

# STATEMENTS OF POLICY

## Title 12—COMMERCE, TRADE AND LOCAL GOVERNMENT

### DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

[12 PA. CODE CH. 123]

#### Community Revitalization Program

The Department of Community and Economic Development (Department) amends 12 Pa. Code Chapter 123 (relating to community revitalization program—statement of policy) as set forth in Annex A. The statement of policy is amended under the authority of section 1719-B of The Fiscal Code (code) (72 P. S. § 1719-B).

#### Background

Section 1719-B of the code requires the Department to publish Community Revitalization Program (CRP) guidelines in the *Pennsylvania Bulletin* prior to the spending of moneys designated for the Community Revitalization Program (Program). This amended statement of policy updates the existing Program guidelines published in 2006.

The Program provides grants to eligible organizations consistent with Act 8A of 2007, which allocates money for grants for community revitalization and improvement projects which in the judgment of the Department will improve the stability of the community; promote economic development; improve existing and develop new civic, cultural, recreational, industrial and other facilities; assist in business retention, expansion, stimulation and attraction; promote the creation of jobs and employment opportunities; or enhance the health, welfare and quality of life of the citizens of this Commonwealth.

#### Amendments

Section 123.1 (relating to introduction) is amended to update the reference to the Appropriation Act and to the current fiscal year.

Section 123.3 (relating to eligibility) is amended to update the reference to the Appropriation Act and to the current fiscal year and to add a provision restricting the funding of grantee indebtedness to repayment of debt incurred as the direct result of a project.

Section 123.4 (relating to program requirements and instructions) is amended to update the application submission deadline.

Section 123.5 (relating to application submission and approval procedure) is amended to update the reference to the current fiscal year, the grant award cycles, and the proposed award dates, as well as to clarify that unsuccessful applicants must submit a new application to be considered for funding in the following fiscal year.

Section 123.8 (relating to contact information) is amended to update the phone number and email address to which inquiries may be made.

#### Fiscal Impact

The amended statement of policy has no fiscal impact on the Commonwealth, political subdivisions or the public.

#### Paperwork Requirements

Additional paperwork requirements are not imposed as a result of the amended statement of policy.

#### Contact Person

For further information regarding the amended statement of policy, contact Jill Busch, Deputy Chief Counsel, Office of Chief Counsel, Department of Community and Economic Development, Commonwealth Keystone Building, 400 North Street, Fourth Floor, Harrisburg, PA 17120-0225, (717) 783-8452.

#### Findings

The Department finds that:

(1) Delay in implementing the statement of policy will have a serious adverse impact on the public interest.

#### Order

The Department, acting under the authorizing statute, orders that:

(1) Title 12 of the *Pennsylvania Code* Chapter 123 is amended by amending §§ 123.1, 123.3—123.5 and 123.8 to read as set forth in Annex A.

(2) The Secretary of Community and Economic Development shall submit this order and Annex A to the Office of General Counsel for approval as to form and legality as required by law.

(3) The Secretary of Community and Economic Development shall certify this order and Annex A and deposit them with the Legislative Reference Bureau as required by law.

(4) This order shall take effect upon publication in the *Pennsylvania Bulletin*.

DENNIS YABLONSKY,  
*Secretary*

**Fiscal Note:** 4-88. No fiscal impact; (8) recommends adoption.

#### Annex A

### TITLE 12. COMMERCE, TRADE AND LOCAL GOVERNMENT

#### PART V. COMMUNITY AFFAIRS AND DEVELOPMENT

#### CHAPTER 123. COMMUNITY REVITALIZATION PROGRAM—STATEMENT OF POLICY

#### § 123.1 Introduction.

(a) The CRP provides grants for community revitalization and improvement projects throughout this Commonwealth. CRP funds may be used for projects consistent with Act 8A of 2007. Eligible projects are defined in § 123.3(b) (relating to eligibility).

(b) Assistance from the CRP is in the form of grants from the Commonwealth to eligible applicants for projects which, in the judgment of the Department, comply with Act 8A of 2007, are in accordance with the program guidelines in this chapter and meet the requirements of the Department Single Application for Assistance.

(c) Applicants should be aware that applications for other Department programs may also be considered for applications submitted under the CRP.

(d) Care in preparation of the application will assist the Department in its processing.

### § 123.3 Eligibility.

(a) *Eligible applicants.* The following are eligible for CRP grants:

(1) Local governments, including, but not limited to, counties, cities, boroughs, townships and home rule municipalities.

(2) Municipal and redevelopment authorities and agencies.

(3) Industrial development authorities and agencies.

(4) Nonprofit organizations incorporated under the laws of the Commonwealth.

(5) Community organizations engaged in activities consistent with the program guidelines as determined by the Department.

(b) *Eligibility of projects.* CRP funds may be used for community revitalization and improvement projects consistent with Act 8A of 2007.

(1) Eligible projects must meet one or more of the following criteria:

(i) Improve the stability of the community.

(ii) Promote economic development, community development or both.

(iii) Improve existing or develop new, or both, civic, cultural, recreational, industrial and other facilities or activities.

(iv) Assist in business retention, expansion, creation or attraction.

(v) Promote the creation of jobs and employment opportunities.

(vi) Enhance the health, welfare and quality of life of citizens of this Commonwealth.

(2) Projects for the sole benefit of a for-profit entity are not eligible for program funding.

(3) Grants may not be used to fund revolving loan programs.

(4) Repayment of debt not incurred as the direct result of the project is an ineligible use. Indebtedness incurred prior to July 1 of the fiscal year in which the grant is approved will be presumed to not be indebtedness incurred as the direct result of the project and therefore will be an ineligible use.

(c) *Conditions on certain applicants.*

(1) *Private clubs and organizations (Rotary, Elks, and the like).* The following conditions apply:

(i) A private club or organization must be a not-for-profit organization.

(ii) A private club or organization may not discriminate on the basis of race, creed, color, place of national origin or sexual preference in accepting members or selecting participants, but may establish appropriate qualifications for program participation and benefits such as age or income level.

(iii) A private club or organization may apply for grant funds for the following projects:

(A) Equipment, supplies, food and other operational expenses for use in community activities such as parades, tournaments, and the like.

(B) Program expenses for community service programs, including parades, tournaments, educational, social and cultural projects, and the like.

(C) Erection and maintenance of public memorials in public places.

(D) Construction or renovations, or both, to a club facility, provided the private club or organization can demonstrate that one of the following applies:

(I) A significant number of community events are held at its facility and these events are open to the public with no entry fee or with a nominal fee.

(II) Its facility is made available to community groups for their programs free of charge or at a discounted rate.

(2) *Religious organizations (churches, schools, and the like).* The following conditions apply:

(i) Funds may not be used for religious purposes, including, religious observances or tuition, scholarships or other financial assistance, administrative expenses to parochial schools including charters schools that advance religious education, except as otherwise permitted in this section.

(ii) A religious organization may apply for grant funds for the following projects:

(A) Equipment, supplies (for example, playground and sports equipment, supplies or other consumables) and community outreach programs with no religious component.

(B) Construction or renovations to a facility owned or leased by a religious organization provided the facility is to be used exclusively for nonreligious activities for the "useful life" of the construction or renovations.

(C) Capital improvements to the exterior of church-owned buildings provided the buildings have been determined eligible for listing or are already listed in the National Register of Historic Places under the National Historic Preservation Act (16 U.S.C.A. §§ 470—470x-6).

(3) *Fiduciary organizations.* A fiduciary organization exists when all or a portion of the requested funds are to be used by any organization other than the applicant. In these cases, the following conditions apply:

(i) The fiduciary organization shall demonstrate non-profit status for itself and its proposed subgrantees or provide assurances that any subgrantee qualifies as a not-for-profit organization.

(ii) The fiduciary organization shall provide a grant narrative and budget covering funds to be expended by the fiduciary organization and all subgrantees. Alternatively, the fiduciary organization may provide in the narrative and budget for the fiduciary organization the guidelines, uses and budgets under which subgrants will made and utilized.

(iii) Subgrantees and projects to be undertaken by subgrantees must be eligible under the guidelines contained in this chapter.

(iv) For subgrants of \$5,000 or more, the fiduciary organization shall provide the Department with a copy of a written subgrant agreement, as well as proof of the subgrantee's eligibility, including its nonprofit status, prior to disbursing grant funds to subgrantees.

(v) A fiduciary organization shall complete and submit to the Department a closeout report for both itself and each of its subgrantees. This requirement is in addition to any audits which shall be completed when the total grant (including all subgrants) totals more than \$100,000. Failure to do so will make the fiduciary organization and any subgrantee or grantees who have not filed the appropriate closeout documentation or audit report, or both, ineligible for further financial assistance from the Department. A subgrantee may submit its own closeout or audit report to avoid ineligibility.

(vi) A fiduciary organization is responsible for ensuring that grant funds granted to subgrantees are used for the purposes and in accordance with the budgets as approved by the Department. Fiduciary organizations may not receive administrative or management fees from grant proceeds.

(vii) A fiduciary organization shall establish and utilize guidelines that evaluate a subgrantee's eligibility for financial assistance. The guidelines must include, at a minimum, the following:

(A) The subgrantees benefit demographics. (for example, age group, special needs or economic status)

(B) The subgrantees credit history, including financial statements and tax returns, if available.

(C) The subgrantees' program goals.

(D) A budget outlining the use of the grant funds and the sources of any additional funding utilized by the subgrantee.

(viii) An organization that has chapters, offices or other entities which operate under the general direction of the parent organization (for example, Boys and Girls Clubs, YMCA's and Special Olympics) will not be considered a "fiduciary organization" hereunder and may submit a single comprehensive program and budget narrative and close out report or audit. The Office of Chief Counsel of the Department will make final determination of an organization's eligibility and capacity to serve as a fiduciary organization under this section.

#### **§ 123.4 Program requirements and instructions.**

The following requirements apply to CRP:

(1) Project applications shall be submitted using the Department's Electronic Single Application for Assistance by means of [www.NewPa.com/programFinder.aspx](http://www.NewPa.com/programFinder.aspx) or [www.NewPa.com](http://www.NewPa.com). Paper applications are no longer acceptable. Electronic applications will be accepted throughout the fiscal year up to the March 28, 2008, submission deadline.

(2) The Department reserves the right to request additional information.

(3) Incomplete applications may be rejected. An applicant shall follow the detailed instructions for completing the Department's Single Application for Assistance. The narrative must include:

(i) A description of the applicant, including a general purpose or mission statement.

(ii) Identification of the need for CRP assistance and the applicant's project goals.

(iii) Identification of the measurable outcomes, including jobs created or retained, number of people trained, land or buildings acquired and or renovated, and the like.

(iv) A project schedule with key milestones and dates.

(v) Documentation to support projected budget costs.

(vi) Documentation of matching dollars, such as commitment letters, receipts, and the like.

(vii) A religious disclaimer assuring that the grant funds will not be used for religious purposes.

(4) Applications will be accepted throughout the fiscal year, subject to § 123.5 (relating to application submission and approval procedure).

#### **§ 123.5 Application submission and approval procedure.**

(a) The application is available at the Department's web site [www.newpa.com/programfinder.aspx](http://www.newpa.com/programfinder.aspx). Applications will be accepted throughout the fiscal year up to the March 28, 2008, submission deadline. Applications will be subject to § 123.7 (relating to limitations and penalties).

(b) CRP grant awards will be made in three funding rounds during the fiscal year. The Department will grant approximately 33% of the program appropriation in each round.

(c) Grant applications not funded in a particular round will be rolled over to the next round in the same fiscal year.

(d) Application deadline and tentative announcement dates for each round are as follows.

<i>Funding Round</i>	<i>Application Deadline Date</i>	<i>Target Announcement Date</i>
Round 1	October 19, 2007	November 2007
Round 2	December 28, 2007	February 2008
Round 3	March 28, 2008	May 2008

(1) The first round consideration will include all applications received between July 1, 2007, and October 19, 2007.

(2) The second round will include applications received by December 28, 2007, and applications not approved in the first round.

(3) The third round will include applications received by March 30, 2008, and applications not approved in the first and second rounds.

(4) Targeted grant announcement dates are subject to change without notice at the discretion of the Department.

(e) Any CRP funds remaining after the third round may be awarded by the Department up to the lapsing date of funds for the 2007-2008 Fiscal Year appropriation.

(f) Letters will not be sent to applicants after each funding round advising applicants that they have not been funded.

(g) Applicants that do not receive funding during any of the three rounds will be notified to reapply during the following fiscal year. Unsuccessful applicants shall submit a new application to be considered for funding the following fiscal year.

(h) Information on the status of submitted grant applications may be obtained by contacting the DCED Customer Service Center. The "assignment of account manager" letter constitutes confirmation of receipt of the application.

**§ 123.8 Contact information.**

(a) Inquiries should be directed to:

Pennsylvania Department of Community and  
Economic Development  
Customer Service Center  
Commonwealth Keystone Building  
400 North Street, Fourth Floor  
Harrisburg, Pennsylvania 17120-0225, (866) 466-3972  
e-mail: ra-dcedcs@state.pa.us.

(b) Applicants receiving a funding notice from the Department should direct inquiries to the account manager identified in the notice. The applicant should have the assigned application number available when contacting the account manager.

[Pa.B. Doc. No. 07-1796. Filed for public inspection September 28, 2007, 9:00 a.m.]