality's population falls below 150% of the Federal Poverty Level.

3. Planning Grant Application Requirements

- a. Visit newPA.com and complete an Electronic Single Application for the Keystone Communities Program. Due to planning grants covering a wide range of activities, the application must be specific in identifying the type of planning activity being undertaken, why it is important and how it will impact the community. This information should be included in the application narrative.
- b. Application preparation fees are not an eligible expense.
- c. Complete the application and provide all the required information listed in Exhibit X.

B. Implementation Grants

1. Introduction

Implementation Grants provide one-time assistance to help a designated community undertake the critical components of its Five-Year Strategy. Only communities designated under the KC Program are eligible for Implementation Grants; however, designation status does not guarantee approval of an Implementation Grant. This grant will not pay for daily costs to operate an office (utilities, rent, travel and/or conference fees, etc.) or consumable supplies consistent with the operation of an office (connection fees, paper, etc.). Application preparation fees are not eligible under this program.

2. Implementation activities include any activity consistent with administering a designated program including, but not limited to:
 - a. The purchase of a computer and/or office furnishings,
 - b. Promotional activities (advertising such as tee shirts or other paraphernalia),
 - c. Program advertising,
 - d. Signage,
 - e. Block parties and supplies,
 - f. Cleanup activities and supplies, and
 - g. Organizational membership fees or other activities not considered operations.

3. Implementation Grant Program Requirements

- a. Implementation Grant amounts are up to \$50,000. A fee to administer the grant by the applicant is not an eligible expense.
- b. Match Requirements
 - A dollar for dollar match is required except for Elm Street projects which require a 10% match as described below.
 - Elm Street Match Requirements
 - A 10% match from local, private or public sources is required.
 - Match can be cash and/or documented in-kind services or goods. 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:
 - 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.
 - The matching requirements for the application would exceed 5% of the municipality's annual operating budget.
 - A minimum of 20% of the municipality's population falls below 150% of the Federal Poverty Level.

4. Implementation Grant Application Requirements

- a. Visit newPA.com and complete an Electronic Single Application for the Keystone Communities Program. The application must be specific in identifying the use of the grant, why it is important and how it will impact the community. This information should be included in the application narrative.
- b. Application preparation fees are not eligible under this program.
- c. Complete the application and provide all the required information listed in Exhibit X.

C. Keystone Communities Development Grants (KCDG)

This component provides financial assistance for a wide variety of physical improvements including housing, residential and building construction, improvements or redevelopment, infrastructure, property acquisition, grant-to-loan assistance, and costs related to any of the eligible activities. Also included are activities that support Keystone Main Street, Keystone Elm Street, Keystone Community, and Keystone Enterprise Zone communities. While funding priority will be given to communities undertaking Main and Elm Street physical improvements, communities and applicants without designation status are eligible for most of these grants.

The proposed improvement(s) must have a documented beneficial impact on the community demonstrating public purpose; otherwise the funds must be in the form of a loan with re-payment provisions.

These grants can include:

- The revitalization of a neighborhood, downtown or specific location;
- Development of a housing project;
- Provision of site improvements to support the new construction of housing units;
- Acquisition, rehabilitation, and/or new construction of housing which results in homeowner or rental opportunities;
- Rehabilitation of owner-occupied residential properties;
- Acquisition, rehabilitation, and resale of housing units;
- Public improvements to support the rehabilitation of housing units;
- Street improvements, including streetscape improvements;
- Water and sewer improvements;
- Infrastructure;
- Structural improvements;
- Acquisition, provided there is evidence to support market values, such as an appraisal or recent comparable sales and provided there is funding to implement immediate reuse of the parcel/building;
- The construction of public site improvements that provide direct benefit to other coordinated community improvement efforts;
- The rehabilitation or restoration of older or under-utilized buildings for immediate reuse that will support other community development goals;
- The extension of service through public rights-of-way (i.e., paving or widening of access roads and upgrading water, sanitary or storm sewers);
- The demolition of a blighted structure (when a reuse plan has been adopted by the community for the cleared site and there is a commitment for private and/or public development).

1. Keystone Façade Grant Funding

The Keystone Façade Grant is designed to stimulate private investment in properties, foster an attractive environment and preserve the architectural heritage of properties. A community requesting Keystone Façade Grant funding is not required to be a designated community; however, funding priority is given to designated communities. The application limit is \$50,000 for Main Street and negotiable for other programs. A fee to administer the grant by the applicant is not an eligible expense. Application preparation fees are not eligible under this program.

a. Keystone Façade Grant Funding Program Requirements

- These grants are for exterior building improvements in a specific downtown or neighborhood.
- The Keystone Façade Grant limit is \$5,000 per façade (home or store front). Façade funding cannot be used on out buildings located on the property.
- Must be matched dollar-for-dollar by the individual owner of the property for all programs except Elm Street (Elm Street match requirements are listed directly below this section).
- A strong demand for façade funding must be documented in the application (listing of interested parties: names, addresses, estimated project costs).
- The following activities are eligible for reimbursement: sign programs (storefronts), paint programs, design assistance (refers to uniformity, compliance with the Secretary of Interior Standards, and building facades, as appropriate).
- Labor provided by the owner of the property is not an eligible expenditure.
- Design Guidelines and Procedures
 - Establish program boundaries. Consideration must be given to the number of properties that can be assisted. All properties must be within the target area. For maximum impact, these boundaries can be reduced to include a portion target area.
 - Set design standards. Promoting sensitive and quality rehabilitation is usually done by creating design guidelines that are approved by a local committee and distributed to local property owners. Note: Main Street programs should follow the U.S. Department of the Interior’s “Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.”
 - Define eligible applicants and activities. 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 Keystone Façade Program assistance.
 - Develop Policy and Procedures. A written document with local program guidelines should be prepared and should encourage the use of the local façade improvement program through clear and easy instructions. The Keystone Façade policy and procedures should have 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 inquiry to final inspection and payment.

b. Match Requirements

- A dollar for dollar match is required except for projects within a designated Elm Street Neighborhood, which require a 10% match as described below.
- Elm Street Match Requirements
 - A 10% match from local, private or public sources is required.
 - Match can be cash and/or documented in-kind services or goods. Applications are enhanced in the competitive review when match is provided above the required amounts. In-kind match must be documented per property.

- Façade 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.
 - Façade improvements for homeowners must be matched dollar-for-dollar for owners whose income is above 120% 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 120% of the median.
 - Other grant programs such as HOME, CDBG or local funds, may be used to match façade improvements for homeowners whose income is less than 120% of the median income.
 - 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:
 - 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.
 - The matching requirements for the application would exceed 5% of the municipality’s annual operating budget.
 - A minimum of 20% of the municipality’s population falls below 150% of the Federal Poverty Level.
- c. Complete the application and provide all the required information listed in Exhibit X.

2. **Enterprise Zone Revolving Loan Fund Grants**

Only Keystone Enterprise Zone Designations are eligible to apply for this grant category provided the zone has not exited the program. Keystone Enterprise Zone designated organizations are encouraged to apply for Enterprise Zone Revolving Loan Fund Grants (EZ Grants) on behalf of eligible businesses located within the zone. These 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, updating technology, creating and or retaining existing jobs. **Retail and commercial businesses are not eligible to apply for the original EZ Revolving Loan Fund (RLF) Grants.** The business repays the initial loan to the local agency. The local agency places the repaid funds into a revolving loan fund and re-loans the funds to other businesses within the zone. However, once the initial funds are paid back to the local RLF account, commercial businesses may apply for revolving loan funds as long as the local revolving loan fund guidelines allow it.

The intent is to grant these funds to Enterprise Zones in order to establish a financially viable Revolving Loan Fund (RLF) that will assist the Enterprise Zone organization to continue to carry out the purposes of the program after the zone exits the program. The maximum application amount is generally \$350,000 or 30% of project costs, whichever is less. A fee to administer the grant is not an eligible expense by the applicant. A fee to pay for the audit is eligible. Application preparation fees are not eligible under this program.

a. Enterprise Zone Revolving Loan Fund Program Requirements

The applicant must provide evidence that the following funding information is documented and will be adhered to:

- Jobs created/retained must be full-time, substantially above federal minimum wage levels (family sustaining), with some fringe benefits.

- One full-time job must be created or retained for each \$35,000 increment of the EZ Grant request. Companies must 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.
- Grant funds may be used:
 - To acquire machinery and equipment
 - For building improvements
 - For building and/or equipment modernization
 - For new building construction
 - For site improvements
 - For infrastructure
 - For the cost of prepared business lease space
 - In special cases, for up to 40% of inventory or working capital needs
 - To pay for the cost of a Phase I environmental assessment for projects that involve the acquisition of real property.
 - To pay for the cost of hazardous waste testing if financing is not available from conventional sources. The lack of conventional financing must be documented.
 - Corporate/regional headquarters may be funded with Enterprise Zone Competitive grant funds.
- 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.
- Describe the grant recipient's ownership status (e.g. corporation, LLP and the proportional equity of the principals).
- Explain how the funding of this EZ Grant application is related to and supports the Enterprise Zone strategy in terms of the grant recipient's target market, product, services, market area, etc.
- 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.
- Describe the business history of the proposed grant recipient. If the applicant is a "start-up" business, then resumes of the principals of the business must be submitted.
- Financial documentation from the borrower evidencing the borrower's ability to pay back the loan must be submitted with the application.
- NOTE: DCED reserves the right to underwrite the loan and/or to require the applicant to underwrite the loan prior to approving the application for funding.
- When the loan repayments are made to the Revolving Loan Fund, the revolved funds must be used in the originally designated Enterprise Zone. These loans must be collateralized with a reasonable security position. The grantee is required to adhere to reporting requirements as specified by DCED in Exhibits VIII and IX.

b. Complete the application and provide all of the required information listed in Exhibit X.

3. **Redevelopment Grant-to-Loan**

These grants can be used to: support the rehabilitation and/or new construction of a structure(s) on previously developed sites, renovate locations experiencing blighting conditions or to revitalize an anchor building within a community. Usually a for-profit entity or private sector firm will own the improved building or site after the work is completed.

The funds benefiting private sector individuals or entities must be loaned from and repaid to the local agency receiving DCED Keystone Communities Development Grant funding. DCED must review and approve the financial underwriting of the loan and all loan terms and conditions. The reuse of these loan repayments must be approved by DCED and be consistent with the KC Program. Grants are generally limited to \$500,000 or 30% of project costs, whichever is less. A fee to administer the grant is not an eligible expense by the applicant. A fee to pay for the audit is eligible. Application preparation fees are not eligible under this program.

a. Redevelopment Grant-to-Loan Program Requirements

- Identify the project by describing the site location, scope of work, and community benefit.
- Identify the borrower by name, address, organization.
- Describe the grant recipient's ownership status (e.g. corporation, LLP) and the proportional equity of the principals.
- Grant funds may be used for:
 - Building improvements/renovations
 - New building construction
 - Site improvements
 - Infrastructure
 - The cost of prepared business lease space
 - Acquisition
 - Reconfiguration of interior space (Architects with such experience should be retained; architectural and design expenses are eligible costs.)
 - The cost of a Phase I environmental assessment and an appraisal if funding real estate acquisition and/or site improvements.
 - Public infrastructure development and hazardous waste testing if the lack of conventional funding sources for such costs is documented. This will be considered on a case-by-case basis.
- Provide the proposed terms and conditions of the loan.
 - Annual interest rate.
 - Amortization period.
 - Description and value of collateral.
 - Position of real estate encumbrance.
- Describe the business history of the proposed grant recipient.
- Financial documentation from the borrower evidencing the borrower's ability to pay back the loan must be submitted with the application.
- Draft Loan Documents are required when the applicant intends to loan these funds to another entity. The loan documents do not have to be executed, but should identify the borrower and contain the terms and conditions of the loan and specify the use of the funds.

b. Additional Requirements for Anchor Buildings:

- Anchor Building projects in the municipality must be located within or close by the traditional business district that supports the downtown. The building must possess the following characteristics:
 - 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.
- Reuse of the renovated Anchor Building may entail the following:
 - Houses local business expansion or creation. Creates or will create new or improved tax revenues for the municipality.
 - Will likely create full-time jobs paying substantially above minimum wage and providing fringe benefits.

4. **Public Improvement Grant**

a. Introduction

State financial assistance is available to all Pennsylvania municipalities for a variety of development projects to help eliminate decline, provide gap financing for proposed projects, and assist in a community's emergency efforts to recover from a natural disaster. Funding priority is given first to communities recovering from a natural disaster and second, to all Keystone designations. 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.

b. Public Improvement Grant Program Requirements

The ultimate owner/user of these grants must be a public entity, a charitable nonprofit, or an income-eligible homeowner. Income-eligible homeowners include low, moderate and middle income homeowners whose income is up to 120% of the area median income. Grants are generally limited to \$500,000 and require at a minimum a dollar-for-dollar match. Up to 10% of the grant may be used to administer the project. The cost to audit the project must be included within the 10%. Application preparation fees are not eligible under this program. Homeowners/renters whose income is up to or less than 120% of the median income in the area are eligible to receive benefits.

c. Complete the application and provide all the required information listed in Exhibit X.

D. Accessible Housing Grants

This component of the KC Program provides funding to undertake accessibility improvements to housing units for people with permanent physical disabilities; allowing the individual to continue residing in their current residence instead of moving to an assisted living facility. Applicants must coordinate with other local funding sources to address homes with building code deficiencies that also need home modifications. The coordination does not require that the applicant organization manage those coordinating funds, but applicants must demonstrate how local agencies will cooperate to assist households that need such repairs/improvements in addition to home accessibility modifications. Grants are generally limited to \$300,000 with a dollar-for-dollar match required. Up to 10% of the grant may be used to administer the project. The cost to audit the project must be included within the 10%. Application preparation fees are not eligible under this program. Homeowners/renters whose income is up to or less than 120% of the median income in the area are eligible to receive benefits.

1. Accessible Housing Grant Program Eligible Activities

- a. Construction, renovation and/or installation of adaptations, including the cost to evaluate the beneficiary's need with regard to the installation of the proposed modification(s).
- b. Adaptive modifications, such as ramps, lifts, door-widening, visual door bells, audio phones, visual phone signalers, etc., that will improve the ability of a person with permanent, physical disabilities to enter and exit the home.
- c. Adaptive modifications, such as widening hallways, lowering the kitchen counters, enlarging bathrooms, or adding grab bars that will increase the ability of a person with permanent, physical disabilities to perform activities of daily living.
- d. Adaptive modifications that do not extend beyond the original footprint of the housing unit that will enable a person with a permanent, physical disability to remain in the home and prevent institutionalization.
- e. Other items not included above but clearly explained as integral to the person with the disability remaining in the home.
- f. Modifications, renovations, etc. to a group home or some form of an assisted living facility are not eligible expenses.

2. Accessible Housing Grant Program Requirements

- a. Funding priority will be given to applications that demonstrate the following:
 - Preference will be given to persons with permanent, physical disabilities at risk of becoming institutionalized, or persons of any age with permanent, physical disabilities moving from an institution into the community.
 - The applicant will serve an area that does not have an existing home modification program in place; therefore, applicants must document the availability of such programs in their area.
 - The program will make the best use of limited resources and leverage other resources.
 - The program will achieve an economy of scale by providing services in a multi-jurisdictional or regional area.
- b. The program will give preference to people with very low income, as defined by the U.S. Department of Housing and Urban Development's (HUD) Section 8 Income Guidelines, or those people below poverty level as defined by the Federal Poverty Income Guidelines, whichever is more advantageous to the beneficiary. These two standards include persons at or below 50% of the area median county income and persons at or below 100% of the Federal poverty level. Applications must provide the following information:
 - A description of how this program will address the needs of each program beneficiary.
 - A description of the service area for the program, including the location of the service area.
 - The anticipated number of persons with permanent, physical disabilities in the service area that will benefit from the program.
 - A description of the nature and extent of collaboration among existing local organizations in planning and implementing the program. Examples of such local organizations include, but are not limited to, housing and redevelopment authorities; disability service organizations, such as Centers for Independent Living, United Cerebral Palsy Associations, and HIV/AIDS Planning Coalitions; community development corporations; community action agencies; area agencies on aging; and other nonprofit organizations whose mission includes providing affordable housing and/or assisting persons with disabilities.

- An outreach component that provides information and promotes public awareness about the availability and use of programs that provide housing modifications to housing units in order to make housing accessible to persons with permanent, physical disabilities.
 - Identify additional sources of funds that are available to undertake other major home repairs such as Act 137, HOME Investment Partnership, Community Development Block Grant (CDBG), PHFA Renovate and Repair Loan, etc., and how those resources will be coordinated.
 - Identify other secured sources of funds for this project.
 - Describe how the quality of life and the quality of housing for persons with permanent, physical disabilities will be maintained and improved.
 - Describe how the program will build capacity in the local community and relevant local organizations to plan and implement home modification programs.
 - Describe how follow-up measures will be conducted to ensure that appropriate modifications are properly installed and that the program beneficiary has been trained to utilize the modifications.
- c. Complete the application and provide all the required information listed in Exhibit X.

ARCHIVED

Section IV – The Single Application Process

Every applicant is required to complete an Electronic Single Application (ESA), also known as the DCED Single Application when applying for funding.

Failure to submit a complete application with all the required additional information will negatively impact the review of the application and may cause DCED to reject the funding request.

A. General

1. To apply for funding, the applicant must complete and submit the electronic on-line DCED Single Application for Assistance to the Department. The Single Application is located at newPA.com or www.esa.dced.state.pa.us. Required supplemental items outlined in Exhibit X must be attached electronically to the application on the Addenda tab. Once submitted, please submit, via US Mail, two (2) copies of the application including the required supplemental information as follows:
 - a. One copy to the appropriate Regional Office.
 - b. One copy to:

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

Please reference the assigned Single Application Number on all supplemental information.

Questions concerning the completion of the Single Application for Assistance should be directed to: DCED Customer Service Center at 1-800-379-7448 or 717-787-3405 or e-mailing: ra-dcedcs@pa.gov.
2. The potential applicant must communicate with the Department's applicable Regional Office (refer to the last page of these guidelines for a listing and locations of the Regional Offices) about a proposed project prior to application submission.
 - a. 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.
 - b. This can be accomplished by sending a letter or concept paper that provides basic information about the proposed project to the appropriate DCED Regional Office and a copy to:

PA Department of Community & Economic Development
The Center for Community Enhancement
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, Pennsylvania 17120-0225
3. Applicants should carefully review the instructions contained in these guidelines and appendices and be sure to address all necessary items in the online application. Please note, the online Single Application is designed for all DCED programs; therefore, some information may not be applicable to your request. DCED Regional Office staffs are available to provide assistance as needed.

4. Please designate the Keystone Communities Program as the program you have chosen for initial consideration. Choosing the Keystone Communities Program will ensure that the application is referred to the Center for Community Enhancement for initial consideration.
5. If a proposed project is selected for further consideration, the applicant may be asked to submit additional documentation that is unique to the Keystone Communities Program. This additional documentation must be submitted with the Single Application.

B. Application Window/Application Review

1. Application Window – DCED’s Single Application process permits applications to be submitted from July 1st to November 30th.
2. Application Review – After the Single Applications have been reviewed, and subject to availability of funds, DCED will determine the proposals that will be given further consideration. These applicants may be requested to submit additional documentation pertaining to DCED’s review of the proposal.
3. DCED will make every effort to assist applicants to obtain the funding needed to carry out their proposed project. In some instances the applicant may be referred to alternate funding sources within DCED or to potential local/state/federal sources of funds.
4. Funding decisions will be made subject to the availability of funds, reasonableness and completeness of the application.
5. Applications not considered for funding will receive rejection letters.
6. Incomplete applications will receive rejection letters.

Section V – Contracting and Program Administration

A. General

In an effort to assist applicants with the administration of the program, the following contract procedures generally apply.

1. Contracts are generally three years in duration.
2. The beginning date of the contract is usually the first day of the fiscal year, July 1 and the ending date is June 30 three years later.
3. It is the grantee's responsibility to monitor its contract and to communicate with DCED to determine if a time extension, budget modification or change in the scope of work is warranted.
4. A contract cannot be amended or changed after the expiration date. All work must be completed by the contract expiration date. Payment for work completed by the expiration date can be made after the contract expires.
5. All Payment Requests must contain copies of invoices relevant to the amount of funds requested.

B. Contract Payment Requests

Payment Requests with invoices must be submitted to the address below:

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

C. Contract Closeouts

DCED's closeout procedures are on-line at www.newPA.com/compliance. Grantees are required to follow these procedures upon the expiration of the grant contract. A project audit is required if Keystone Communities funding is equal to or greater than \$100,000. Grantees are permitted to use budget funds from the grant to pay for the cost of the audit.

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 VI – Administration of the Revolving Loan Fund

A. Introduction

Upon the receipt of an Enterprise Zone Revolving Loan Fund Grant or a Redevelopment Grant-to-Loan the grantee is required to establish a Revolving Loan Fund (RLF). Refer to Exhibit VI, Guidelines for the Administration of Business Loans and Investment Programs and Exhibit VII, guidelines for the Administration of Revolving Loan Funds for additional information.

All grant-to-loan funds must first be deposited into the RLF and remain invested until such funds are disbursed to the DCED-approved recipient.

The terms and conditions of the resulting loans to the recipients should be structured to benefit the recipient, but should also be structured to earn adequate income to enable the RLF to become self-sustaining.

B. The Following Rules Apply when Administering a RLF:

1. The DCED contract requires the administering agency (the grantee) to deposit grant funds directly into the RLF upon receipt. Interest earned on grant funds prior to the initial expenditure of the funds must be returned to DCED.
2. Interest earned on loan repayments and idle funds returned to the RLF may be retained and loaned to eligible borrowers.
3. The administering agency may withdraw interest income from the RLF to pay for the cost of administering the fund. The amount of interest withdrawn and its use must be documented on the semi-annual RLF Report when it is submitted to DCED.
4. Earned income and interest that are not needed to administer the RLF must remain in the fund and should be loaned to eligible borrowers.
5. The administering agency 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 RLF.
6. The administering agency may not withdraw principal from the fund without DCED approval.
7. The administering agency is required to electronically submit, bi-annually, the **Active Grant Contract Loan Report** to DCED's KCP Office (RA-DCED-KCP@pa.gov.). This report records loan payments to the RLF and must be submitted to DCED every January 31 and July 31 until the initial loan is repaid. Failure to submit this report by the due date will result in DCED withholding payments to the grantee for existing contracts and placing on hold the processing of any new applications for the grantee.
8. The administering agency is also required to submit a Revolving Loan Fund Report to the Center for Community Enhancement. This report tracks the receipt and disbursement of recycled loan funds. These reports must be electronically submitted bi-annually every January 31 and July 31 until the revolving loan fund no longer exists. Submit RLF reports to RA-DCED-KCP@pa.gov. Failure to submit this report by the due date will result in DCED withholding payments to the grantee for existing contracts and placing on hold the processing of any new applications for the grantee.

When the loan repayments are made to the Revolving Loan Fund, other businesses/organizations located within the municipality must be given first priority consideration for subsequent loan funding from these repayments. These loans must be collateralized with a reasonable security position. The grantee is required to adhere to reporting requirements as specified by DCED in Exhibits VIII and IX.

Exhibit I – The Main Street Approach

Downtown Action Plan Elements Based on 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 – The Elm Street Approach

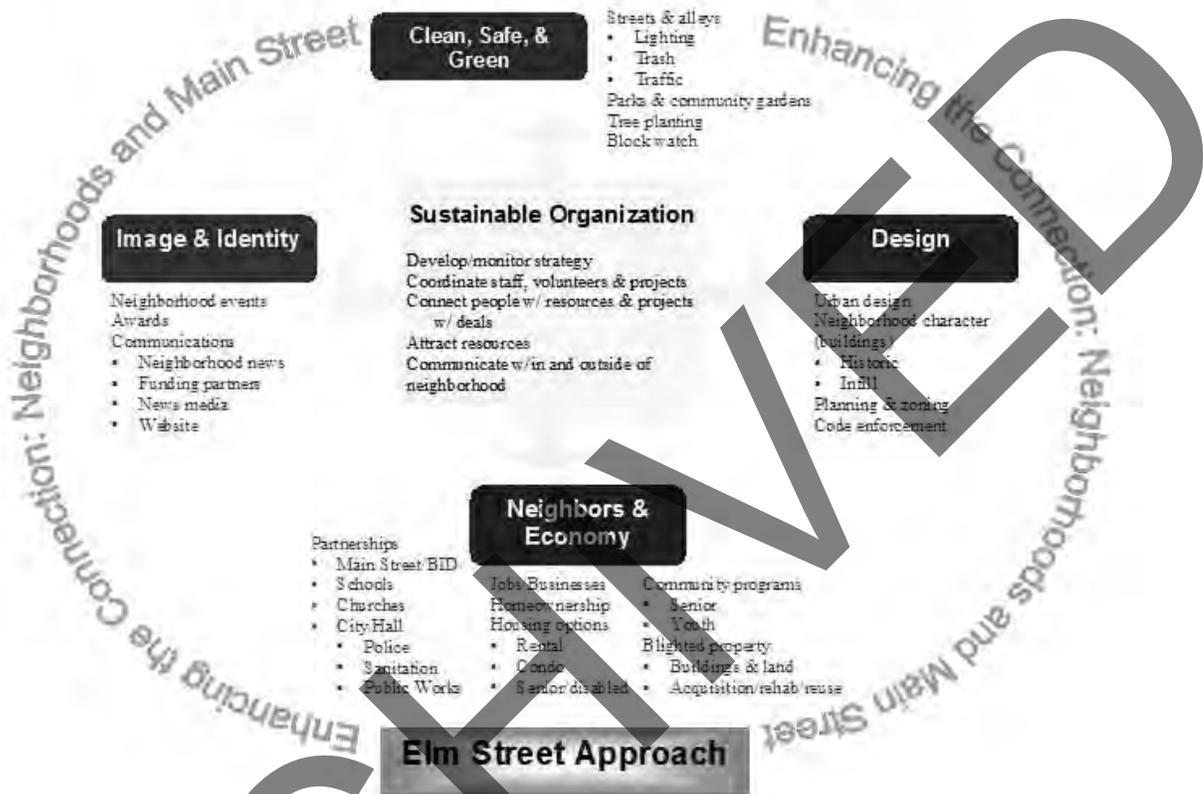


Exhibit III – Sample Resolution

(Municipality is the Applicant)

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

WHEREAS, the _____ (Applicant) is desirous of obtaining funds from the Department in the amount of \$ _____ for (brief description of the use of the funds)

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

BE IT FURTHER RESOLVED, that the _____ (Applicant) will reimburse the commonwealth for the commonwealth's share of any expenditure, found by DCED to be ineligible.

BE IT FURTHER RESOLVED, that the Secretary of _____ (Applicant) 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)

(Municipality is NOT the Applicant)

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

WHEREAS, the _____ (Applicant) is desirous of obtaining funds from the Department in the amount of \$_____ for (brief description of the use of the funds)

BE IT FURTHER RESOLVED, that the Secretary of _____ (Applicant) 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 IV – Sample Cooperation Agreement

Sample Cooperation Agreement

THIS AGREEMENT, made and entered into on _____, _____ (YEAR), effective on _____, _____ (YEAR)

BY AND BETWEEN

_____ (LEGAL NAME OF THE UNIT OF LOCAL GOVERNMENT),
whose address is _____ (LEGAL ADDRESS
OF THE UNIT OF LOCAL GOVERNMENT) hereinafter referred to as the “**Municipality**”

AND

_____ (LEGAL NAME OF THE ORGANIZATION
APPLYING FOR KEYSTONE COMMUNITIES FUNDING), whose address is _____
_____ (LEGAL ADDRESS OF THE ORGANIZATION),
hereinafter referred to as the “**Organization.**”

WITNESSETH:

WHEREAS, the _____ (Legal Name of the Organization), by
Resolution No. _____, authorized the **Organization** to file an Application for Financial Assistance with
the Department of Community and Economic Development (“DCED”) of the Commonwealth of Pennsylvania
for _____ (brief description of purpose of application) for Fiscal Year _____:

WHEREAS, as the Application requires a local matching share and certain other items as hereinafter set
forth, the **Municipality** and the **Organization** desire to enter into this **Agreement** to effectuate the terms and
conditions hereinafter set forth;

NOW, THEREFORE, the parties, intending to be legally bound hereby, agree as follows:

A. The **Organization** agrees:

1. To file an Application for Financial Assistance with DCED for _____
and implement the activities set forth in the Application.
2. To comply with the applicable sections of the Contract between DCED and the Organization.

B. The **Municipality** agrees:

1. To designate certain funds from _____ (Name the source and amount) (e.g. City bond, Community Development Block Grant Program, HOME, and/or other local funds) in the amount of \$ _____ as the local matching share for the grant applied for in the Application.
2. To assume the provision of the full local matching share of project costs.
3. To reimburse DCED for the Commonwealth's share of any expenditures which are determined ineligible by DCED at project closeout.

C. The **Municipality** and the **Organization** agree: To comply with all rules and regulations issued by the Secretary of DCED that are applicable to the activities described herein. The parties further agree to comply with all statutes, ordinances, laws and regulations dealing with the prohibition against discrimination against any in violation of the Pennsylvania Human Relations Act and applicable federal laws in the execution and performance of this **Agreement**.

IN WITNESS WHEREOF, the **Municipality** _____ (name) has caused this **Agreement** to be executed by _____ (Municipality name) and its official seal to be impressed hereon pursuant to Resolution No. _____, effective date _____, and the Organization _____ (name) has caused this Agreement to be executed by its _____ (Organization name) and its official seal to be impressed hereon pursuant to Resolution No. _____, duly adopted by its Members on _____.

ATTEST:

MUNICIPALITY

Secretary

Chief Elected Official or Designee

EXAMINED BY:

APPROVED AS TO FORM:

Solicitor

Solicitor

ATTEST:

ORGANIZATION

Secretary

CEO or Designee

APPROVED AS TO LEGAL FORM:

Attorney

Exhibit V – 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.

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.
- Arts and Cultural facilities.

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.
- Blight

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 VI – Guidelines for the Administration of Local Business Loan & Investment Programs

These Guidelines are applicable to programs funded with Keystone Communities Program Grants

1. GRANTEE'S RESPONSIBILITY TO THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT (DCED)

The Grantee is responsible for ensuring that funds expended from the Keystone Communities Appropriation 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 Keystone Communities program contract. The Grantee is responsible for ensuring that loans or investments made to private businesses from Keystone Communities Program funds meet those purposes and adhere to these and other guidelines or orders issued by the DCED.

2. DELEGATION OF AUTHORITY

The Grantee may delegate, by written agreement, the authority to administer the Keystone 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 Keystone 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 Revolving Loan Fund loans, the businesses must benefit the enterprise zone. There shall be a 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 sixty (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 deposited into the Enterprise Zone RLF must be made available to businesses located in the Enterprise Zone area. Other loans processed from repayments funds deposited into the RLF must be made available to other similar organizations/businesses in the community where the loan originated and must be in accordance with the reuse plan outlined in the DCED 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. Bi-annual reports must be submitted to DCED every January 31 and July 31.

Exhibit VII – Guidelines for the Administration of Revolving Loan Funds

Introduction

A Revolving Loan Fund (RLF) results when a grantee is awarded funding in accordance with program guidelines or on behalf of an ineligible applicant to undertake a community development activity and is authorized by the contract to loan the funds to a third party. These Guidelines for the Administration of Revolving Loan Funds have been established to assist DCED grantees to track the use of the funds, ensure repayment and to assist DCED to monitor future loans and repayments.

A grantee is authorized to establish a RLF through special conditions listed in Appendix A of the grant contract. These special contract conditions allow the grantee to loan the granted funds to a third party, collect on the loan, re-loan the funds to another eligible borrower and to deposit the funds into a revolving account specifically designed to track the funds as they are continuously loaned, collected and loaned again and again.

Revolving Loan Fund Contract Language

The following language or similar language will appear in the Appendix A of the contract when the contract funds are loaned to a third party:

The funds from this GRANT that will be loaned from the GRANTEE's Revolving Loan Fund must first be deposited into the Revolving Loan Fund and disbursed according to the GRANTEE's Revolving Loan Fund Guidelines. The GRANTEE's Revolving Loan Fund Guidelines must be consistent with the DEPARTMENT's program guidelines and the DEPARTMENT's Guidelines for the Administration of Revolving Loan Funds.

RLF Requirements

The grantee must provide the following items to the Department when RLF language is included in the grant contract:

Draft and/or executed loan documents (loan agreement, mortgage and note) must be submitted to the Department for review and approval prior to payment under the contract. In rare instances, the Department will review and approve draft documents in lieu of executed documents in order to initiate payment under the contract. If draft documents are approved, the grantee is still required to submit a copy of the executed loan documents when they are finalized.

The contract requires the grantee to develop RLF Guidelines that will be adhered to when administering the RLF. These guidelines must be developed and subsequently approved by the Department before the grantee can re-loan the funds to another recipient. The Guidelines should be consistent with program guidelines; identify eligible borrowers; list loan requirements; list loan limits and payment policies; describe the review and loan award processes; etc.

Establishment of the RLF

The grantee must first establish a separate, interest bearing RLF with the capacity to track and monitor loan payment receipts, interest, administrative costs, program income, expenditures, new loans, etc.

Funds from the contract must first be deposited into the RLF and remain deposited until they are disbursed (loaned). Interest earned on these funds before they are loaned, must be returned to the Department. Interest earned on recycled funds may be retained for use within the RLF.

Interest income, loan payments received, and program income accumulated must remain invested in the RLF until re-loaned to eligible borrowers, or may be expended for minimal RLF administration costs.

The terms and conditions of loans should be structured to earn adequate interest income to administer the loan and to enable the RLF to become self-sustaining.

Earned income and interest that is not used to pay for the administration of the RLF must remain in the fund and can be loaned to eligible borrowers. The use of interest and other program income for anything other than loans and the administration of the RLF must first be approved in writing by the Department.

Principal may not be used for administrative expenses or any other expenses, only for loans, unless the expense is first approved in writing by the Department. Use of principal without replenishing the RLF will deplete the fund and is strongly discouraged.

Interest includes general interest earned on idle funds in the RLF as well as interest received with loan payments. Program income includes loan processing fees and any other income resulting from the RLF.

The grantee is required to file monitoring reports to the Department as instructed.

Reporting Requirements

The grantee is required to submit two reports to the Department: the Active Grant Contract Loan Report and the Revolving Loan Fund Report.

Active Grant Contract Loan Report

The purpose of the Active Grant Contract Loan Report (AGCLR) is to track loan payments received by the grantee from the borrower until the entire loan is satisfied. This report is tied to a specific DCED contract and must be filed with the Department until the contract is permanently closed. When all payments are received and documented, the grantee must notify DCED that the loan is fully satisfied. (Up to this point, the contract is provisionally closed.) The grantee can remove the loan from the AGCLR when the final closeout letter is received from the Department.

The grantee is required to notify the Department immediately if the borrower defaults on the initial loan. Please send your notification to Nadine Ibberson and to the appropriate program staff.

The AGCLR must be filed twice a year, by January 31 and July 31 of each year. The report must be electronically submitted to Nadine Ibberson using the following address RA-DCED-KCP@pa.gov. The report must be submitted as required even if payments are not due for several years. Footnote the report when the first payment is due. All payments listed on this report must reference a specific contract. Additionally, the name of the grantee and the county must be stated in the subject item of the e-mail to the Department.

Revolving Loan Fund Report

The purpose of the Revolving Loan Fund Report (RLFR) is to track all funds deposited and loaned from the RLF. Departmental approval is not needed to loan funds to eligible borrowers because approval was granted when the Department reviewed and approved the grantee's RLF Guidelines. If the RLF Guidelines have not been approved by the Department, the grantee must submit them for approval prior to loaning funds accumulated in the RLF.

Loan payments received, recorded, and reported on the AGCLR should be included and referenced in Section IV, Consolidated Report on the RLFR under Total Fund Contributions/Interest for THIS Period. The source of the funds must be identified in the foot note just below Section IV. The grantee is authorized to loan funds to eligible borrowers as soon as enough are accumulated in the RLF balance. All funds loaned and/or expended from the RLF must be recorded and reported to the Department on the RLFR.

The first RLF report must be submitted to DCED when the initial loan documents are executed and the funds are transferred to the borrower. If loan re-payments are deferred, submission of the RLF report is still required, but the report should include a foot note indicating when loan payments will begin.

This report must be submitted electronically to DCP Program staff:

RA-DCED-KCP@pa.gov

Failure to submit timely reports may result in placement of a flag on the grantee's ESA application(s).

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Exhibit VIII – Active Grant Contract Loan Report and Instructions

Instructions to Complete the Active Grant Contract Loan Report

The purpose of the Active Grant Contract Loan Report is to track loan payments received by DCED contractors/grantees. This report must be completed semi-annually and electronically submitted to the Department by January 31st and July 31st of each year to the KCP Office at RA-DCED-KCP@pa.gov.

This report must be submitted as required even if payments are not going to be received for several years. Please indicate by foot note on the form when the first payment is due. Be sure to include the contract number on the form.

Please indicate in the subject item of your e-mail the name of the grantee and the county where the grantee is located. Example: City of Bradford (grantee), McKean County.

Grantee Instructions to prepare the **ACTIVE** Grant Contract Loan Report.

Note: Fields noted as calculated will automatically calculate and do not require input by the preparer of the form. These fields are shaded gray.

Section I: Complete as indicated.

Report Period: Enter the beginning and ending dates of the report period.

Grantee: Enter the grantee name as it appears on the grant agreement.

Enter **contact information:** name, address, phone, fax and e-mail address.

Section II: Contract Information

Contract #: Enter DCED Contract Number

Grant Amount Received: Enter the amount of the DCED Grant award.

Section III: Loan Information

Loan Recipient: Enter the name of the entity borrowing the funds

Date Loan Issued: Enter the date the funds were loaned to the borrower.

Amount of Loan: Enter the amount of the loan. (The loan amount may differ from the DCED grant amount.)

Interest Rate: Enter the interest rate of the loan.

Loan Term in Months: Enter the length of the loan term in months.

Interest Due: Enter the total amount of interest that will be paid over the life of the loan.

Principal & Interest Due: This field automatically calculates.

Section IV: Loan Repayment Details

Amount in Default: Enter the amount of past due loan payments and interest, if applicable.

% of Funds in Default: This field automatically calculates.

Prior Period Payments: Enter the total amount of loan payments received from the borrower prior to this reporting period (principal and interest). This information can be obtained from the prior report.

Payments This Period: Enter the total amount of loan payments received from the borrower for this period.

Loan Balance End of Period: This field automatically calculates.

Section V: Consolidated Report

This section automatically calculates. The following descriptions of the fields explain the calculations.

Total Amount of Grants Received: This reports the total of all the grants reported as received in Section II under Grant Amount Received.

Total Amount of Loans Issued: This reports the total of funds loaned reported in Section III under Amount of Loan.

Total Interest Due: This reports the total of interest due reported in Section III under Interest Due.

Total Principal and Interest Due: This represents the total of all principal and interest reported in Section III under Principal & Interest Due.

Total Amount in Default: This represents the total default amount for all loans reported under Section IV, Amount in Default.

Total % of Loans in Default: This represents the total percentage of funds in default reported in Section IV, % of funds in Default.

Total Prior Payments: This represents the total amount of prior payments reported in Section IV, Prior Period Payments.

Total Payments This Period: This represents the total of all payments reported in Section IV, Payments This Period.

Total Outstanding Loan Amount: This reports the total outstanding balance reported in Section IV, Loan Balance End of Period.

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Exhibit IX – Revolving Loan Fund Report and Instructions

Revolving Loan Funds are capitalized with loan payments received from grants that were initially loaned to specific recipients as indicated in the Department's contract. The initial loan from the Department's contract is reported in the Active Grant Contract Loan Report and must also be reported on the Revolving Loan Fund (RLF) Report, including all loans generated from the repayments of the initial loan. A loan can be removed from this report when it is repaid in full.

The Revolving Loan Fund Report is intended to assist the grantee in the management of the RLF and to provide the Department of Community and Economic Development (DCED) with information regarding the grantee's RLF and how it is managed. The report is designed to track each loan disbursed from the RLF. The report must be completed and submitted electronically to DCED twice a year, every January 31 and July 31. Copies of relevant bank statements for the reporting period must be retained by the grantee. These bank statements must also be available to DCED upon request. **Matters not included or explained in the Revolving Loan Fund Report or requiring further explanation should be submitted in a separate narrative report and attached to the RLF report.** Please submit the RLF Report, with the narrative report, if appropriate, to the appropriate program individual listed at the end of these instructions. *Please note: The Revolving Loan Fund Report must be submitted to the Department as long as it continues to revolve. All relevant bank statements are required to be retained in the RLF project files.*

Grantee Instructions for Preparing the Revolving Loan Fund Report

Note: The related report form is divided into four sections. All shaded fields are automatically calculated; data cannot be entered into them. Only active loans which are derived from DCED Grants should be reported on this form. Relevant bank statements should be reconciled with the Revolving Loan Fund records prior to the submission of the report to DCED. In the event of deferred, partial or no receipt of Revolving Loan Fund loan payments, enter the appropriate data on the RLF Report and provide an explanation in a separate narrative.

Section I: *Complete as indicated.*

Report Period: Enter the beginning and ending dates of the report.

Grantee: Enter the grantee name as it appears on the grant agreement.

Enter **contact information:** name, address, phone, fax and e-mail address.

Section II: Loan Recipient Information

This section relates to information regarding the borrower.

RLF Loan Recipient: Enter the name of the entity borrowing the funds as it appears in the loan agreement.

RLF Loans Disbursed This Period: List each new loan that was disbursed during this period.

Active RLF Loans Prior Periods & RLF Loans This Period: List all active loans disbursed from prior periods and new loans disbursed this reporting period.

Loan Disbursed Date: Enter the date the funds were loaned to the borrower.

Section III: Loan Detail for Current and Prior Periods

Please enter data into the fields as indicated in the instructions below.

Loan Interest Rate: Enter the interest rate charged for the loan.

Loan Term (in months): Enter the amortization (in months) of the loan.

Total Interest Due at Loan Maturity: Enter the amount of amortized interest due on the loan over the entire loan period.

Principal and Interest Received During This Period: Enter the amount of amortized interest and principal received during this reporting period.

Principal and Interest Received During Prior Periods: Enter the total amount of loan principal and interest payments received during prior reporting periods.

Total Principal and Interest Due at Loan Maturity: This automatically calculated field reports the total amount of loan principal and interest due over the entire loan period.

Total Principal and Interest Received in all Periods: This automatically calculated field reports the total amount of loan principal and interest payments received in prior periods and at the end of this RLF reporting period.

Total Amount in Default: Enter the total amount of loan payments in default at the end of this reporting period into the appropriate space.

Loan Percentage in Default: This automatically calculated field reports the percentage of loan payments in default at the end of this reporting period.

Loan Balance End of This Period: This automatically calculated field reports the loan balance at the end of this reporting period.

RLF Loans This Period Jobs Created or Retained: Enter the number of jobs created or retained this period resulting from new loans.

RLF Loans Prior Periods Jobs Created: Enter the number of jobs created or retained from prior reporting periods.

Section IV: Consolidated Report

The section consolidates data from sections II and III. Data for the shaded areas will be automatically calculated from the data entered into Sections II and III. Please enter data into the non-shaded areas as indicated below.

Ending Balance from Prior Period: Enter the balance from the end of the prior reporting period.

Total Fund Contributions/Interest for This Period: Please calculate the amount to be entered into this field by completing the calculations in the footnote below.

Total Administrative Expenses This Period: Enter any administrative expenses that were paid from the RLF in this reporting period. Itemize the expenses in the space provided on the form.

Total Other Expenditures This Period: Enter other non-administrative expenses (e.g., legal and/or real estate appraisal fees) that were incurred during this reporting period. Please itemize the expenses on the form as indicated and place the total of these expenses in the field. These expenses should be accounted for in your bank statement balance.

Total Loan Amount Disbursed This Period: This field automatically calculates. It represents the total amount of loans disbursed during this reporting period.

Principal and Interest Received This Period: This field automatically calculates. It represents the total amount of loan principal and interest received during this reporting period.

End of Period Fund Balance: This field automatically calculates. (The ending balance from the prior reporting period **plus** the total fund contributions/interest received during this period **less** the total administrative expenses during this period **less** the total of the other expenditures during this period **less** the total loan amount disbursed during this period **plus** all principal and interest received during this period.) This amount should be equal to the ending balance from the bank statement relating to the end of this reporting period.

Bank Balance End of Period: Enter the ending bank statement balance for the end of this reporting period. The End of Period Fund Balance and the Bank Balance End of Period should be the same. If they are not the same, please explain why on the reporting form or on a separate attachment to the form.

Total Principal and Interest Due: This field automatically calculates. It represents the total amount of amortized interest and principal due on active loans over the entire loan period.

Total Amount in Default on All Loans: This field automatically calculates. It represents the total amount of loan payments in default at the end of this reporting period.

Total Percentage of All Payments in Default: This field automatically calculates. It represents the total percentage of loan payments in default at the end of this reporting period.

Calculation to complete Total Fund Contributions/Interest for THIS Period.

Principal Received THIS Period: Enter the total of all loan principal received during this reporting period.

Interest Received THIS Period: Enter the total of all interest received from loan payments during this reporting period.

Interest Earned on Idle Funds THIS Period: Enter the amount of interest received from invested funds in the RLF that were not loaned during THIS reporting period.

Other Income Received THIS Period: Enter the total of other funds that were received and deposited into the RLF during THIS reporting period. Please identify the source of these funds.

The total of the above should be placed in the box titled *Total Fund Contributions/Interest for THIS Period* of the RLF report.

Calculation to complete Total Administrative Expenses This Period.

List each expense and the amount spent on the form as indicated. The total of these expenses should be placed in the box titled *Total Administrative Expenses This Period*.

Calculation to complete Total Other Expenses This Period.

List any other charges not included in the categories above by expense and amount. The total of these expenses should be placed in the box labeled *Total Other Expenses This Period*.

Housing and Redevelopment Assistance, Enterprise Zone, Keystone Communities Enterprise Zone Revolving Loan Fund Grants, Enterprise Zone Revolving Loan Fund Grant, and Redevelopment Grant-to-Loan Grants and New Communities Grants, including Anchor Building Grants to RA-DCED-KCP@pa.gov

Failure to submit timely reports may result in placement of a flag on the grantee's ESA application(s).

Exhibit X – Funding Application Required Documentation

Project Narrative – Describe the community, why the funds are needed, how they will be spent, and the benefit that will result. Be specific so that the reviewer understands the project, understands what is to be accomplished, how it will be accomplished and how the community will benefit.

Public Purpose – Describe how the community as a whole benefits. Describe how the public is served by the funding of this application.

Statement of Community Support – A public meeting must be held at a convenient time (Weekdays – after 6:00 p.m.) so the general public can attend. The program (Keystone Communities), grant type, amount of request, 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, 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 before, during or after a regularly scheduled municipal meeting.

Project Budget Narrative – Provide a description of each budget line item (from the single application), 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 set aside to fund an audit of our funds and required match, which is an eligible administrative expense. The Contingency and Indirect Costs line items are not eligible under this program and may only be used under matching columns. Please use the “Other Category” at the end of the budget for project costs that are not listed on the form.

Resolution – A resolution is required from all applicants. The resolution must authorize the filing of the application, state the amount requested, summarize the purpose of the request, guarantee the provision of the local share and guarantee to reimburse the commonwealth for the commonwealth’s share of any expenditure(s) found by DCED to be ineligible. An example is provided in Exhibit III.

Cooperation Agreement – A Cooperation Agreement with the Local Government for applicants that are not local governments including all non-profit organizations and authorities. An example is provided in Exhibit IV.

Match – If required, matching funds are defined as those funds in addition to requested funds necessary to complete the project. Evidence can be demonstrated in the form of award letters from federal and state agencies, private funds commitments, financial institutions and local government commitments.

Project Map – Map(s) of sufficient size and quality to describe the project location with regard to the nature of the application (i.e. Google Map image).

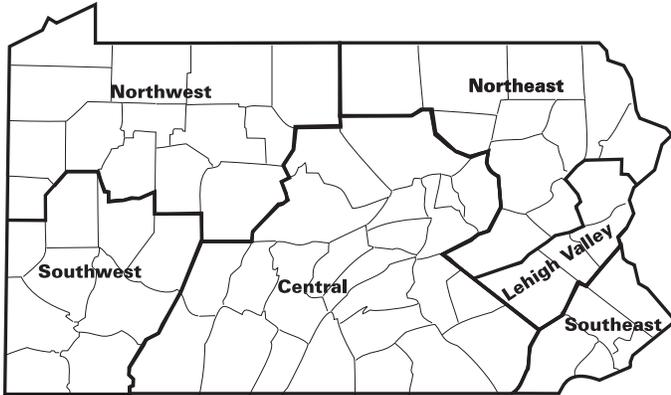
Timeline – A project timeline that tracks the key activities and the dates necessary to achieving the project’s goals and objectives.

Cost estimates – A thorough and detailed estimate for the total project cost. The estimate must be prepared by an engineer or other qualified professional and should be accompanied by copies of the signed bid/quotations, contractor estimates, sales agreements or other documentation that verify project cost estimates.

Other information/documentation that DCED may identify after the application is submitted.

Regional Offices

Pennsylvania Department of Community and Economic Development newPA.com



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