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# Neighborhood Assistance Program Enterprise Zone Program Tax Credit

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Program Guidelines



June 2016

Commonwealth of Pennsylvania  
Tom Wolf, Governor

Department of Community & Economic Development



[dced.pa.gov](http://dced.pa.gov)

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## Section I – Introduction

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The Pennsylvania Department of Community and Economic Development (DCED) is authorized to administer the Neighborhood Assistance Program (NAP) under Article XIX-A of the Tax Reform Code of 1971, known as the Neighborhood Assistance Act (Act 48-1994) (72 P.S. §8901-A, et seq.), as amended. In 2007, Act 55 made several changes to the program, supporting the efforts of the original Act. There are five components to this Act: the Neighborhood Assistance Program Tax Credit (NAP), the Special Program Priorities (SPP), the Neighborhood Partnership Program (NPP), the Charitable Food Program (CFP) and the Enterprise Zone Program Tax Credit (EZP).

The goal of the guidelines is to define the eligibility requirements, how to apply, the approval process and the closeout for EZP. The other Programs will be found under a separate cover.

This program is for **private companies**, working in distressed areas within a designated Enterprise Zone. The private companies make qualified investments to rehabilitate, expand and improve buildings or land that promote community development (construction cost only).

Once the application is approved, the private company would be eligible for up to a 25% tax credit, with a maximum of \$500,000 in credits for the project.

For application dates and other important information regarding the program, please visit our website at [dced.pa.gov](http://dced.pa.gov).

If you are thinking about applying for this program, it is recommended that you talk with your regional Enterprise Zone Coordinator (*Exhibit F*) or contact DCED at the phone number included at the end of the guidelines (*Section VI*).

## Section II – Program Criteria

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### A. Eligible Applicants

Private companies, including agricultural, industrial, manufacturing, or research and development enterprises within Pennsylvania are eligible to apply. This would include any enterprise as defined by the Pennsylvania Industrial Development Authority Act or the Pennsylvania Economic Development Financing Law.

An eligible private company is an entity authorized to conduct business in Pennsylvania and subject to taxes imposed under:

- Corporate Net Income Tax
- Bank & Trust Company Shares Tax
- Title Insurance Company Shares Tax
- Insurance Premiums Tax
- Mutual Thrift Institutions Tax

The Department of Revenue will grant a tax credit against any of the above taxes due by the contributing private company. Additionally, Pennsylvania S corporations, limited liability companies, partnerships, joint ventures and business trusts may pass through tax credits.

## B. Eligible Activities

The goal of the program is to assist qualified investments by approved private companies.

The eligible activities include:

- Rehabilitation
- Expansion
- Improvement to a building(s)
- Improvement to land
- Engineering
- Architecture
- Acquisition

In addition:

- The project is required to be within portions of a distressed community that has been designated an Enterprise Zone.
- Employment opportunities must be created for low income individuals located within the Enterprise Zone. These employment opportunities must be at a family sustainable wage (above minimum wage), full-time and include benefits.

## C. Qualified Investments

*Except for any financing that was secured through Commonwealth of Pennsylvania program assistance*, qualified investments include:

- Business equity
- Private loans
- Working Capital
- Loans from federal or local government sources

## D. Ineligible Investment Sources

Other funding sources may be included in the budget; however tax credits would not apply to the following:

- Grant funds from any source;
- Loan funds issued, guaranteed, or capitalized by a commonwealth agency or state-related authority, including but not limited to sources such as local Enterprise Zone revolving loan funds, Pennsylvania Industrial Development Authority, and Commonwealth Financing Authority;
- Revenue derived from the sale of NAP tax credits;
- Equity or revenue derived from or benefiting from other state or state-administered tax credits, including but not limited to the federal Low-Income Housing Tax Credit, federal Rehabilitation Investment Tax Credit (RITC), and state Historic Preservation Incentive Tax Credit.

## E. Program Restrictions

1. Tax credits will not be granted if the investment displaces residents, unless changes in neighborhood residential patterns demonstrably promote Neighborhood Conservation, that is, a project that prevents the decline of a neighborhood or supports the needs of a vulnerable population; and positive measures are taken to assist in or minimize the cost of relocation of residents affected under a documented community plan.
2. Tax credits granted under the EZP to a private company that is a partner in a limited partnership agreement formed for the purpose of developing affordable housing or other joint ventures, is limited to their direct private investment in the project.
3. Tax credits may not be granted to a private company requesting additional tax credits for physical improvements to buildings or land which have previously been awarded EZP tax credits for improvements to the same building or land. A building addition is *not* considered the same building.

## F. Activity Period

The activity period is 12 months, beginning on July 1 and ending on June 30 of the following year. The private company must expend the qualified investment and complete the approved project within this 12 month time frame or apply for an extension (*Section V-F*).

## Section III – The Single Application Process

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Every applicant is required to complete an Electronic Single Application (ESA), also known as the DCED Single Application when applying for funding. To assist in the success of the application, complete all required elements of the program. Complete an accurate narrative that provides the Place and Problem, Project, and Proposed Outcomes.

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. Submission of Application

1. The applicant applies electronically utilizing the DCED Electronic Single Application for Assistance located at [dced.pa.gov](http://dced.pa.gov) or [www.esa.dced.state.pa.us](http://www.esa.dced.state.pa.us). The Department also requires the applicant to submit the application addenda listed in the ESA as a part of the application process. The required Application Content may be attached electronically to the application on the Addenda tab, or submitted via US Mail. Please reference the Single Application number on any documents sent. If you need additional assistance, contact the Customer Service Center at 1-800-379-7448 or 717-787-3405.
2. The Department will post the guidelines each spring at [www.new.PA.com](http://www.new.PA.com). The application due dates and any other details regarding the Programs will be updated as needed.

### B. Review of Proposals

Applications will be reviewed and ranked based upon the following factors:

1. The application is to be complete and concise with measurable goals and outcomes, quantified impact, as required on the completed Community Impact Measures Report (*Exhibit A*).
2. The application must describe how the proposed qualified investment will promote community and economic development through the rehabilitation of a building or buildings, or by expanding and improving buildings or land located in a designated Enterprise Zone.
3. Preference will be given if a substantial number of jobs are created/retained.
4. Once the project has received all approvals it is ready to begin. Projects in preliminary stages of approval, acquisition, etc. will not be considered.
5. **The application should explain collaboration with DCED Regional Offices and programs as well as the Enterprise Zone Coordinator.**
6. Approval decisions will be made subject to the availability of tax credits, activity to be undertaken, reasonableness, and completeness of the application.
7. DCED, at its discretion, after applications are reviewed and if credits are still available, may provide an opportunity for applicants with incomplete applications meriting additional consideration to provide supplemental information for review and approval. However, the Department is under no obligation to seek further information or clarification to complete its review of the application.
8. Applications not approved for funding will receive rejection letters.

**Please Note:** Once your application is submitted we will not accept major changes to the scope, breadth, budget, or location of your project prior to approving said project. Minor changes will be considered on a case by case basis. It is the Department's discretion to determine what a major or minor change to a project is.

## C. Approval Process

1. The DCED Secretary will approve projects for EZP tax credits as well as establish the amount of tax credits that will be provided to a private company.
2. DCED will offer a tax credit project approval to the private company. The approval letter is actually a contract offer that outlines the terms and conditions of the award. This approval letter must be signed by the private company and returned to DCED within 60 days of the offer in order to become effective. The approval letter becomes an executed contract between DCED and the private company once it is signed and returned to DCED.
3. A blank Application for Tax Credit Under The Neighborhood Assistance Program Enterprise Zone Program form (*Exhibit C*) is included with the award letter to the private company. This form should be completed by the investor and returned to DCED when the qualified investment is complete. DCED will process the form and forward it to the Department of Revenue for final approval upon receipt.

## Section IV – Application Content

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### A. Narrative

The narrative portion of the application must contain an explanation of the Place and Problem, Project and Proposed Outcomes, and describe the entire project. Please include any attachments to the application that will help demonstrate the following:

1. **Place and Problem:** Describes the neighborhood, community or targeted area where this project will take place. Provide physical boundaries (street locations are ideal.) Include the specific location of the site and note characteristics such as the acreage or square footage. Describe the characteristics of blight or disinvestment that make this site appropriate for the proposed investment. Also include whether or not the proposed development of the site is consistent with any applicable comprehensive plan. Describe how the project complements the overall community, how it supports current and planned activities and if it is feasible for the demographics and other statistics of the community. Describe the benefits to the community. Include a narrative description of any other funds that have been invested in the project that demonstrate a strategic alignment or partnership with other projects/activities/efforts and the means of sustainability.
2. **Project Narrative:** Provide a concise description of the EZP project that is proposed. Include a detailed project schedule of activities that includes the key milestones and dates for the investment. Explain if the project is a part of a larger project. Describe the applicant's approach, outlining the specific infrastructure and site development activities proposed for the site; the estimated start and end dates of construction; the existence or absence of already prepared sites within the county; whether the site has been identified as a priority investment in a local or regional economic development plan or strategy; and the potential employment opportunities to be realized as a result of the project. Also, specifically address the following questions:
  - Is this new construction or a renovation/re-use of existing structures?
  - Is this a facility/property that will be used by the investor/applicant's own business?
  - When the project is complete, will the property be re-sold in whole or part? If so, please detail any pre-sales commitments secured at the time of application and provide documentation of same.

- When the project is complete, will the property be for rent/lease in whole or part? If so, please detail all leases, pre-leases, and/or commitments secured at the time of application and provide documentation of same.
  - Do you plan to sell the tax credit award in order to attract equity/cash needed to raise sufficient capital to complete the project?
  - If the project will provide leasable space and commitments have been secured, who is the proposed tenant? How much space will the known tenants lease?
  - If the project will provide space for re-sale or for lease/rent, AND commitments are not secured or cannot be documented, then the applicant must address the following items:
    - Is the project speculative? Building use?
    - Detail your plan to attract buyers and/or tenants (as appropriate) to the space. Are commitments near? Is negotiation occurring? Has a target market for the space been identified? If so, what is it? Can a demand be shown for the space being created? Can it be assured that the completed project will not result in vacant or underutilized space?
3. **Proposed Outcomes (Community Impact Measures Report):** The Proposed Outcomes identified by the applicant are quantifiable, measurable, and achievable results that demonstrate the impact of the project on the place and problems identified. The application narrative explains the impact and change, and describes how outcomes relate to the EZP Project. Outcome measures are to be provided in the NAP Community Impact Measures Report addendum to the DCED Single Application (*Exhibit A*).

The Community Impact Measures also include other measures proposed or anticipated by the applicant. In providing both the required and applicant-specific measures, use the following descriptions:

- **Inception Data:** Provide outcome measure data prior to receiving EZP tax credit assistance.
- **Projected Outcomes:** Provide outcome measure data that the applicant expects to achieve at the completion of the EZP project. Employment opportunities must be created for low income individuals located within the Enterprise zone. These employment opportunities must be at a family sustainable wage (above minimum wage), and include benefits.

## B. Applicant Profile

Provide a profile of the applicant, including the most recent financial statements of the applicant, parent company or business and any proposed guarantors that demonstrate the fiscal stability of the applicant. Financial statements should include balance sheets, income statements, and comments to financials and pro forma and income projections, if applicable. Provide information that describes the private company's commitment to the community and/or the revitalizing of the Enterprise Zone.

## C. Private Company and Commitment of Qualified Investment

Provide documentation that the qualified investment is secured, such as a commitment letter that is signed and dated.



## D. Budget

Complete the Budget section in the Single Application. The budget section includes the EZIP request and any other sources of funds that are needed to undertake the project. The EZIP NAP budget column reflects the total investment amount. This is the amount that will be used to calculate the tax credit amount. **The EZIP NAP budget column should not reflect the amount of tax credits requested.** For instance, private company is contributing \$100,000 to the project. The EZIP NAP budget column should reflect \$100,000. The tax credit award will be calculated at 25% of the commitment or \$25,000. Applicants are responsible for ensuring that the full qualified investment amount is accounted for.

## E. Audit

An audit will be required at the end of the project to verify the investment was applied as approved by the DCED. The audit expense may not be included in the EZIP NAP Budget because EZIP project expenses are limited to construction related costs only. The audit **must be paid for from the other funds** included in the budget.

## F. Budget Justification

Complete the Project Budget Justification (*Exhibit B*) form to describe how the funds will be spent. All budget costs must be correct and correspond with the proposed project activities.

## G. Attachments

Documents should be attached in the Single Application Process. If they are large documents or will not attach, they may be mailed to the Department of Community and Economic Development. The following items are required when submitting an EZIP application:

1. Financial statements as outlined in Section B, Applicant Profile above.
2. A letter from the appropriate planning agency certifying that the proposed project is in compliance with the comprehensive land use plans and zoning and subdivision codes, if applicable.
3. A letter of support from the Enterprise Zone Coordinator. The letter must also certify that the project is located within the designated area and that the designation is current (*Exhibit E*).
4. Cost Estimates (if applicable) statement(s) estimating the cost of the project. The estimate must be prepared by an engineer or other qualified professional on official business letterhead and should be accompanied, where appropriate, by copies of the signed bids/quotations, contractor estimates, or sales agreements that verify project cost estimates.
5. Copies of funding commitment letters, on official letterhead, from all other funding sources if applicable, including equity commitments. Letters should include the term, rate, and collateral conditions, and must be signed and dated.
6. For a tax credit request exceeding \$250,000, a projected cash flow analysis that includes all expenses and revenues covering the period of time from project commencement to lease-up/build out and/or sale of the property.\*

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\*If the activity/project will occur on the applicant's property, a copy of the deed and/or tax receipt is needed. If the activities/project is for leasehold improvements, a copy of the lease agreement between the leaseholder and the tenant is required. Documentation that proves the applicant has the legal authority to perform the work described in application is also required.

7. Evidence documenting a commitment to avoid the displacement of current residents.
8. A completed Community Impact Measures report (*Exhibit A*).
9. A copy of any proposed sub-contractual agreement(s) for services, if applicable.
10. The number of family sustaining jobs created and/or retained, along with the calculated cost per job.

## **Section V – Requirements After Approval**

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- Regardless of the date DCED approves the project and offers an award, the activity period is the 12 months, beginning on July 1 and ending on June 30 of the following year. The investment must be used for activities and expenditures occurring during that period. An approved Enterprise Zone Program tax credit project may request a one-year extension, if needed, to the activity period as an amendment. Section V-F explains the extension process.
- All Neighborhood Assistance Programs are a partnership with DCED and the Department of Revenue. DCED approves the application in the Single Application process, however the Department of Revenue is the issuing department. Please refer to the Department of Revenue ([www.revenue.state.pa.us](http://www.revenue.state.pa.us)) website and click on laws, policies, and tax bulletins to view additional information concerning tax credit approvals.
- Tax credits will not be given to a bank, bank and trust company, insurance company, trust company, national bank, savings association, mutual savings bank, or building and loan association for activities that are a part of its normal course of business.
- A private company awarded tax credits has three options:
  - Retain and use
  - Sell
  - Pass through to another eligible entity

All tax liabilities are required to be satisfied before the private company can sell the credits or pass through to another entity. The Department of Revenue makes the final determination concerning the sale or pass through of tax credits.

If the private company has tax liabilities, the Department of Revenue will require settling the liabilities before approving a sale or pass through. The private company may apply for the tax credits when the project is finished.

### **A. Private Company Retaining and Using Tax Credits**

If the private company decides to retain and use the tax credits, the following is required:

- Complete and submit the application form titled Application For Tax Credit Under The Neighborhood Assistance Program Enterprise Zone Program (*Exhibit C*) with proof, to DCED, of the qualified investment.
- The form must be submitted to DCED prior to December 31 which is 180 days (6 months) after the Investment period ends.

- DCED first approves and then forwards the form to the Department of Revenue for processing.
- The Department of Revenue notifies the private company when the tax credits are approved and applied, when appropriate.

*\*\*Tax credits not applied against current year taxes may be carried forward for the next 5 succeeding calendar or fiscal years until the full credit has been applied if the certification for credits has been requested through DCED.*

## **B. Private Company Selling Tax Credits**

If a private company decides to sell the tax credits, the following two forms are required to be submitted:

- Application For Tax Credit Under the Neighborhood Assistance Program Enterprise Zone Program (*Exhibit C*) to DCED for approval.
- Once the private company has held the tax credits for one year, an Application To Sell Or Assign Tax Credits Under the Neighborhood Assistance Act (*Exhibit D*) may be submitted. Upon receipt of the Application To Sell Or Assign Tax Credits Under The Neighborhood Assistance Act (*Exhibit D*), DCED will review and forward the form to the Department of Revenue recommending the sale. The Department of Revenue will review and determine if there are enough tax credits available for the sale. The Department of Revenue notifies DCED that the sale is approved. DCED notifies the applicant with an approval memo and an approved Application To Sell Or Assign Tax Credits Under The Neighborhood Assistance Act (*Exhibit D*).

Private companies are allowed to sell tax credits one year from the start date of the contract provided the audit process is complete, the investment is made and the private company's tax liabilities are satisfied.

For instance, if the start date is July 1, 2016, the private business may sell the tax credits on July 1, 2017, provided all requirements are satisfied.

*\*\*The purchaser or assignee of the tax credits must use the credits in the tax year in which the purchase or assignment is made and may not carry forward, sell or assign the purchased/assigned credits.*

## **C. Private Company Passing Through Tax Credits**

If the private company requests to pass through the tax credits, the private company's tax liabilities are to first be satisfied.

Only Pennsylvania S corporations, limited liability companies, partnerships, joint ventures, and business trusts may pass through tax credits. The private company is required to do the following in order to pass through tax credits:

1. Submit the Application For Tax Credit Under The Neighborhood Assistance Program Enterprise Zone Program form (*Exhibit C*) to DCED for approval.
2. After DCED approves the tax credits, the private company sends a letter to the Department of Revenue requesting to pass through the credits. The required information in the letter is:
  - A list of shareholders, members, or partners.
  - The amount of credit to be passed through to each shareholder/member/partner on the private company letterhead
  - Signed by an authorized representative.

The request to pass through the tax credits must be submitted to the following address:

Commonwealth of Pennsylvania  
Department of Revenue  
Bureau of Corporation Taxes  
Dept. 280701  
Harrisburg, PA 17128-0701

The Department of Revenue approves or disapproves all pass through requests.

*\*\*The purchaser or assignee of a tax credit may not sell or assign any part of a tax credit, but is required use the tax credit in the tax year that the pass through occurred. The purchaser or assignee of the tax credit is not entitled to carry back or obtain a refund of an unused tax credit.*

- Qualified investments made or received outside of the activity period (July 1 through June 30) are not eligible for tax credits. Expenditures and/or investments that occur before the final award decisions are announced could be at risk.
- For all Enterprise Zone Programs, a final audit of the project costs including additional funds and the qualified investment must be submitted to DCED within 180 days following the expenditure of all funds or within 180 days following the contract termination date of June 30, (but no later than December 31) whichever occurs first. DCED's Audit Procedures for the Closeout of Contracts is available at [dced.pa.gov/compliance](http://dced.pa.gov/compliance).
- DCED reserves the right to monitor the project and project costs resulting from the award of tax credits.
- When a project application is approved, DCED will offer an agreement to the private company. This letter, often referred to as a contract or agreement, is legally binding. In some instances, projects and activities change due to unforeseen circumstances. If the project scope should change or if expenses are not lining up with costs, the agreement will have to be modified or amended. In either instance, DCED should be notified in writing in order to implement the changes.

## **D. Amendments**

A project amendment is required when a major change occurs after a project has been approved, such as dropping and/or adding an activity, changing the project location, changing the termination date of the project, or by increasing/decreasing a budget line item by 10% or more. A written request from the contractor to amend the project must be submitted to DCED before the project end date.

The request will describe the proposed change(s). If the change affects the budget, a revised budget, justification and all documentation relating to the change would be submitted with the amendment request.

## **E. Modifications**

A contract modification is a minor change to the objectives, timelines, or goals of an approved project. Requests for modifications are to be in writing before the contract end date from the private company describing the details related to the modification. The request contains the original and the revised objectives, timeline, or goals and other changes. If the change affects the budget, a revised budget and justification must be submitted along with any documentation regarding the change.

## **F. Extensions**

Private companies may invest in the approved project for up to two years (the two years includes the original activity period of one year plus a one year extension, if needed), if the original plan demonstrated the need to make the investment over a two year period. In this instance, the tax credits must be requested from the Department of Revenue at the end of the first year's investment and the private company must request a time extension from DCED to extend the project termination date for another year.

## **G. Reporting Requirements**

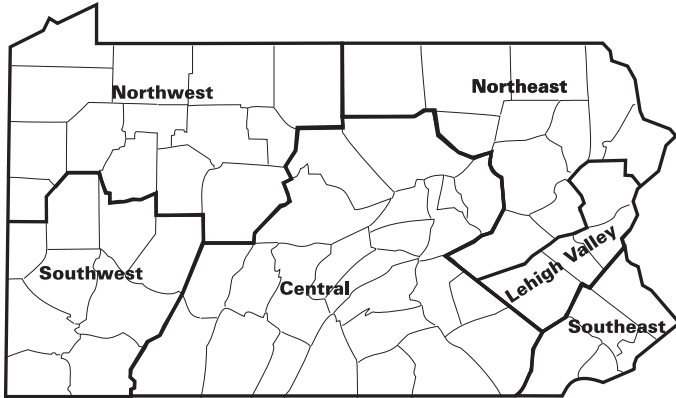
At the conclusion of the project, but no later than December 31 each EZIP recipient is required to submit the following reports to the Department:

- A project audit clearly identifying the cost of the investment for which credits are being claimed.
- A completed Community Impact Measures Report (*Exhibit A*) which shows both the projected goals and activities as well as what was achieved as a result of the project.
- A completed Neighborhood Assistance Annual Report (*Exhibit A-2*), which explains in narrative format what positive impacts resulted from the project.

# Regional Offices

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## Pennsylvania Department of Community and Economic Development dced.pa.gov



### **Southeast**

*Bucks, Chester, Delaware, Montgomery and Philadelphia counties*

Department of Community and Economic Development  
Aliyah Furman, Director  
200 South Broad Street 11<sup>th</sup> Floor  
Philadelphia, PA 19102  
(215) 560-5830  
Fax: (215) 560-5832  
alifurman@pa.gov

### **Northeast**

*Bradford, Carbon, Lackawanna, Luzerne, Pike, Schuylkill, Sullivan, Susquehanna, Tioga, Wayne and Wyoming counties*

Department of Community and Economic Development  
Paul Macknosky  
2 North Main Street  
Pittston, PA 18640  
(570) 963-4122  
Fax: (570) 654-6315  
pmacknosky@pa.gov

### **Lehigh Valley**

*Berks, Lehigh, Monroe and Northampton counties*

Department of Community and Economic Development  
Fadia Halma, Director  
4530 Bath Pike  
Bethlehem, PA 18017  
(717) 877-8481  
fhalma@pa.gov

### **Central**

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

Department of Community and Economic Development  
Kerry Kirkland, Director  
400 North Street, 4<sup>th</sup> Floor  
Commonwealth Keystone Building  
Harrisburg, PA 17120-0225  
(717) 525-5796  
Fax (717) 783-4663  
kerkirklan@pa.gov

### **Southwest**

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

Department of Community and Economic Development  
Johnna Pro, Director  
301 Fifth Avenue, Suite 250  
Pittsburgh, PA 15222  
(412) 565-5098  
Fax: (412) 565-2635  
jopro@pa.gov

### **Northwest**

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

Department of Community and Economic Development  
Kim Thomas, Director  
100 State Street, Suite 205  
Erie, PA 16507  
(814) 871-4245  
Fax: (814) 454-7494  
kimbethoma@pa.gov



# NEIGHBORHOOD ASSISTANCE PROGRAM COMMUNITY IMPACT MEASURES REPORT

## GENERAL INFORMATION

APPLICANT:	PROJECT NAME:
SINGLE APPLICATION NUMBER:	FISCAL YEAR:

This form must be completed and submitted twice. The first time is with your original application, which requires that you provide projected outcomes. Organizations that are awarded tax credits will be required to complete the "actual" column of this form at the end of the contract year (the second time) as a means to compare projections against actual accomplishments. At the end of the contract, complete the "actual" column on the original form that contains projected outcomes and submit via e-mail to: ra-dcedocs@pa.gov.

## SECTION I: PROJECT ACTIVITY

Please complete the project activity/ies below that apply to your Neighborhood Assistance Program (NAP). These project activities are required for applications for NAP, NAP-NPP, NAP-SPP, and for NAP-EZP.

At the time of application, the "projected" numbers are to be provided and will be used as part of the award assessment process. The "actual" numbers are to be submitted at the end of the contract activity period as noted above.

Project Measures	Projected	Actual	Project Measures	Projected	Actual
# of neighborhood residents served/impacted by project			# of direct jobs created by project		
# of housing units rehabbed by project			# of direct jobs retained by project		
# of housing units constructed by project			# of residents who completed job training		
# of blighted properties cleared by project			# of residents who obtained FT employment as a result of job training		
# of first-time homebuyers served by project			# of residents who obtained PT employment as a result of job training		
# of foreclosures prevented due to intervention			# of residents who completed ESL course		
# of commercial/industrial buildings rehabbed			# of residents who completed ABE/GED curricula		
# of commercial/industrial buildings constructed			# of youth participating in weekend and/or after-school programs		
# of new business start-ups			# of residents receiving food subsidies as part of self-sufficiency programs. (For non-food bank applicants only)		

## SECTION II: COMMUNITY IMPACT MEASURES (CIMS)

Capturing activity details is the first step necessary to identifying the impact that a project has on the community in which it occurs. The project activities captured in Section I should be used toward producing the Community Impact Measures, which provide the actual change/s that has occurred, the results and effectiveness of the investment of NAP tax credits for your project.

Enter the Community Impact Measures for your project below, as appropriate. NOTE: The "actual" column will reflect details at the end of the contract period and should not be included at the time of application.

Impact Measures	Inception	Projected	Actual
<b>Items Required for All NPP Applications</b>			
Homeownership Rate			
Median Property Value			
Residential Vacancy Rate			
<b>Items Required for All EZP Applications</b>			
<i>* "Quality Jobs" means jobs paying more than minimum wage with benefits (healthcare, retirement, etc.)</i>			
Tax Credits per Total Jobs (created & retained)	N/A		
Number of Quality Jobs* Created	N/A		
Number of Quality Jobs* Retained			

**SECTION II: COMMUNITY IMPACT MEASURES (CIMS) *cont'd***

Impact Measures	Inception	Projected	Actual
<b>Other Community Impact Measure to Support Project</b>			
Median Property Value			
Business Property Vacancy Rate			
Poverty Rate			
Crime Rate			
School Drop Out Rate			
High School Graduation Rate			
Unemployment Rate			
State/Local Taxes <sup>1</sup>			
Abated Taxes <sup>2</sup>			
Other Community Impact Measures to Support Project Proposed by Applicant			
1.			
2.			
<b>Required for Food Bank Applicants Only</b> <i>in addition to other applicable Community Impact Measures</i>			
# served who are participating in self-sufficiency programs such as financial/budget counseling, employment and training, and/or family savings account, first time homebuyer etc.			
# served who would have been required to make a choice between food or other expenses such as medical care, utility payments, etc.			
# of neighborhood residents served/impacted by the project			
Of the total listed above, # served who are long term recipients of food subsidies (more than 6 months)			
<p><sup>1</sup> For site-specific construction or rehabilitation/redevelopment projects include all state and local taxes collected as a result of business and/or residential activity at that site.</p> <p>The state taxes should include:</p> <ul style="list-style-type: none"> <li>• Earned income from workers,</li> <li>• Corporate/business taxes including Corporate Net income Taxes, Capital Stock &amp; Foreign Franchise Tax, Personal income Tax (for Subchapter S. Partnership or Proprietorships), Sales &amp; Shares Tax, Mutual Thrift institutions Tax, Insurance Premiums Tax (see next measure regarding any abated taxes), and</li> <li>• Sales taxes.</li> </ul> <p>The local taxes should include taxes collected at the county, municipal, and school district levels:</p> <ul style="list-style-type: none"> <li>• Property taxes (see next measure regarding any abated taxes),</li> <li>• Earned income from workers,</li> <li>• Business taxes including Net Profits Tax, Business Gross Receipts, Business Occupancy, Business Privilege and Mercantile Taxes (see next measure regarding any abated taxes), and</li> <li>• Sales taxes.</li> </ul> <p>Exclude any property taxes from any properties that are in tax foreclosure or that have tax arrearages dating back more than one year. These amounts should be excluded from the Inception column.</p> <p><sup>2</sup> In completing answers for state/local taxes measure above, do not include any abated taxes. Include all state and local taxes abated in the "Abated Taxes" measure. The amount in the "Inception" column should be the most recent year total prior to project start.</p> <p>Exclude any property taxes from properties that are in tax foreclosure or that have tax arrearages dating back more than one year. These amounts should be excluded from the "Inception" column.</p>			



**SECTION III: BUSINESS CONTRIBUTORS**

Section III Instructions: This section is to be completed with the second submission of this report, no later than October 15, when all "Actual" data is reported. This section should include actual contributions received as of June 30th of the year of the award.

Contributor Name & Address	Date of Contribution	Amount of Contribution



# NEIGHBORHOOD ASSISTANCE PROGRAM ANNUAL REPORT

EXHIBIT A-2

Please complete the Neighborhood Assistance Program Annual Report (Annual Report) for your project/program.  
This form must be completed and submitted at the end of the contract period.  
Complete this form and submit electronically to ra-dcedocs@state.pa.us.

### GENERAL INFORMATION

APPLICANT:	PROJECT NAME:
CONTRACT NUMBER:	FISCAL YEAR:

### PLACE-BASED, NEIGHBORHOOD OUTCOME

Has the place-based, neighborhood outcome(s) submitted with your application, been met? If YES, please state how. If NO, please explain how you are working towards achieving this place-based, neighborhood outcome.

### PROJECT GOALS (MEASUREMENTS)

Have the project goals (measurements), as submitted with your application, been met? If YES, please explain how. If NO, please explain how you are working towards achieving these goals/measurements.

### FINANCIAL INFORMATION

From whom have you secured contributions? Has each of the business firms' commitments been secured AND expended?  
Please respond for each commitment.

**FINANCIAL INFORMATION *(cont'd)***

Has each of the business firms applied to the Department of Community & Economic Development (DCED) for the approved tax credits?  
Please respond for each commitment.

**ADDITIONAL INFORMATION**

Provide additional comments/information below that will aide the DCED in evaluating the progress of your project and place-based outcome.

# Project Budget Instructions

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## *Enterprise Zone Tax Credit Program*

### Budget Columns

**Column 1: Budget Category**

This category lists the various expense categories to be charged against the project.

**Acquisition**

List the cost of land or building to be purchased.

**New Construction**

List such items as electrical, heating, plumbing, etc.

**Renovation**

List such items as electrical, heating, plumbing, etc.

**Infrastructure/Site Preparation**

List such items as access road, demolition, excavation, etc.

**Related Costs**

List such items as design costs, fees, legal costs, etc.

**Column 2: Amount Applicable for Tax Credits**

Fill in only those amounts applicable for EZP tax credits. Enter the total of all budget categories on line VI. Enter the total EZP tax credits requested on Line VII \*(up to \$500,000.00).

**Column 3: Methods of Financing**

Fill in by column, by financial supporter, all monies that will support this project. Amounts should be broken down by budget categories. Identify each financial supporter in the space provided at the top of each column. For each column, place a total on Line VI.

**Column 4: Total Project**

Total project should equal the total of all financial support identified in Column 3. Place a total on Line VI.

# Project Budget Justification

## Enterprise Zone Tax Credit Program

The project Budget Justification will detail by line item the basis for budget costs in the Enterprise Zone Tax Credit Program Project Budget. Indicate the cost per item in the space provided to the right of each item. Total the column of costs and place at the bottom marked Total Project Cost.

### Acquisition

Land .....\$ \_\_\_\_\_  
Buildings .....\$ \_\_\_\_\_

### New Construction

General Construction .....\$ \_\_\_\_\_  
Plumbing .....\$ \_\_\_\_\_  
Electrical .....\$ \_\_\_\_\_  
HVAC .....\$ \_\_\_\_\_  
Sprinkler System .....\$ \_\_\_\_\_  
Other (List) .....\$ \_\_\_\_\_

### Renovation

General Construction .....\$ \_\_\_\_\_  
Plumbing .....\$ \_\_\_\_\_  
Electrical .....\$ \_\_\_\_\_  
HVAC .....\$ \_\_\_\_\_  
Sprinkler System .....\$ \_\_\_\_\_  
Other (List) .....\$ \_\_\_\_\_

### Infrastructure/Site Preparation

Access Road (priv. alley/garage) \$ \_\_\_\_\_  
Parking .....\$ \_\_\_\_\_  
Water/Sewer .....\$ \_\_\_\_\_  
Utilities .....\$ \_\_\_\_\_  
Lighting .....\$ \_\_\_\_\_  
Demolition .....\$ \_\_\_\_\_  
Excavation/Grading .....\$ \_\_\_\_\_  
Environmental Cleanup ..\$ \_\_\_\_\_  
Landscaping .....\$ \_\_\_\_\_  
Other (List) .....\$ \_\_\_\_\_

### Related Costs

Professional Services ....\$ \_\_\_\_\_  
Design Costs .....\$ \_\_\_\_\_  
Development Plans .....\$ \_\_\_\_\_  
Engineering .....\$ \_\_\_\_\_  
Inspections .....\$ \_\_\_\_\_  
Fees .....\$ \_\_\_\_\_  
Insurance .....\$ \_\_\_\_\_  
Surveys .....\$ \_\_\_\_\_  
Test Borings .....\$ \_\_\_\_\_  
Legal Costs .....\$ \_\_\_\_\_  
Transfer Taxes .....\$ \_\_\_\_\_  
Other (List)\* .....\$ \_\_\_\_\_

**Total Project Cost** .....\$ \_\_\_\_\_

*\*Do not include contingencies*

# Project Budget Justification *(cont'd)*

## Enterprise Zone Tax Credit Program

The project Budget Justification will detail by line item the basis for budget costs in the Enterprise Zone Tax Credit Program Project Budget. Indicate the cost per item in the space provided to the right of each item.

### Sources

#### Private - Private Investment (list all sources separately)

*Private loans and mortgages:*

_____	.....	\$ _____
_____	.....	\$ _____
_____	.....	\$ _____
_____	.....	\$ _____

*Equity Contributions (include source of investment)*

_____	.....	\$ _____
_____	.....	\$ _____
_____	.....	\$ _____
_____	.....	\$ _____

**Total Private Sources** ..... \$ \_\_\_\_\_

#### Public

*DCED Sources of funding (by program):*

_____	.....	\$ _____
_____	.....	\$ _____
_____	.....	\$ _____
_____	.....	\$ _____

*Other Government Sources (Federal, State and Local):*

Federal	.....	\$ _____
State	.....	\$ _____
Local	.....	\$ _____

**Total Public Sources** ..... \$ \_\_\_\_\_

**TOTAL ALL SOURCES** ..... \$ \_\_\_\_\_



## APPLICATION FOR TAX CREDIT UNDER THE NEIGHBORHOOD ASSISTANCE PROGRAM ENTERPRISE ZONE PROGRAM

### IMPORTANT

- Submit tax credit forms in triplicate
- Attach proof of investment (See Number 10)
- Obtain copy of Project Approval Letter
- Check amounts and dates

### FOR DEPARTMENTAL USE ONLY

APPLICATION NUMBER:	
APPROVED MAXIMUM CREDITS:	
APPROVING AUTHORITY:	DATE:

**Under the provisions of Act 292 of November 29, 1967, as amended, application for tax credit is hereby made.  
The following information is given in support of this application.**

### GENERAL INFORMATION

1. APPLICANT'S NAME:		
2. ADDRESS:		
3. CONTACT PERSON:	4. TELEPHONE NUMBER:	4A. E-MAIL ADDRESS:
5. QUALIFIED EXPENDITURES (INVESTMENT): \$	6. TYPE OF TAX:	
7. TAX CREDIT REQUEST: \$	8. TAXPAYER IDENTIFICATION NUMBER:	
9. NAME OF EZP APPROVED PROJECT:		
ESA APPLICATION NUMBER:	DATE OF INVESTMENT:	
DCED AGREEMENT NUMBER:		
10. PROOF OF INVESTMENT:		
<input type="checkbox"/> Check - A copy of a CANCELLED CHECK <input type="checkbox"/> Rehabilitation / Improvements <input type="checkbox"/> Real Estate <input type="checkbox"/> Audit		

I, \_\_\_\_\_, \_\_\_\_\_ of  
Name of Officer Title

\_\_\_\_\_ hereby affirm under penalties prescribed by  
Name of Firm

law that this application has been examined by me and to the best of my knowledge and belief, the information is true, correct and complete.

\_\_\_\_\_  
Date of Affirmation Signature

**PA Revenue Tax Box Number or other Tax Identification Number is MANDATORY for application to be processed.**

**GENERAL INSTRUCTIONS**

- A. **WHO MUST FILE:** In order to obtain the tax credit authorized under the Neighborhood Assistance Program / Enterprise Zone Program, business companies must submit this Application for approval.
- B. **WHEN TO FILE:** Application may be filed when the project is finished. It may also be filed with a copy of the required audit within 90 days of the end of the fiscal year for which the project was approved, or at project completion, whichever occurs first. Private companies will still have five years in which to use the tax credit.
- C. **SIGNATURE AND MAILING:** This application must be signed by an authorized officer of the applicant. If this application is not being forwarded as part of a Single Application package for funding, it should be forwarded to the Department of Community and Economic Development, Commonwealth Keystone Building, 4th Floor, Harrisburg, PA 17120-0225. An original and two copies are required.
- D. **SEPARATE APPLICATIONS:** A separate application must be submitted for each project.
- E. **CLAIMING TAX CREDIT:** You will receive a copy of the approved tax credit application; attach same when filing your tax return with the Pennsylvania Department of Revenue.

**SPECIFIC INSTRUCTIONS**

- Item 1: Indicate exact name of private company.
- Item 2: Indicate address to which correspondence concerning this application is to be directed.
- Item 3: Person to be contacted if additional information is needed.
- Item 4: Telephone number of contact person; 4A. E-mail address of contact person.
- Item 5: Indicate investment made to this project.
- Item 6: Indicate the eligible type of tax the tax credit will be applied against.
- Item 7: Indicate the tax credit requested (25% of qualified investment).
- Item 8: Indicate PA Revenue Tax Box Number as assigned by the Department of Revenue, the Federal Employer Identification Number (FEIN) or the Social Security Number (SSN) of the Applicant.
- Item 9: Indicate name of EZP approved project, ESA Application Number and /or contract number and the date of investment.
- Item 10: Proof of investment. This form must be attached with a copy of the required audit within 90 days of the end of the fiscal year for which the project was approved, or at project completion, whichever occurs first.

**If all project activities do not begin or are not completed in compliance with the Letter of Agreement, all or a prorated portion of the tax credit will be reclaimed by the Department.**





## APPLICATION TO SELL OR ASSIGN TAX CREDITS UNDER THE NEIGHBORHOOD ASSISTANCE ACT

### IMPORTANT

Submit tax credit forms in triplicate

Submit all required signatures

Taxpayer Identification is mandatory

Check amounts and dates

### FOR DEPARTMENTAL USE ONLY

APPLICATION NUMBER:

APPROVED TO SELL MAXIMUM CREDIT:

APPROVING AUTHORITY:

DATE:

### GENERAL INFORMATION

1. SELLER'S NAME:

2. ADDRESS:

3. CONTACT PERSON:

4. TELEPHONE NUMBER:

5. E-MAIL ADDRESS:

6. AMOUNT TO SELL OR ASSIGN:

\$

7. TYPE OF TAX:

8. TAXPAYER IDENTIFICATION NUMBER:

9. AUTHORIZED SIGNATURE OF SELLER:

I, \_\_\_\_\_, \_\_\_\_\_ of

Name of Officer

Title or Affiliation

\_\_\_\_\_ hereby affirm under penalties prescribed by

Name of Firm

law that this application has been examined by me and to the best of my knowledge and belief, the information is true, correct and complete.

\_\_\_\_\_

Date of Affirmation

\_\_\_\_\_

Signature of Seller

10. PROSPECTIVE BUYER NAME:

TAXPAYER IDENTIFICATION NUMBER:

11. ADDRESS:

12. CONTACT PERSON:

13. TELEPHONE NUMBER:

14. E-MAIL ADDRESS:

15. SIGNATURE OF AUTHORIZED BUYER:

I, \_\_\_\_\_, \_\_\_\_\_ of

Name of Officer

Title or Affiliation

\_\_\_\_\_ hereby affirm under penalties prescribed by

Name of Firm

law that this application has been examined by me and to the best of my knowledge and belief, the information is true, correct and complete.

\_\_\_\_\_

Date of Affirmation

\_\_\_\_\_

Signature of Buyer

**GENERAL INSTRUCTIONS**

- A. **WHO MUST FILE:** In order to sell the tax credit authorized under the Neighborhood Assistance Program, sellers and buyers must submit this Application for approval.
- B. **WHEN TO FILE:** Application to sell tax credits must be filed with the Department of Community and Economic Development if no claim for the allowance of the credit is filed within one year from the date the credit is granted by the Department of Revenue. The buyer must use the credits in the tax year in which the purchase is made.
- C. **SIGNATURE AND MAILING:** The application must be signed by an authorized officer of the seller and buyer. An original and two (2) copies must be mailed to the Department of Community and Economic Development, 400 North Street, Commonwealth Keystone Building, 4th Floor, Harrisburg, PA 17120-0225.
- D. **SEPARATE APPLICATIONS:** A separate application must be submitted for each request.
- E. **CLAIMING TAX CREDIT:** You will receive a copy of the approved tax credit application; attach same when filing your tax return with the Pennsylvania Department of Revenue.

**SPECIFIC INSTRUCTIONS**

- Item 1: Indicate exact name of seller. Use the name on record with the PA Department of Revenue unless that on-file information has been changed and is no longer valid.
- Item 2: Indicate address to which correspondence concerning this application is to be directed, as related to Item 1.
- Item 3: Person to be contacted if additional information is needed.
- Item 4: Telephone number of contact person.
- Item 5: E-mail address of contact person.
- Item 6: Indicate tax credit being sold.
- Item 7: Indicate the type of tax. Applicable Taxes: Bank and Trust Company Shares; Capital Stock/Franchise; Corporate Net Income Tax; Gross Premiums; Mutual Thrift; Personal Income Tax; Title Insurance Company Shares.
- Item 8: Indicate PA Revenue Tax Box Number as assigned by the Department of Revenue, the Federal Employer Identification Number (FEIN) or the Social Security Number (SSN) of the seller.
- Item 9: Indicate name, title and firm who is authorizing the sale by signature.
- Item 10: Indicate name buyer. Use the name on record with the PA Department of Revenue unless that on-file information has been changed and is no longer valid. Indicate the buyer's Taxpayer Identification Number.
- Item 11: Indicate address to which correspondence concerning this application is to be directed, as related to Item 1.
- Item 12: Person to be contacted if additional information is needed.
- Item 13: Telephone number of contact person.
- Item 14: E-mail address of contact person.
- Item 15: Indicate the name, title and firm (if applicable) who is authorizing the purchase by signature.

# Sample Support Letter

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## **Enterprise Zone, Keystone Main Street, Keystone Community or Keystone Communities Enterprise Zone**

*(The support letter must be on official Enterprise Zone, Keystone Main Street, Keystone Communities or Keystone Communities Enterprise Zone letterhead or the official letterhead of the entity administering the zone.)*

Date

Addressee (Private Company)

Dear Private Company:

I am writing to inform you that your company (name of company) is located within the (name of Enterprise Zone, Keystone Main Street, Keystone Community or Keystone Communities Enterprise Zone). The expiration date of the Enterprise Zone, Keystone Main Street, Keystone Community or Keystone Communities Enterprise Zone is (expiration date) or the Enterprise Zone, Keystone Main Street, Keystone Community or Keystone Communities Enterprise Zone expired on (expiration date). However, one benefit of the program permits a private company to apply for Enterprise Zone Tax Credits for up to two years after the exit date of the zone.

State the reason why the Enterprise Zone, Keystone Main Street, Keystone Community or Keystone Communities Enterprise Zone supports the application.

Sincerely,

Enterprise Zone Coordinator