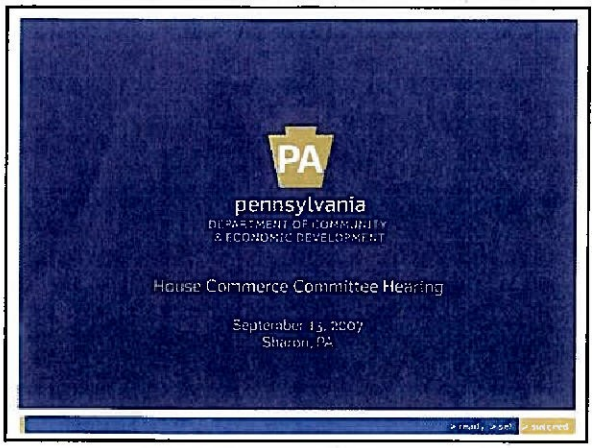
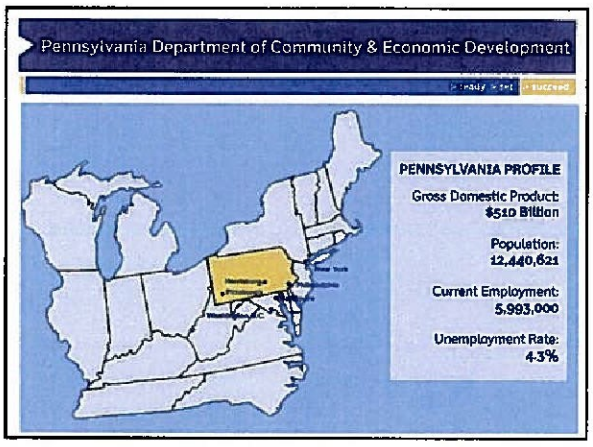
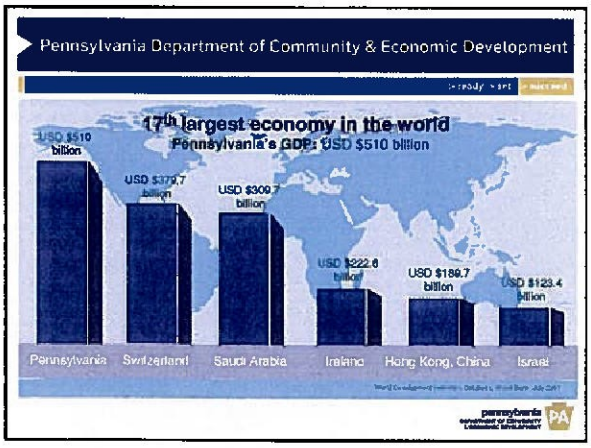
COPY

DCED presentation
John Blake
Scott Dunkelberger
Jackie Parker







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Pennsylvania Job Growth

Pennsylvania's job count, 5,796,300, is the second highest total, and brings the net gain in new jobs since January 2003 to 168,100. Pennsylvania's unemployment rate – 4.3 percent, remains below the January 2003 rate of 5.7 percent. State investments, including the Economic Stimulus program, have been a major factor behind the turnaround.

Steady Rise in Pennsylvania Jobs
(non-farm)

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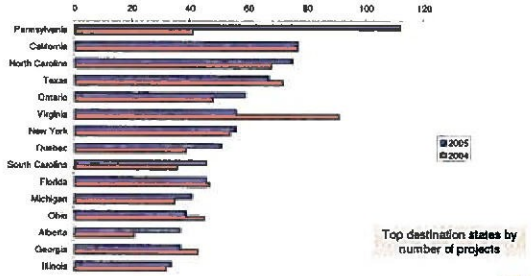
PA Leads in North America for Cross Border Investments



Source: IBM-PLI – Global Investment Locations Database, GILD

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Strategy Elements

- Focus
- Research
- Commercialization
- Capital
- Workforce
- Infrastructure
- Community Revitalization
- Business Climate

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Focus:

- **IBM Global Competitiveness Report**

Identified four growth-oriented industry clusters and 22 sub-clusters:

- **Life Sciences**
  - Integrated Bio-Pharma Manufacturing
  - Biotech Research
  - Medical Equipment and Devices
  - Integrated Medical Diagnostic Equipment
- **High Technology**
  - Next Generation Electronics
  - Wind Energy Generation Assemblies
  - Wind Generator Components
  - Wind Turbine Rotors
  - Solar Panel Manufacturing
  - Waste Coal Fired Power
  - Biofuel Manufacturing Plant

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Focus:

- **IBM Global Competitiveness Report** *(continued)*

- **Advanced Manufacturing**
  - Powdered Metals
  - Agro-Food Processing
  - Prefabricated Housing
  - Tooling Design and Metals Manufacturing
  - Fine Chemicals Production
  - Printing and Publishing
- **Business Services**
  - Creative Industries
  - Regional Headquarters
  - Financial Services
  - Financial Service Back Office
  - Defense Contractor

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Research: Economic Engine & Leverage Effect

- Largest job generator in the state.
- 260 Colleges and Universities.
- Pennsylvania ranks fourth in academic Research and Development and its world-class academic/research institutions garner substantial NIH funding--$1.4 billion in 2004.
- More than 22,000 students receive degrees in the engineering and sciences fields annually.
- Pennsylvania provides over $130 million to academic research projects each year.

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Commercialization:

Keystone Innovation Zones (KIZs)

- Capitalizes on the commonwealth's greatest asset – our young and talented graduates and our world-class college and university system; and
- Designates zones in colleges and university communities that will foster innovation and create entrepreneurial opportunities to keep young, talented graduates in Pennsylvania.
- **Pennsylvania Provides:**
  - Operational funding for public/private partnership;
  - Funding for university technology transfer and key faculty hires;
  - Tax credits for start-ups;
  - Capital for growth; and
  - Small Business Innovative Research (SBIR) Support Program.
- **26 KIZs established to date.**

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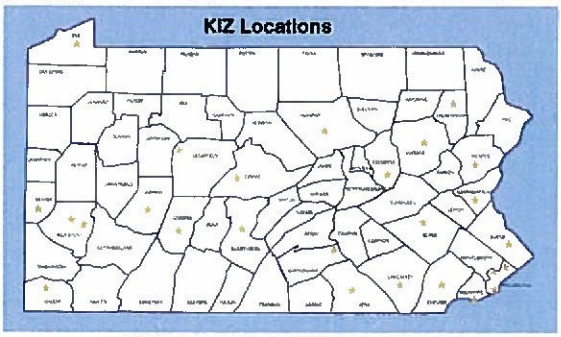
KIZ Locations



Business Assistance

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Capital:

Grants (10)

- Business In Our Sites Program
- Customized Job Training Program
  - Guaranteed Free Training Program
- First Industries Fund – Agriculture and Tourism (Planning Grants)
- Infrastructure Development Program
- Industrial Site Reuse Program
- Local Econ. Dev. Assistance Program
- Opportunity Grant Program
- Opportunity Grant – Flood Disaster Relief Grant Program
- PennWorks

Loans (14)

- Business In Our Sites Program
- Citizens Job Bank
- Community Economic Development Loan Program
- Core Industries - Machinery and Equipment Loan Fund
- Export Finance Program
- First Industries Fund – Agriculture and Tourism – Small Business First Fund
- Industrial Site Reuse Program
- Infrastructure Development Program
- Infrastructure and Facilities Improvement Program
- Machinery and Equipment Loan Fund
- PA Industrial Development Authority
- PA Minority Business Development Authority
- PennWorks
- PNC Bank Small Business Loan Fund
- Pollution Prevention Assistance Account
- Small Business First Fund
- Sovereign Bank – Small Business Growth Lending Program
- Underground Storage Tank Upgrade Loan Program

Private Financing (8)

- First Industries Guarantee Program
- Pennsylvania Economic Development Financing Authority
- Pennsylvania Community Development Bank
- PennCAP
- Second Stage Program
- TIF Guarantee Program

Tax Credits (4)

- Educational Improvement Tax Credits
- Job Creation Tax Credits
- Keystone Opportunity Zones
- Pre-Kindergarten Tax Credits

* Stimulus in Play

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Workforce:

- **Job Ready PA**
  - An additional $101 million in targeted training and education programs:
    - Ensure workers have the skills that businesses need so that Pennsylvania is a competitive force in the global economy;
    - Boost the skills of high school graduates; and
    - Increase options for students to receive post-secondary education: Community Colleges/Four Year Colleges and Universities.
  - Focused on growing occupations.

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Infrastructure/Sites:

- More than $1 billion in infrastructure improvement funding available through the Economic Stimulus Package for acquisition/site preparation and/or on-site infrastructure/construction. The programs are:
  - Building PA
  - Business in our Sites
  - Infrastructure and Facilities Improvement Program
  - Penn Works
  - Redevelopment Assistance Capital Program
  - TIF Guarantee
- 32 companies have already committed to locating at sites funded under the Business in our Sites program, and a total of 107 projects have been approved under that same program.

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Community Revitalization:

Community Action Team:

- The Community Action Team (CAT), created by Governor Rendell in 2004, is a development-oriented unit, designed to "package" funding and technical assistance for high-impact redevelopment projects.
- The CAT coordinates this assistance from all commonwealth agencies providing a targeted approach to Governor Rendell's vision for revitalizing our "core communities."
- The CAT serves as a single point of contact for communities to implement priority projects and provides a trouble shooting role to cut through "red tape" that often hamper a project.
- To date, 77 CAT communities are in various stages of planning and development throughout the commonwealth with over $364 million in state funding committed to these projects that has leveraged more than $539 million.

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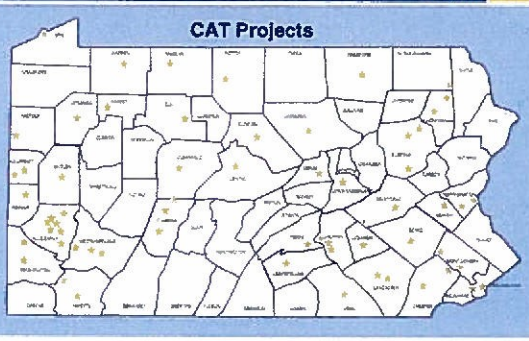
CAT Projects



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Business Climate:

Business Tax Reductions in 2007-2008 Budget:

- Accelerating the reduction of the Capital Stock/Franchise Tax rate. The rate for tax year 2007 will now be 3.89 mills. The tax is on schedule to be phased out in 2011 (about $250 million);
- A new agricultural tax credit program – known as the Resource Enhancement and Protection Tax Credit that provides up to $10 million in tax credits for farmers who use best practices to preserve the environment;
- A $16 million increase in the Educational Improvement Tax Credit program - from $59 million to $75 million for companies and groups that fund scholarships for students;

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Business Climate:
Business Tax Reductions in 2007-2008 Budget (continued):

- Tax credits for film and television production companies to encourage investments by the movie industry of no more than $75 million annually;
- Banks involved in mergers or acquisitions will now be permitted to deduct goodwill from book value. (This tax savings is valued at $12.6 million.)
- This brings the total business tax cuts under the Rendell administration to about $2.3 billion.

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Business Climate:
Business Retention and Expansion Program Survey:

- 8,385 BREP visits led to 40 GAT Projects:
  - -- Led to 3,131 new jobs;
  - -- Retention of 8,611 existing jobs;
  - -- $86.2 million in assistance was offered to these projects;
  - -- $235.0 million in company investments;

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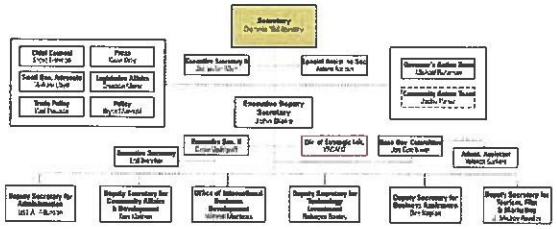

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DCED 2010 Goals

- DCED-assisted jobs created/pledged to be created will increase by 20% to total 351,829 by 2010.
  - 155,871 jobs were created or pledged to be created during FY 06-07.
- DCED investments through technology investment will result in a doubling of new company formations by 2010.
  - For FY 06-07, 234 new company formations were assisted through DCED's technology office.
- DCED will increase the level of annual export sales ($'s) facilitated to $522 million.
  - DCED facilitated more than $253 million in export sales in FY 06-07.
- 150 revitalization projects underway in primary "core" communities across Pennsylvania.
  - Since January 2003, there are currently 77 core community CAT projects underway.
- DCED investment through the Community Action Team (CAT) will increase employment (# of people working) in "core"* communities by 5%.
  - This would represent 48,000 additional people working in the benchmarked communities.

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DCED FINAL BALANCED SCORECARD FY 2006-07

	Measure	Target 2006-07	4th Q Cumulative
1	Jobs Created / Jobs Pledged to be Created	97,355	155,071
2	Jobs Retained / Jobs Pledged to be Retained	71,765	126,480
3	Total Jobs Created / Jobs Pledged to be Created and Jobs Retained / Jobs Pledged to be Retained	169,120	282,351
4	Jobs Pledged (GAT)	60,000	59,427

Pennsylvania Department of Community & Economic Development

DCED FINAL BALANCED SCORECARD FY 2006-07

	Measure	Target 2006-2007	4th Q Cumulative
5	GAT Projects Successfully Comp.	244	147
6	Company Visits (BREP)	9,095	8,381
7	Businesses Assisted	19,431	19,065
8	Company Leads Generated	675	1,524
9	Private Dollars Leveraged (in millions)	$5,291	$7,482
10	Hotel Rooms Sold	26,556,800	26,701,714
11	New Company Formations (Tech)	200	334

Pennsylvania Department of Community & Economic Development

DCED FINAL BALANCED SCORECARD FY 2006-07

	Measure	Target 2006-07	4th Q Cumulative
12	Export Sales Facilitated (Thousands of Dollars)	$175,000	$253,580
13	Brownfield Redevelopment Projects	67	74
14	Individuals Receiving Job Training (CJT, WEDnet)	124,000	235,231
15	LUPTAP: Municipalities Assisted	750	501
16	Shared Municipal Services: Local Governments Assisted	720	1,059

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DCED FINAL BALANCED SCORECARD FY 2006-07

	Measure	Target 2006-07	4th Q Cumulative
17	Homes Weatherized	14,680	10,932
18	Main Street / Elm Street Projects	120	115
19	Community Action Team (CAT) Active Projects	65	77
20	Number of Training Events	-	1,124
21	Applications Approved / Applications Received	-	62.87%

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Business Assistance

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Business Financing

- **Grant**
  - Opportunity Grant Program (OGP)
  - Customized Job Training (CJT)
- **Loan**
  - First Industries Program for Agriculture and Tourism (FIF)
  - Small Business First (SBF)
  - PA Minority Business Development Authority (PMBDA)
  - Export Finance Program (EFP)
  - PA Industrial Development Authority (PIDA)
  - Machinery and Equipment Loan Fund (MELF)
  - Pollution Prevention Assistance Account (PPAA)
  - Community Economic Development Loan Program (CED)
- **Loan Guarantee**
  - Second Stage Loan Program
- **Tax Credit**
  - Job Creation Tax Credits (JCTC)
  - Keystone Opportunity Zone (KOZ)
- **Boards**
  - PA Economic Development Financing Authority (PEDFA)

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Infrastructure / Site Development

- Industrial Sites Reuse Program (ISRP)
- Infrastructure Development Program (IDP)
- Business In Our Sites (BOS)
- Infrastructure and Facilities Improvement Program (IFIP)
- PennWorks
- TIF Guarantee

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Opportunity Grant Program (OGP)

- **Eligible Applicants**
  Private Companies and Municipalities – IDAs – Municipal Authorities – RDAs – Private Developers on behalf of Private Companies
- **Eligible Uses of Funds**
  Construction/rehabilitation of infrastructure – Site preparation – Acquisition of land and buildings – Upgrade of machinery and equipment – Working capital – Job training – Environmental assessments – Remediation of hazardous materials
- **Fund Limits**
  4:1 Match
  Funds based on economic impact to an area/region – Job retention/creation – Private Investment
- **Job Requirements**
  Create/preserve a minimum of 100 full-time jobs -OR- Increase PA employment at last 20% -OR- Provide substantial number of new employment opportunities in high-growth industry
- **Other Requirements**
  Private companies must locate, expand or maintain operation in PA for 5 years – Base pay of at least 150% of minimum wage – LOI must include written commitment from private company
- **Applying for OGP funds**
  Submit LOI as outlined in program guidelines
- **Questions**
  Contact CBF at (717) 787-7120

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Customized Job Training Program (CJT)

- **Eligible Applicants**
  LEAs – IHCs – Greenhouses – Local workforce investment boards – Private Companies – IDCs – Labor unions
- **Eligible Costs**
  Salaries and benefits for instruction and curriculum development
  Instructional supplies, consumable materials, and software
  Tool and equipment rental directly applicable to the training; tuition reimbursement if trainee completes the course
- **Ineligible Costs**
  Capital improvements; wages, salaries, or benefits of trainees and employees not involved in conducting the training; travel expenses of trainees unless waived by DCED
- **Program Requirements**
  CJT funds for up to 75% of eligible training costs
  Trainees must earn 150% of federal min. wage.
  Training for PA residents only
  Company may not receive more than 2 consecutive years of grant funding, and no more than 3 years out of 5
  25% of funds are set aside for small business
  No more than 10% of funds to one company, greenhouse or labor organization
- **Applying for a CJT Grant**
  Submit Single Application for Assistance
- **Questions**
  Contact CBF at (717) 787-7120

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Pennsylvania Department of Community & Economic Development

First Industries Program (FIF) - Agriculture & Tourism

- **Eligible Tourism Activities**
  - Tourism – people traveling for pleasure
  - Destination tourism sites, i.e. historical, cultural, sporting, amusement, outdoor recreational
  - Hospitality establishments serving a destination site
  - Tourism activities that generate overnight stays
  - Activities that optimize or enhance state parks, forests, or game lands
- **Eligible Agriculture Activities**
  - Production Agriculture – Farms
  - Food Processing
  - Wholesalers of Farm Commodities
  - Urban & Rural Supermarkets
  - Farmers Markets
  - Energy-related activities impacting production agriculture or agribusiness
  - Activities which implement best practices related to agriculture waste products

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First Industries Program (FIF) - Agriculture & Tourism Loan Guarantee

Provides low-interest loans to businesses for assistance with their capitalization or working capital needs.

- **Eligible Applicants**
  - Commercial lending institution on behalf of a borrower
  - For-profit or nonprofit entities as determined by the Commonwealth Financing Authority who are obtaining a loan from a commercial lending institution
- **Purpose of Guarantee**
  - To guarantee bank loans made for land & building, machinery & equipment, or working capital purposes
- **Guarantee Limits**
  - Maximum guarantee 50% of outstanding loan principal, not to exceed $2.5 million
- **Requirements**
  - Borrower must have been the recipient of a First Industries Planning Grant or plans to invest a minimum of $1 million in the project
  - Value of collateral is sufficient to cover the amount of the bank loan
- **Applying for Guarantee**
  - Submit a single application to the Commonwealth Financing Authority
- **Questions**
  - Contact the Center for Private Financing (717) 783-1109

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Pennsylvania Department of Community & Economic Development

First Industries Program (FIF) - Agriculture & Tourism Under Small Business First & Machinery and Equipment Loan Fund

- **Eligible Applicants**
  - For-profit companies that meet the general eligibility requirements of SBF and MELF and that meet the definition of an agriculture or tourism enterprise
- **Eligible Uses of Funds**
  - SBF – land & building, machinery & equipment, working capital
  - MELF – machinery & equipment
- **Fund Limits**
  - SBF - $200,000 ($100,000 working capital)
  - MELF - $5 million when new guidelines published
- **Requirements**
  - Project must meet the requirements of the SBF and MELF programs
- **Applying for Loans**
  - SBF – Applicant applies through Area Loan Organization
  - MELF – Applicant applies to DCED through submission of a letter of Intent
- **Questions**
  - Contact the Center for Business Financing (717) 787-7120

Pennsylvania Department of Community & Economic Development

Small Business First Program (SBF)

Provides low-interest loan financing to small businesses. As amended by SB 778

- **Eligible Businesses**
  Agri-business and Production Agriculture– Industrial – Manufacturing – Hospitality and Defense Conversion –Construction – Recycling – Computer Services – For profit or Nonprofit Day Care Centers
- **Eligible Use of Funds**
  Land – Buildings – Machinery – Equipment – Working Capital
- **Ineligible Use of Funds**
  Refinancing existing debt – Costs incurred prior to approval of SBF loan – Brokers – Consultant fees
- **Terms**
  Real Estate – 15 years; M & E – 10 years; Working Capital – 3 years
- **Interest Rates**
  5%
- **Collateral**
  Loans must be secured at the highest lien position available on one or more assets
  SBF may require personal guarantees of principals
- **Limitations**
  Business must have 100 employees or less
  Maximum Loan amount, $200,000 or 40% of project cost, whichever is less (working capital loans, $100,000 or 40% of project cost, whichever is less)
  Project must create/retain at least one job for every $25,000 borrowed (does not apply to farmers)
- **Applying for a SBF Loan**
  Single Application for Assistance submitted through area loan organization
- **Questions**
  Contact CBF at (717) 783-5046

Pennsylvania Department of Community & Economic Development

PA Minority Business Development Authority (PMBDA)

- **Eligible Applicants**
  - For profit business owned/controlled by one or more socially or economically disadvantaged residents of PA
  - Includes, but not limited those who are at least 18 years of age and who are:
    - African American
    - Hispanic American
    - Asian American
    - Native American
    - Eskimo
    - Aleut
- **Other Requirements**
  - Sole proprietorship, partnership or corporation
  - Willing to commit full-time management and control
  - Applicant must control at least 51% of ownership
  - Commonwealth residency must exist at time application submitted or must certify that residency will be established on or before the closing of the loan
- **Loan Amount & Rate**
  - PMBDA will fund a maximum of 75% of eligible project costs
  - Loan amounts
    - $25,000 minimum
    - $250,000 maximum
    - $350,000 if located in DCED designated Enterprise Zone or located within a redevelopment area
    - $500,000 for industrial enterprise, manufacturing enterprise, advanced technology, regional or national franchise, international trade, or business acquisition; if these projects are located in a DCED designated Enterprise Zone or located within a redevelopment area the maximum amount is $750,000
  - Interest rate will be no more than one-half the prevailing prime rate, but not less than 4%

Pennsylvania Department of Community & Economic Development

PA Minority Business Development Authority (PMBDA)

- **Eligible Use of Funds**
  - Land
  - Buildings
  - Machinery & Equipment
  - Working Capital
- **Terms**
  - Land & Buildings up to 10 years
  - Machinery & Equipment up to 7 years
  - Working Capital up to 3 years
  - In projects where two or more uses of PMBDA funds are planned, loan terms may be blended
- **General Program Requirements**
  - One full-time job created or preserved within 3 years from completion of the project for each $15,000 loaned from PMBDA
  - Loan security
    - Loans must be secured at the highest lien position available on land, buildings machinery & equipment, accounts receivable, and inventory
    - Although we have historically done so, we would prefer not to use personal residences as collateral
    - Personal or corporate guarantees, or other types of collateral may be required
    - Life insurance policy in the amount of the loan with PMBDA as beneficiary is required

Pennsylvania Department of Community & Economic Development

Export Financing Program (EFP)

Designed to increase the level of exports and number of exporting companies in PA.

- **Eligible Applicants**
  Businesses that need financing for specific or multiple export transactions that have 250 employees or less
  Must be in operation but not necessarily exporting for a least 12 months
- **Eligible Uses of Funds**
  Working Capital – Acquire inventory – pay for direct or indirect costs used for the manufacture or purchase of goods, or for the provisions of services. – Support Standby Letters of Credit used as bid bonds, performance bonds or payment guarantees
  Accounts Receivable – Finance accounts receivable up to 180 days from the date of arrival at the port of importation
- **Loan Amount/Rate**
  Maximum amount $350,000 – Rate 3.75%
- **Terms**
  Working Capital – 12 months;
  Accounts Receivable – Repayment is due when the receivable is paid or 180 days after disbursement, whichever is sooner. Lines of credit for multiple transactions are available for 12 month period
  Condition – All loans will have either an Export Import Bank guarantee or credit insurance
- **Applying for EFP**
  Contact either the SBF office (717) 783-5046
  -or-
  Team PA Export Network Region Provider
  (888) 723-9678

Pennsylvania Department of Community & Economic Development

Pennsylvania Industrial Development Authority (PIDA)

Low interest loans to non-profit IDCs to assist companies in creating or retaining jobs.

- **Types of Loans**
  - Single Tenant
  - Multi-Tenant
  - Industrial Park
- **Eligible Businesses**
  Manufacturing – Industrial – Computer Centers – Research and Development Facilities – Agri-business – KIZ Companies – Production Agriculture
- **Ineligible Businesses**
  Service – Commercial – Retail
- **Eligible Uses of Funds**
  Acquisition – Renovation – Expansion – New Construction
- **Exceptions**
  Projects located in targeted areas (KOZ, EZ, Brownfield…) are eligible for up to $2.25 million and received the lowest interest rate (currently 4.75%)
- **Interest Rates:**
  4.75% and 5.75% fixed
  (Based on area unemployment rate or targeted area or industry sector)
  Rates will increase and decrease as the Federal Reserve adjusts its rates
- **Loan Limits**
  - 15 year term
  - Participation rate ranges from 30% to 70% (based on unemployment rate)
  - $2 million maximum loan amount/$2.25 million maximum in targeted areas
  - Cost per job $35,000
  - No less than 2nd mortgage lien on property to be financed
- **Applying for a PIDA Loan**
  Single Application for Assistance submitted through local industrial development corporation
- **Questions**
  Contact CBF at (717) 787-5245

Pennsylvania Department of Community & Economic Development

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Machinery and Equipment Loan Fund (MELF)

Low-interest loans to companies to assist in creating and/or retaining jobs.

- **Eligible Businesses**
  Manufacturing – Industrial – Agri-business – Mining Operations – Production Agriculture – Hospitals – Information Technology – Biotechnology
- **Ineligible Businesses**
  Service – Commercial – Retail
- **Eligible Uses of Funds**
  Acquisition and installation of new or used machinery and equipment which is directly related to the business process
  Upgrading of existing machinery and equipment which is directly related to the business process
  NOT Eligible: Repair costs for existing machinery and equipment, and cost of company labor for installation
- **Interest Rates**
  5%
- **Loan Limits**
  $5,000,000 or 50% of total project cost (whichever is less)
- **Term**
  Up to 10 years
- **Job Requirements**
  $25,000 loaned; 1 full-time job retained/created at site within three years from closing date. Does not apply to loans to production agriculture enterprises
- **Applying for a MELF Loan**
  Applicant will complete the Single Application for Assistance and forward to DCED, Loans Division
- **Questions**
  Contact CBF at (717) 787-6245

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Pollution Prevention Assistance Account Program (PPAA)

To assist PA small businesses enterprises to implement pollution prevention and energy efficient projects.

- **Eligible Businesses**
  A for-profit corporation, LLC, partnership, proprietorship or other business entity that has no more than 100 total employees and operates from a stationary source
- **Eligible Uses of Funds**
  Adopt or install pollution prevention or energy efficient equipment or processes directly related to the business activity of the small business enterprise
- **Ineligible Use of Funds**
  Refinancing existing debt – less than arms length transactions – Equipment that focuses on recycling or pollution control rather than prevention, i.e. scrubbers, dust collectors; Projects that have commenced prior to DCED approval
- **Rate and Terms**
  Annual fixed rate of 2% – Term of loan can be up to 10 years or the life of the asset (whichever is less)
- **Loan Amount**
  $100,000 or 75% of TPC (whichever is less)
  Matching lending sources must have equivalent of longer terms
- **Applying for a PPAP Loan**
  Complete Single Application for Assistance (DCED)
  Complete Determination of Eligibility Application (DEP)
- **Questions**
  Contact SBF at (717) 783-4046

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Community Economic Development Loan Program (CED)

Low-interest loans to small business enterprises in distressed areas that will enhance the economic well-being of a community or neighborhood.

- **Eligible Businesses**
  For-profit business with 100 or less full-time employees
  Mercantile - Commercial – Retail
  Business must demonstrate a positive, direct community impact and be located in a distressed community
- **Eligible Use of Funds**
  Land and building, machinery and equipment and working capital
- **Ineligible Use of Funds**
  Refinancing
  Related party transactions
- **Interest Rate**
  2% fixed
- **Loan Limits**
  Maximum loan amount is $100,000 or 50% of project cost (whichever is less)
- **Job Requirements**
  Retain jobs in existence as of the date of the loan application
- **Applying for a CED Loan:**
  Submit LOI to DCED. If accepted, the applicant will be invited to submit a Single Application for Assistance and will be referred to their local ALO or CDFI for assistance

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Second Stage Loan Program

- **Eligible Applicants**
  - Commercial lending institutions-Federally chartered or state chartered banks, savings banks or savings and loan associations
- **Eligible Projects**
  - Manufacturing, advanced technology, and biotechnology companies
- **Fund Limits**
  - Maximum guarantee amount, $1 million
  - From the end of year two through either the end of year seven or the end of the term of the loan, whichever occurs first, the guarantee may not exceed 25% of the outstanding principal amount of the loan. The guarantee will terminate at the end of seven years
- **Requirements**

  The CFA shall review the applications to determine all of the following requirements are met:
  - the borrower owns and operates a life science, advanced technology or manufacturing business
  - the borrower's business has been in existence for at least two years but no more than seven years at the time of application
  - the borrower is financially responsible and has the ability to repay the loan
  - project must create/retain jobs within this Commonwealth
- **Applying for Second Stage Loan**
  - Submit a single application to the Commonwealth Financing Authority
- **Questions**
  - Contact the Commonwealth Finance Authority (717) 783-1109

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Job Creation Tax Credits (JCTC)

Provides tax credits to businesses to stimulate job creation

- **Eligible Applicants**

  Any Business
- **Participant Criteria**

  Business must create a specific number of jobs within 3 years.

  Must demonstrate leadership in application, development or deployment of leading technologies and financial stability
- **Eligible Uses of Funds**

  Tax Credits may be applied to business' corporate net income tax, personal income tax, capital stock and franchise tax, gross premiums tax, gross receipts tax, bank & trust business tax, mutual thrift institution tax, or title insurance business shares tax.
- **Fund Limits**

  $1,000 tax credit for each job created.
- **Job Requirements**

  Job creation is measured from a start date which is the first day of the calendar quarter in which an application is submitted.

  Must create at least 25 full-time jobs, or have a 20% increase in employment at the project site within 3 years of start date. New jobs must pay 150% of minimum wage, and business must maintain operations at project site for 5 years.
- **Applying for JCTC Credits**

  Submit Single Application for Assistance to DCED.
- **Questions**

  Contact CBF at (717) 787-7120

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Keystone Opportunity Zone (KOZ)

More than 46,800 acres divided between 12 regions (193 sub zones) exempt from specific state and local taxes through 2008, 2010, 2013 and 2018

After local and state tax compliance confirmed, Businesses, property owners, and residents can be exempt from the following State and local taxes:

Sales and Use Tax, Corporate Net Income tax, Capital Stock and Foreign Franchise Tax, Bank and Trust Mutual Company Shares Tax, Mutual Thrift Institutions Tax, Insurance Premiums Tax, Personal Income Tax, Real Estate Tax, Mercantile License Tax, Wage and Net Profits Tax

Business Qualifications

Own/lease real property in a KOZ and actively conduct a trade profession or business from the property

Existing Pennsylvania business's relocating into a KOZ must meet the relocations provision of the "Act."

Relocation Requirements

Capital investment

Job creation

Aggregate lease payment

Property Owner Qualifications

Maintain compliance with all state and local tax laws and meet requirements of building code inspections

Resident Qualifications

Reside 184 consecutive days in the KOZ

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Pennsylvania Economic Development Financing Authority (PEDFA)

PEDFA administers both a tax exempt and a taxable bond program

- **Amount of Funding**
  Composite Pool: Up to approx. $10 million for manufacturing.
  Most Manufacturing projects will qualify for tax-exempt treatment.
  Term may not exceed 120% of the depreciable life of the assets.
  Variable rate tracked by the BMA Index – has averaged about 46% of Prime since 1989.
- **Eligible Applicants**
  Most businesses in Pennsylvania – Not all will qualify for tax-exempt treatment.
- **Eligible Use of Funds**
  Land and building acquisition, construction, rehabilitation, equipment, closing costs.
  Taxable projects can also fund working capital.
- **Conditions**
  Tax-Exempt eligibility is ultimately determined by Bond Counsel – please call PEDFA office with any questions
- **Job Requirements**
  Tax-exempt manufacturing projects must create and/or retain one job for every $50,000 borrowed, but this may be waived by the PEDFA Board.
- **Applying for JCTC Credits**
  Projects must apply through local IDA or IDC
- **Questions**
  Contact: Craig Petrasic (717) 720-1417

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Industrial Sites Reuse Program (ISRP)

Provides grants and low-interest loans for environmental assessments and remediation

- **Eligible Applicants**
  Municipalities, Municipal Authorities, Redevelopment Authorities, Non-profit economic development agencies, Private companies, real estate developers
- **Eligible Uses of Funds**
  - Phase I, II & III Environmental Assessments
  - Remediation/Removal of Hazardous Substances
- **Types of Assistance**
  Grants:
  Environmental Assessments:
  - Cities of the 1st, 2nd, 2A, or 3rd Class
  - Targeted communities as designated by DCED
  Environmental Remediation:
  - Public or non-profit entity when owning the site
  Loans:
  - All eligible applicants for remediation & assessments
- **Amount & Terms of Assistance**
  25% match required
  -Up to $200,000 for assessment
  -Up to $1 Million for remediation
  -All loans = 2% rate
  -Loan Terms:
  >5 years = assessment loans
  >15 years = remediation loans
- **Applying for ISRP**
  -Submit LOI to DCED
  -DCED & DEP will review
  -Single Application forward to eligible applicant
  -DCED approves/disapproves project
  -Applicant is notified

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Infrastructure Development Program (IDP)

- **Eligible Applicants**
  Municipalities – IDAs & IDCs – Municipal Authorities – RDAs – LDDs
- **Eligible Private Companies/Developers**
  Agriculture, Industrial, Manufacturing, Research and Development, Export Services enterprises – Real Estate Developers on behalf of eligible companies.
- **Eligible Uses of Funds**
  Construction or improvements to:
  Power generation & Distribution facilities; Water & Sewer facilities; Access Road & Bridges; Parking & Airport facilities; Fiber-Optic Lines; Land & Right-of-Way acquisition; Drainage systems; Ports including docking facilities, bulkheads, intermodal facilities (but not warehouses) at former industrial or former commercial sites; construction of new multi-tenant buildings or conversion of existing industrial buildings into multi-tenant buildings by private developers; Demolition of buildings; Clearing and preparation of land; Cleanup of hazardous waste materials; engineering, design and inspections costs up to 10% of grant award.
- **Matching Funds**
  2:1 Match Required
  Private Companies = 18 months from award date to invest matching funds.
  Private Developers = 5 years for match via investments by eligible companies.
- **Loan Limits**
  Grants = Not to exceed $1.25 million
  Loans = Not to exceed $1.25 million
- **Job Requirements**
  $25,000 = 1 full-time job created at the site within 5 years from assistance being awarded.
- **Applying for IDP**
  Submit LOI and Single Application to DCED. Applicant will be notified once reviewed.

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Business in Our Sites (BOS) Construction Grants & Loans

- **Eligible Applicants**
  - Municipalities, municipal authorities, redevelopment authorities, industrial development agencies, and private developers (for construction loans only)
- **Eligible Uses of Funds**
  - All site development activities required to make a site "shovel ready"
  - For speculative projects only
- **Fund Limits**
  - No maximum or minimum
  - Grants may only be awarded in combination with loans
  - Grants may not exceed 50% of the total amount of financing provided, or $5 million, whichever is less
  - Total grants may not exceed $100 million
- **Requirements**
  - Loans will be "patient" – no repayment until property is sold or leased
  - Site must be previously utilized property or undeveloped property that is planned and zoned for development
  - Counties/municipalities must be notified
  - Substantial likelihood of site use following development, not for primarily residential or recreational purposes
  - Private developers are not eligible to receive grant funds
- **Applying for Grants & Loans**
  - Submit a Single Application to the Commonwealth Financing Authority

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Infrastructure and Facilities Improvement Program (IFIP)

- **Eligible Applicants**
  - Certain authorities that issue debt to finance projects
- **Eligible projects financed with authority debt**
  - Infrastructure and environmental projects for industrial enterprises and retail establishments
  - Infrastructure, environmental and building projects for manufacturers, hospitals, convention centers and associated hotels
  - Multi-year grants may be used to pay debt service incurred to finance projects
- **Fund Limits**
  - Grant may not exceed estimated state tax revenues to be generated or actual amount of debt service
  - A project may receive grant payments for up to 10 years, 20 years for hospitals and convention centers
- **Requirements**
  - Grant amount is based on anticipated amount of state sales tax, hotel occupancy tax and employer withholding of personal income tax to be generated by the project
  - Office of the Budget and Department of Revenue must concur with the estimate
  - Projects in existence prior to the effective date of the act are not eligible for grant funding, except for projects involving retail establishments
  - Eligible retail establishments must create at least 200 jobs and occupy at least 200,000 square feet of space
  - Effective date of act is July 1, 2004
- **Applying for IFIP**
  - Submit a Single Application for Financing to DCED

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Pennsylvania Department of Community & Economic Development

PennWorks

- **Eligible Applicants**
  - Municipalities, industrial development corporation, municipal authorities, an "investor-owned water or wastewater enterprise"
- **Eligible Projects**
  - Projects which involve the acquisition of land, easements or rights-of-way and construction, improvement, expansion, extension or rehabilitation of:
    - A system for the supply, treatment, storage or distribution of water not used solely for residential purposes
    - A system for the collection treatment or disposal of wastewater (including industrial waste and the separation of sanitary sewers and storm sewers) not used solely for residential purposes
- **Fund Limits**
  - Maximum grant amount is $5 million or 75% of total eligible project cost, whichever is less
  - Maximum loan amount $5 million
- **Requirements**
  - If applying for a grant, the grant may not exceed 75% of the total cost. Match may <u>not</u> be another Commonwealth grant
  - The applicant must demonstrate there is a commitment from a responsible source to provide the matching funds prior to approval of the PennWorks funding
  - All applicants are required to demonstrate secured planning and permit approvals for the water or sewer project from the Department of Environmental Protection prior to funds being disbursed
  - Project must be in compliance with county or local comprehensive plans as evidenced by a letter from the local planning agency
- **Applying for PennWorks**
  - Submit a Single Application for Financing to DCED

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Tax Increment Financing Guarantee Program

- **Eligible Applicants**
  - Authorities that issue Tax Increment Financing bonds to fund local economic development projects
- **Purpose of Program**
  - To provide credit enhancement to TIF bonds
- **Guarantee Limits**
  - Maximum guarantee amount is $5 million
- **Requirements**
  - Project must be located on previously utilized property or on undeveloped property that is planned and zoned for development
  - Project must meet all the requirements of the TIF Act
- **Applying for Tax Increment Financing**
  - Submit a single application to the Commonwealth Financing Authority

Pennsylvania Department of Community & Economic Development

Performance Monitoring

- Monitors companies that receive assistance under eight business financing programs
- Monitoring activities include
  - Job creation and retention
  - Private investment expenditures
  - Insurance compliance
  - Audit compliance
  - Loan delinquency
  - Maintenance of facility location
  - Other performance measures
- Monitoring data is used to determine project compliance and to measure the success of the program

Performance Monitoring Results

- Clawed back $15.2 million from OGP and IDP grant recipients for non-compliance
- Rescinded $59 million in JCTC award money from businesses for non-compliance
- Increased the interest rate on 17 businesses for non-compliance on their low interest loan

Pennsylvania Department of Community & Economic Development

Governor's Action Team

- A one-stop economic development office
- Reports directly to the Governor
- Serves as a confidential source of information that is concise, accurate, and on-time
- Provides interagency coordination
- Develops customized and comprehensive assistance packages
- The Action Team can provide detailed information on:
  - Demographics
  - Available sites and buildings
  - Utility rates
  - State taxes
  - State permits
  - Incentives and business assistance

Pennsylvania Department of Community & Economic Development

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Governor's Action Team Results

- Successfully "closes" approximately 150 deals each year
- Delivers $200 million annually in state assistance to job creating employers
- Leverages approximately $2 billion in private investment each year
- Projects create approximately 22,000 new jobs each year
- Since 2003, GAT has successfully completed 853 projects
  - These projects total commitments for 92,735 jobs created and 209,420 jobs retained
  - The commonwealth has offered more than $1.6 billion in state assistance for these projects, which will leverage more than $10.2 billion in additional investment

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Community Assistance

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Community Action Team

Philosophy

The Community Action Team (CAT) expedites funding for high-impact redevelopment projects by breaking down bureaucratic roadblocks and **packaging resources** of multiple agencies.

CAT represents a radical shift in the state's approach from a passive application review process to a model based on meaningful state **"engagement"** in all phases of project development.

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Community Action Team

Evolution

- Prior to taking office in 2003, Governor Rendell developed his "Plan for a New Pennsylvania" with two changes in mind:

  1) No longer could we, as a Commonwealth, scatter our financial resources to disparate and stand-alone projects.

  2) The Commonwealth had to change the way in which it did business with the many communities seeking assistance. The delivery system had to change.

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Community Action Team

AWARD WINNING INITIATIVE

- Pennsylvania's **Community Action Team** wins Harvard Award
  The Ash Institute for Democratic Governance and Innovation, part of Harvard's Kennedy School of Government, named the Governor's Community Action Team program one of the top 50 programs in the 2006 Innovations in American Government Awards competition.

- "Community Action Team shows success in identifying priorities and thinking outside the box to meet the needs of Pennsylvania's citizens and ensure our resources are not wasted on redundant, ineffective efforts". - ***Governor Edward Rendell***

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Community Action Team

The Community Action Team was created to:

- Identify "Impact Projects"
- Coordinate funding within DCED and across agency and department lines
- Act as a "general partner" with local government and developers to assure project implementation

Community Action Team

"SIO"- Strategic Investment Officer

A single point of contact in state government

- Help communities to identify local development priorities and generate impact projects
- Develop a package of Commonwealth assistance for a project
- Trouble-shoot grant and contracting problems
- Stay involved through project completion

Community Action Team

SIO Responsibilities

- Know specific budgets of all individual project components.
- Prioritize project components and refine the project into phases as necessary.
- Coordinate multiple sources of funding – including local match
- Promote program "fungibility"– can rules and guidelines of programs reasonable interpreted in a way that will allow the project to proceed?
- Research state programs and regulatory regulations across departmental boundaries – **GET TO YES.**

Community Action Team

"IMPACT PROJECT"

- A community-changing revitalization project including different uses and supported by multiple federal, state, local and private investment sources.
- Identified by a planning supported assessment process

Community Action Team

Interagency Collaboration

- Priority for CAT projects
- Collaboration on funding
- Expediting the process
- Cutting through "red tape"
- Interagency "over-lay" of investment priorities

Community Action Team

Process Points

- Community contact and outreach
- Regional and central staff assess the scope of the potential project
  - If Impact project: assign SIO
  - If non-impact, or preparation needed: assign program managers
- Interagency Team established
- SIO project management and capacity building

Community Action Team

Overall Results

- **Seventy-seven** Pennsylvania communities are designated as CAT projects with SIOs assigned
- Total project investment to date: **over $903 million**
- Public investment by the Commonwealth: **over $364 million**
- Leveraged private investment: **over $539 million**

Community Action Team

CAT Project

City of Lebanon

Market House

Community Action Team

City of Lebanon
Needs Assessment

- Ensure long-term viability of downtown, with a special emphasis on the central business district
- Preservation of the original Lebanon Farmers Market (Market House) and other historically significant structures
- Develop a County Farmers Market
- Preservation of architectural features which add to the unique character of the downtown
- Encourage upper story residential living space by adding apartments to the second and third stories of commercial buildings
- Add retail and restaurant opportunities

Community Action Team

Project Summary

The City of Lebanon's downtown revitalization project includes:

- Creation of parking and transportation improvements
- Job creation
- Rehabilitation of 4 major buildings for commercial and retail use along with upper story residential space
- Rehabilitation of other buildings privately as a result of CAT project
- New lighting and streetscape improvements
- The project total investment to date totals more than $9 m with more than $6 m in private investment

Community Action Team

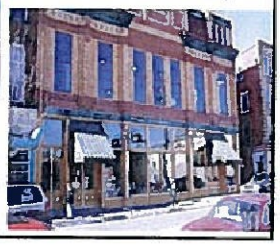
City of Lebanon Comprehensive Assistance

• RACP	$1.7 million	Market House
• Main Street	$60,000	Façade restoration
• HRA	$1 million	Removal of blighted buildings-rehabilitation of adjoining building
• GG II	$500,000	Market House
• Penn Dot HTS	$221,375	Streetscape Improvements
Leverage	*$6,000,000*	

Community Action Team

Market House City of Lebanon (BEFORE)

Community Action Team



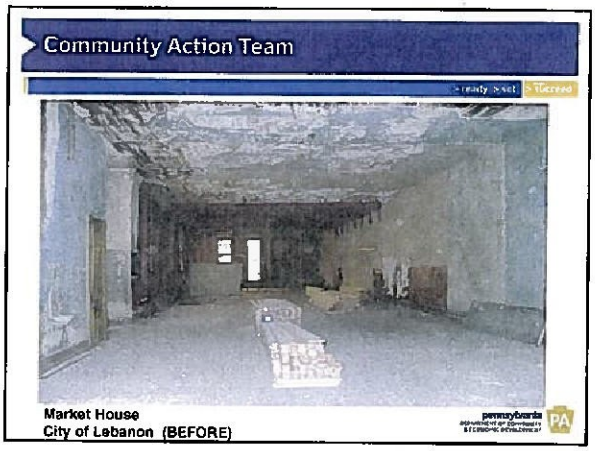
Market House
City of Lebanon
(AFTER)

Community Action Team

Market House
City of Lebanon
(BEFORE)

Community Action Team

Market House
City of Lebanon
(AFTER)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Market House
City of Lebanon (BEFORE)
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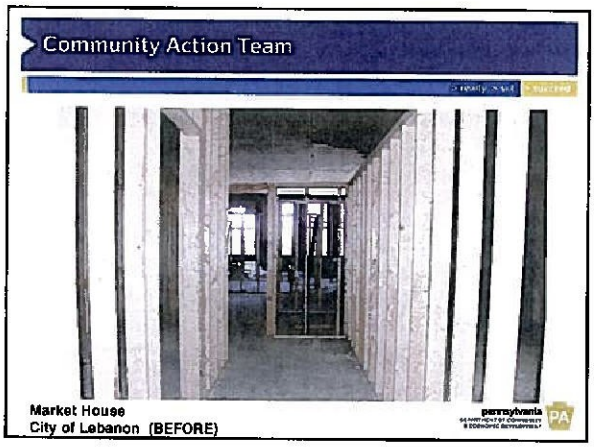
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Market House
City of Lebanon (BEFORE)
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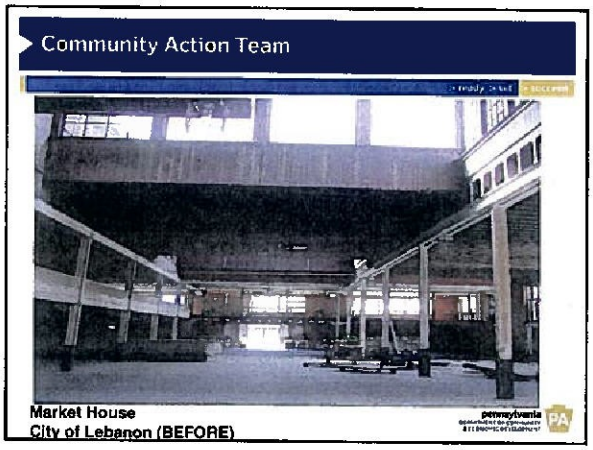
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Market House
City of Lebanon (BEFORE)
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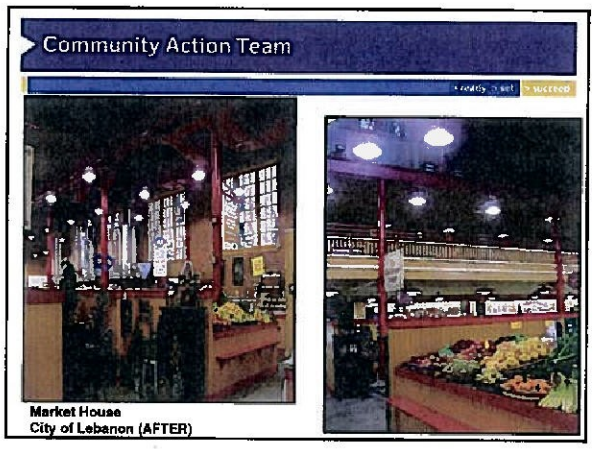
Community Action Team
Market House
City of Lebanon (AFTER)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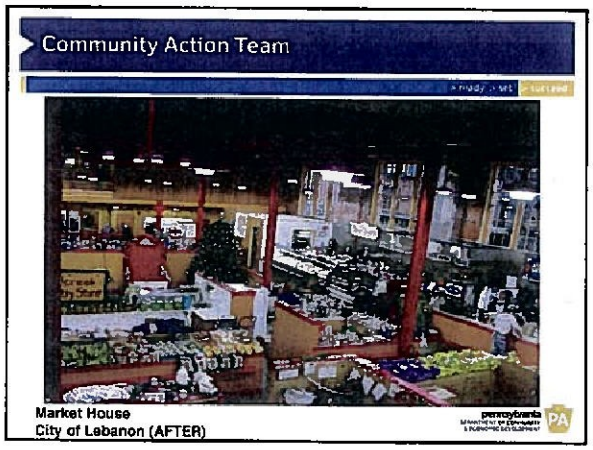
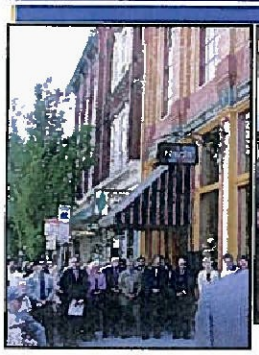
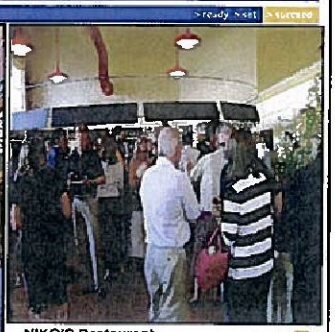
Market House
City of Lebanon (AFTER)


Community Action Team
Market House
City of Lebanon (AFTER)

Community Action Team





NIKO'S Restaurant
City of Lebanon

Community Action Team

CAT Lessons Learned

- SIOs must have the needed skills and be provided intensive training
  - Training should include real estate development, project management, and specific public program orientation
- Communities must prioritize community projects and build local consensus before CAT engages on project development
- Local development capacity and local project management is critical to long-term success

Potential solution: Link the Commonwealth's **Community Planning** services to CAT

Community Action Team

Linking Planning to CAT: Community Planning Engagement

- Community assessment and needs analysis
- Planning project support –Interagency/Intragency application support
- Plan development informed by project development needs
- Feasibility studies
- Capacity building and early implementation

Community Action Team

CAT Project

City of New Castle

Cascade Riverplex

Community Action Team

City of New Castle
Needs Assessment

- Ensure long-term viability of downtown, with special emphasis on the central business district
- Redevelopment of the downtown supporting the expanding entertainment heritage project
- Maintaining the existing older housing stock to stabilize neighborhoods
- New residential construction and infill residential land use to reclaim neighborhoods
- Preservation of architectural features which add to the unique character of downtown

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City of New Castle
Comprehensive Assistance

• Main St	$500,000	Renovations to Riverplex / Warner Theater
• Penn Dot	$200,000	Kennedy Square Improvements
• DCNR	$200,000	Zambelli Plaza park improvements
• DCED	$650,000	County HOME dollars for façade improvement residential areas
• DCED	$50,000	Local Municipal Resources & Development Program/ New Castle Playhouse

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City of New Castle
Comprehensive Assistance (Cont'd)

• DCED	$1,069,808	PIDA Loan Vortex, Inc / Riverview Commerce Park
• DCED	$450,000	EZ Huston, Inc. – downtown business expansion
• DCED	$250,000	JCTC – Record Fusion – location in Downtown New Castle
• DCED	$250,000	Job Training Grant – Record Fusion
Leverage	*$6,000,000*	

Community Action Team

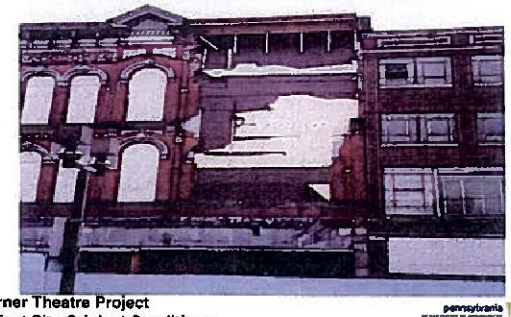
Cascade Riverplex

A partnership between Cedar Tree Companies, the City of New Castle, and the Commonwealth of Pennsylvania is working to **create a dynamic, entertainment driven, theme-oriented regional destination marketplace.** The theme of the project is to maintain the heritage and architectural integrity of the Warner Bros.' first theater.

Features of the Cascade Riverplex include:

- Recreation of the first Warner Bros. Silent Theater
- Operation of the Vaudeville live entertainment theater
- Interactive heritage show featuring film, music, and robotics
- River walk and park with entertainment facilities
- 60,000 sq. ft. of entertainment, retail, restaurant, and eateries

Community Action Team



Warner Theatre Project
Project Site Original Conditions

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Warner Theatre Project (After)

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Warner Theatre Project (Before)

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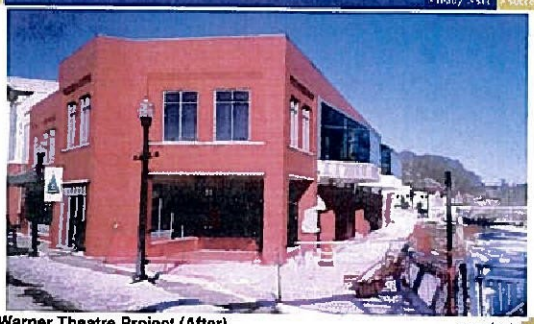
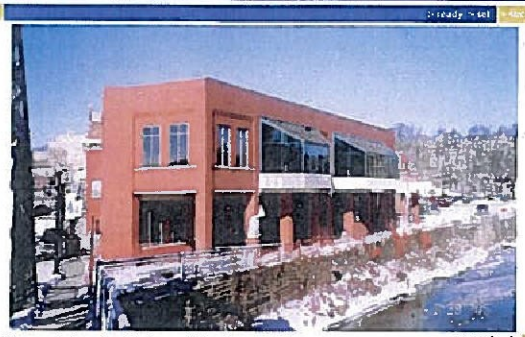


Warner Theatre Project (After)

Community Action Team



Warner Theatre Project (After)

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CAT PROJECT

City of WARREN

Breezepoint Landing

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City of Warren
Needs Assessment

- Ensure long-term viability of downtown, with special emphasis on the riverfront development
- Redevelopment of the riverfront supporting Northwest Savings Bank Headquarters expansion
- Encouraging tourism through revitalized riverfront for conferences and entertainment
- New residential construction and infill residential land use to encourage a livable downtown
- Making riverfront/downtown a destination point for Live, Work and Play

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City of Warren
Comprehensive Assistance

• RACP	$7,950,000	Parking garage downtown
• HRA	$500,000	Blight Removal
• Main St.	$590,000	Main St. Activities
• Penn Dot (Hometown Sts)	$2,000,000	Streetscape Improvement
• DCNR	$100,000	Riverwalk improvements
• PHFA	$1,000,000	Senior Housing / Retail
Leverage	*$10,000,000*	

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Senior Housing
City of Warren

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Community Action Team

Senior Housing
City of Warren

Community Action Team

Breezepoint
City of Warren

Community Action Team

Warren Parking Garage
City of Warren

Community Action Team

Conclusion

CAT has evolved into a development-oriented unit, engaged with communities of all sizes to plan, identify, assemble, fund and implement impact projects, serving as the single point of contact for the Commonwealth.

Pennsylvania Department of Community & Economic Development

Questions / Answers