

Department of Community and Economic Development- Neighborhood Assistance Program

Pennsylvania's Department of Community and Economic Development offers generous tax credits to businesses in exchange for financial contributions to community-based organizations working in distressed neighborhoods.

The reason for the Neighborhood Assistance Program's success is simple: it lowers the cost to businesses making needed contributions to neighborhood stabilization and revitalization.

In the process, it links business and community organizations in ways that are mutually beneficial and satisfying. The Neighborhood Assistance Program is a win-win for everyone. Blighted neighborhoods are revived and businesses get something back for their social investment.

FOUR DIFFERENT WAYS CORPORATIONS CAN GET INVOLVED AND SAVE ON TAXES

THE NEIGHBORHOOD ASSISTANCE TAX CREDIT PROGRAM (NAP) 55%

An opportunity for businesses to contribute to neighborhood organizations to improve distressed communities, 55% tax credit for contributions up to \$500,000 annually.

NEIGHBORHOOD PARTNERSHIP PROGRAM (NPP) 75-80%

On their own or together with others, businesses can make a greater impact – and get enhanced tax credits of up to 80 percent. These long-term (five years or more, up to ten years) collaborations of business, government and community leaders take a relationship-driven approach to community development. The business makes a commitment for up to \$500,000 maximum per year for ten years. The minimum amount required is \$50,000 for five years. In exchange the business will receive tax credits of 75-80% each year for its contribution.

SPECIAL PROGRAM PRIORITIES (SPP) 75%

Targeted to problems and projects that the state has designated as priorities. Businesses that invest in community economic development in rural communities, affordable housing, immigrant projects and crime prevention can receive greater tax credits – up to 75 percent.

ENTERPRISE ZONE PROGRAM (EZP) 25%

Targeted at designated distressed zones. Companies operating in designated "Enterprise Zones" can get tax credits to rehabilitate, expand or improve buildings and land. Emphasis is on job creation and retention.

Benefits to Business Partners:

- The annual limit for tax credits for an individual taxpayer is \$500,000. If a business invests in four or more projects, the limit is \$1,250,000. Businesses operating across the state can invest in multiple markets up to \$1,250,000.
- A streamlined application process makes this program easily accessible. Businesses receive notification letters granting project approval and requiring proof of contribution to utilize the actual tax credits. For neighborhood organizations, confirmation letters from the state notify them of project approval, the amount of tax credits allocated and reporting requirements.
- Deadline for applications is posted on DCED website.
- The tax credits can be transferred/sold to other taxpayers, who must use the tax credits in the taxable year in which the purchase or transfer is made.

ELIGIBLE TAXES

- Corporate net income
- Bank and trust shares
- Mutual thrift institutions
- Capital stock
- Foreign franchise

- Gross premiums
- Title insurance shares
- Personal income tax (for shareholders, members or partners of a pass-through entity)

ELIGIBLE ACTIVITIES FOR NEIGHBORHOOD ASSISTANCE

To be eligible for NAP tax credits, a project must qualify under one or more of the following categories and must either serve a distressed area or support neighborhood conservation.

- Affordable housing
- Projects that renovate, repair, construct or preserve rental or ownership housing for low- or moderate income households.
- Community economic development
- The construction or rehabilitation of commercial buildings that will result in job opportunities or the removal of blight.
- Community services
- Counseling and advice, emergency assistance or medical care given to individuals or groups living in a distressed area.
- Crime prevention
- For activities that help reduce crime in a distressed community.
- Education
- Scholastic instruction or scholarship assistance that enables individuals living in a distressed area to prepare for better opportunities.
- Job training
- Instruction to residents of distressed areas in order to become employable or eligible for a higher grade of employment.
- Neighborhood assistance
- Financial aid, labor, materials or technical advice that physically improves a distressed area.
- Neighborhood conservation
- Projects or services that address the decline of a neighborhood or the needs of a vulnerable population and help stabilize a distressed area.

The Application: www.newpa.com

Issues to consider when completing the application:

PLACE

NAP activities must be neighborhood-based. Relevant demographics such as population, level of unemployment, percentage of residents receiving public assistance, information on adequacy of housing, vacant buildings, crime and delinquency statistics and school dropout rates can be used to describe the neighborhood.

PROBLEM

NAP activities must be specific to a problem found in the neighborhood. For example, the problem might be low educational achievement or a high dropout rate, inadequate housing and a substantial number of abandoned and dilapidated buildings.

PROJECT/PROGRAMS

The project must address the problem identified for the neighborhood. The organization's regular operating mission is not specific enough to constitute the project. For example, an innovative after-school program might be designed to address the neighborhood's high dropout rate.

PROPOSED OUTCOMES

The project should identify its anticipated results, i.e. What will the impact be on the place and the problem identified in the application? What will change? How will the impact and change to the neighborhood be measured?