

MAJOR FUNDING SOURCES FOR COMMUNITY DEVELOPMENT

There are hundreds of funding sources available from federal government, state government, private organizations and foundations, for a variety of activities. The following list summarizes the most commonly used funding sources, including grants and loans, that can help fund community development, economic development, recreation, housing, water and sewer, and stormwater management and other activities.

FUNDING SOURCES

Name of Program	General Description of Program	Administering Agency
Community Development Block Grant (CDBG)	Offers grants for a wide variety of activities, provided the applicant proves by survey or census that the project will benefit 51% low and moderate income persons or handicapped persons or eliminate "blighted" conditions in officially designated areas. For example, funds can be used for water and sewage improvements, storm drainage, handicapped accessibility, housing rehabilitation, parks and recreation, street and sidewalk improvements, code enforcement, community planning, and historic rehabilitation.	Lehigh County
Home Town Streets	Offers funding for streetscape improvements (such as sidewalks, benches, street lights), for pedestrian improvements (such as crosswalks and other pedestrian crossings), for traffic calming measures and for bicycle trails and bicycle lanes. This program is primarily aimed towards improving State roads that serve as main streets for older communities and villages. Requires a 20 percent match from other sources (such as local funds or other grants).	PennDOT
Safe Routes to Schools	Offers funding for pedestrian and bicycle improvements to make it safer for students to travel to schools. This program is primarily aimed towards improvements in downtowns, older commercial areas and other areas near schools. Municipalities, school districts or non-profits can apply. Requires a 20 percent match from other sources (such as local funds or other grants).	PennDOT
Conservation Corps, PA.	Provides funding for work crews for community projects, such as trail improvements.	PA DCNR
Housing and Redevelopment Assistance	Provides grants to municipalities, redevelopment authorities and housing authorities for community revitalization, economic development, and low-income housing development and rehabilitation.	PA DCED
Community Development Bank, PA.	Provides capital and capacity building grants to "Community Development Financial Institutions" (CDFIs). The CDFIs are then allowed to assist with small scale business expansions, new business starts, non-profit facilities and very small businesses.	PA DCED
Community Facilities Loan Program, Federal	Offers low-interest loans to construct, enlarge or improve essential community facilities for public use in rural areas and towns with population less than 50,000. Also offers guarantees of loans by private lenders.	U.S. Dept. of Ag. Rural Housing Service
Community Revitalization Program	Very broad grant program. Officially intended to promote community stability, increase tax bases and improve quality of life. Applications may be made by municipalities, authorities, economic development organizations and non-profit corporations. Public/non-profit/profit partnerships are encouraged. Generally can be used for infrastructure, community revitalization, building rehabilitation, demolition of blighted structures, public safety, and crime prevention.	PA DCED & Governor's Office

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Customized Job Training	Provides grants to businesses (other than retail) to train new employees, and retrain and upgrade existing employees. Up to 100% of eligible costs may be paid for new job creations, and up to 70% for other eligible training.	PA DCED Businesses apply through a State-licensed Educ. Agency.
Elm Street Program	Provides competitive grants to revitalize older residential neighborhoods. Offers funding for a staff person to coordinate revitalization efforts, as well as funding for planning and physical improvements.	PA. DCED
Downtown Pennsylvania Program	Offers full-time management to organize and implement a Business District Authority, that provides financing for additional services in a commercial area. The Commercial Revitalization program funds physical improvement projects that are consistent with an action plan. Projects may include site improvements, facade renovations and adaptive reuse of downtown buildings. See also "Main Street Program" in this table.	PA DCED
Economic Development Administration Loan Guarantees	Guarantees business loans made through private lenders. Available for up to 80% of project cost. Primarily intended for manufacturers, but commercial businesses may qualify. A equity contribution is required by business. Must show job creation.	U.S. EDA Philadelphia Office
Economic Development Administration Public Works Grants	Offers grants to distressed municipalities to assist in attracting new industries and encourage business expansion. Projects typically involve water and sewage improvements primarily serving industries, industrial access roads, and business incubators. A 50% local match is typically required.	U.S. EDA Philadelphia Office
Economic Development Administration Economic Adjustment Grants	Provides grants to design and implement strategies to adjust to serious job losses to a local economy, such as natural disasters and defense spending reductions.	U.S. EDA Philadelphia Office
Environmental Protection Agency Brownfields Program	Grants for a very limited number of pilot demonstration projects for cleanup of contaminated underused industrial sites.	U.S. EPA Philadelphia Office
Emergency Services Loan Program	Provides low-interest loans to fire and ambulance companies to acquire vehicles, or to renovate or acquire buildings to house vehicles.	PA Emergency Management Agency
Keystone Opportunity Zone	State program provides a range of benefits to locally-nominated, State-designated areas that are financially distressed. One major benefit involves greatly reduced local real estate taxes for an initial set of years.	PA DCED
Enterprise Zone Program, PA	Encourages investment in "enterprise zones" that are distressed areas designated by the State. The main benefits include: low-interest loan pools (mainly for building acquisition, construction, renovation and machinery), local technical assistance in connecting with financing and technical resources, and preferences in certain State grant and loan programs. A priority is placed upon assistance to industrial businesses. Grants are also available for the initial planning of proposed enterprise zones, and for program administration. See also "E.Z. Tax Credits" below. (This program is completely separate from the Federal Empowerment Zone/Enterprise Community program.)	PA DCED
Enterprise Zone Tax Credits	Provides State tax credits to businesses located within State-designated Enterprise Zones for new building construction and rehabilitation of existing buildings.	PA DCED

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Flood Control - Army Corps and NRCS Watershed Programs	Various types of projects to manage flooding. Typically, the Army Corps is involved in larger watersheds, while NRCS has primary responsibility for smaller watersheds.	U.S. Army Corps of Engineers, U.S. Natural Resources Conservation Service
Flood Hazard Mitigation Grant Program	Provides 75% funding to relieve imminent hazards from flooding, such as voluntary buy-outs and demolitions of highly flood-prone properties.	Federal Emergency Management Agency
Flood Protection Program, PA	Offers design and construction of flood protection projects. The project must be deemed economically justifiable under the state capital budget process.	PA DEP Bureau of Waterways Engineering
Historic Preservation Tax Credits	Offers Federal income tax credits for a percentage of the qualified capital costs to rehabilitate a certified historic buildings, provided the exterior is restored. The program is generally limited to income-producing properties.	National Park Service
Historic Preservation - Certified Local Government Grants	Provides modest-sized matching grants to provide technical assistance to municipalities that have official historic districts and meet other criteria to be "certified."	Federal, administered by PA Historical and Museum Commission
Historic Preservation Survey and Planning Grants	Matching grants for historic surveys, historic preservation planning and National Register nominations. Available to municipalities and non-profit organizations. Cannot be used for construction.	Federal, administered by PA Historical and Museum Commission
Heritage Parks Program	Provides grants up to 75% of costs for projects within State-designated "Heritage Parks" to preserve and interpret the significant contribution that certain areas made upon the industrial heritage of the state and nation. Funds may be used for four types of projects: Feasibility studies, a Management Action Plan, Special purpose studies, and Implementation projects. Projects are intended to conserve natural, historic and recreational resources relating to industrial heritage to stimulate regional tourism.	PA DCNR
Housing Programs - mainly including Federal HOME Program (Home Investment Partnerships Program)	Provides grants, low-interest loans and loan guarantees to for-profits and non-profits for the construction or rehabilitation of housing for low and/or moderate income persons. Most cities receive HOME funds that they then allocate among eligible applicants. Funds are also provided to local community-based housing development organizations to develop housing. Funds are also provided through private lenders to assist with down payment and closing costs for low income and disabled persons to purchase a home for their own occupancy. The HOPE Homeownership Program subsidizes home ownership of public housing, multi-family units and single family units. Funding can be used for rehab of owner-occupied and rental housing. Other Federally funded housing programs include: Emergency Shelter Grants, Supportive Housing for the Elderly (Section 202), Single Room Occupancy Housing Program, Supportive Housing for Persons with Disabilities, and Housing Opportunities for Persons With AIDS. See also HOME Partnerships below.	PA Housing Finance Agency and PA DCED

Name of Program	General Description of Program	Administering Agency
Housing Closing Cost Assistance Program	Provides loans to income-eligible, first-time homebuyers for assistance with closing costs.	County Community Development Office
HOME Investment Partnership	Provides grants for expanding the supply of housing for low-income persons, including new construction, acquisition and rehabilitation. Local governments may apply, which may be on behalf of public agencies or for-profit or non-profit developers. PHFA administers Federal HOME funds for financing 5 or more units. These projects are usually coordinated with Federal Low Income Housing Tax Credits.	Federal HOME funds, administered by PA DCED and PA Housing Finance Agency
PA Industrial Development Authority Financing (PIDA)	Provides low interest loans for construction, renovation and site preparation of buildings for new employers. Primarily funds industrial projects.	PIDA and PA DCED
Industrial Sites Reuse Program, PA ("Brownfields")	Provides grants of up to 75% and low interest loans for assessment of environmental contamination and remediation work at former industrial sites. Available to private companies, non-profit economic development agencies or authorities that own the land. Mainly targeted towards cities. Financing is not available to the company that caused the contamination.	PA DCED in cooperation with PA DEP
Infrastructure Development Program, PA. (replaced BID Program)	Provides grants and low interest loans for public and private infrastructure improvements needed for a business to locate or expand at a specific site. Financing is also available for infrastructure to redevelop industrial sites that have been idle more than 6 months, such as acquisition and demolition. Primarily available for industries, research facilities, company headquarters and business park developments. A 2:1 private to public match is typically required. A commitment is required to create jobs as a condition of funding. Generally applicants must be municipalities or economic development organizations.	PA DCED
TEA 21 Transportation Enhancements Program (Part of Federal Transportation Efficiency Act)	Provides grants of up to 80% for: facilities for pedestrians and bicycles, acquisition of scenic easements and scenic or historic sites, development of scenic or historic route programs, landscaping and other scenic beautification along highways, historic preservation, restoration of historic transportation facilities (such as canals), preservation of rail corridors (particularly for bicycle/walking routes), control and removal of outdoor advertising, archeological research, and mitigation of water pollution due to highway runoff. All projects must have a direct relationship to transportation.	U.S. DOT funds administered by PennDOT
Intermunicipal Projects Grants	Promotes cooperation between neighboring municipalities so as to foster increased efficiency and effectiveness in the delivery of municipal services at the local level.	PA DCED
Job Creation Tax Credits, PA	Provides State tax credits to businesses that commit to create new jobs in PA within the next 3 years. Must create 25 new jobs or 20% of the existing work force. The jobs must pay over a certain minimum income. The business must explain how it exhibits leadership in technological applications.	PA DCED
Keystone Historic Preservation Funds	Provides 50% matching grants to fund analysis, acquisition or rehabilitation of historic sites. The site must be on the National Register of Historic Places, or officially determined to be eligible for listing. The site must be accessible to the public after funding. The grants can be made to public agencies or non-profit organizations.	PA Historical and Museum Commission

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Keystone Rec., Park & Cons. Program - Land Trust Grants	Grants to well-established non-profit land trusts and conservancies to plan for and acquire critical natural areas. Land that is acquired must be open to the public.	PA DCNR
Keystone Rec., Park & Cons. Program - Community Grants	Provides 50% matching grants to municipalities to fund: overall planning for park and recreation, master plans for individual parks, acquisition of parkland and nature preserves, countywide natural area inventories, and rehabilitation and improvements to public recreation areas. Grants up to \$20,000, without a local match, are available for material and design costs in small municipalities.	PA DCNR Regional Offices
Local Government Capital Projects Loan Program	Provides low interest loans to municipalities with populations of 12,000 or less for the purchase of equipment and the purchase, construction, renovation or rehabilitation of municipal facilities. Priorities are given to projects that are necessary for public health and safety or involve intergovernmental cooperation.	PA DCED
Low Income Housing Tax Credit, Federal	Offers Federal income tax credits to non-profit and for-profit developers of housing for low-income persons. Non-profits can then sell their credits to investors.	PA Housing Finance Agency
Main Street Program/ "New Communities Program"	In the downtowns of designated "Main Street Communities," provides initial planning grants and administrative grants over a 3 year period to pay a large share of the costs of a professional manager to coordinate downtown revitalization efforts. May receive matching grants for facade restoration and other design improvements. Usually limited to municipalities of 5,000 to 50,000 persons.	PA DCED
Machinery and Equipment Loan Fund	Provides low-interest loans to acquire or upgrade machinery and equipment and related engineering and installation for industrial, agricultural, processing and mining businesses. The business must agree to create or preserve jobs as a condition of the financing.	PA DCED
Minority Business Development Authority, PA	Provides low-interest loans for businesses owned and operated by minorities. Can generally be used for industrial, international trade, franchise, retail and commercial uses. Can be used for site acquisition, building construction and renovation, machinery and working capital.	PA Minority Business Development Authority & PA DCED
Municipalities Financial Recovery Act, PA	Provides technical advice and grants for special purposes (such as studies to improve service efficiency) within municipalities that have been officially designated as financially distressed. After application and designation, the municipality must follow a Financial Recovery Plan.	PA DCED
Neighborhood Assistance Tax Credit Program	Authorizes State corporate income tax credits to private companies to donate funds for services to low-income persons or impoverished neighborhoods. The services typically include neighborhood revitalization, job training, education, social programs to reduce welfare dependency or crime prevention. The tax credit usually equals 50 to 70% of the eligible donation. Partnerships are required between the business and a neighborhood organization.	PA DCED
National Recreational Trails Funding (Symms NRTA)	Provides grants for the acquisition and development of recreation trails (which may include trails for motorized vehicles). A 50% local match is required. Applications may be made by Federal, State or local government agencies or organizations.	Federal, administered by PA DCNR

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On-Lot Septic System Program	Offers low-interest loans to limited income households to repair failing on-lot septic systems.	PennVest and PA Housing Finance Agency
Opportunity Grant Program (replaced Sunny Day Fund)	Offers grants to create or preserve very substantial numbers of jobs. May be used for job training, infrastructure, land and building improvements, machinery and equipment, working capital, or environmental assessment and cleanup.	DCED
PEDFA Financing	Provides low-interest rate financing of business growth. Projects that can be funded with bonds that are exempt from Federal income tax have a lower interest rate than other types of projects. The lower rate financing is limited to activities such as site acquisition, building construction and rehabilitation and new equipment - for manufacturing and certain transportation and utility uses. The higher rate is available to a broader range of businesses and a much wider variety of expenditures.	PA Economic Financing Authority-- Applications are made through a local Industrial Development Corp. or Authority
PennCAP	Provides a guarantee of loans to businesses made by participating banks.	DCED-- Apply through a participating bank
PENNVEST	Offers low interest loans for construction and improvement of drinking water and wastewater systems. Outright grants may be available for highly distressed communities. Mainly intended for public systems, but some private systems may be approved. Water projects are funded through the Drinking Water Revolving Loan Fund. Sewage projects are funded through the Clean Water Revolving Fund. In addition, PennVest is authorized to provide loans for projects to control existing stormwater problems, such as separating stormwater from sanitary sewage. The "Advance Funding Program" provides low-interest loans for feasibility studies and engineering of systems if the utility cannot fund such work itself.	PA Infrastructure Investment Authority and PA DEP Bureau of Water Supply Management-- Involves both U.S. EPA and State funds
PIDA - PA Industrial Development Authority (PIDA) Programs	Makes available low-interest financing to businesses and industrial development agencies to create or retain business jobs. Can be used for industrial, research, agricultural processing and major office uses. Can be used for site acquisition, building construction or renovation, multi-tenant spec buildings and industrial park development. A lower interest rate is available for advanced technology projects and in enterprise zones and areas of high unemployment.	PIDA and PA DCED Applications are typically made through a local Industrial Development Corp. or Authority
Nutrient Management Plan Development Incentive Program	Grants of \$4 per acre are available to farmers to cover up to 75% of the cost of preparing nutrient management plans. Low interest loans are also available through the State to assist in implementing nutrient management-related best management practices.	Lehigh County Conservation District
Rails to Trails, PA	Provides grants for feasibility studies, master site plans, acquisition and improvement of former railroad lines for recreation trails. A 50% local match is required. Open to municipalities, authorities and non-profits.	PA DCNR Field Offices

Name of Program	General Description of Program	Administering Agency
Rural Economic and Community Development Programs, U.S.	<p>Federal programs available in rural areas:</p> <p>Business & Industrial Guaranteed Loan Program - Provides partial guarantees of loans by lenders for working capital, machinery, buildings, land and certain types of debt refinancing. Loans can be made to businesses, municipalities or non-profit organizations.</p> <p>Intermediary Re-lending Loans - provides very low-interest loans to non-profit organizations to reloan for businesses and community development projects.</p> <p>Rural Business Enterprise Grants (former Ind. Dev. Grants) - provides grants for acquisition of land and construction of buildings and utilities to facilitate development of small businesses.</p> <p>Home Ownership Loans - aid low- and moderate-income rural residents or buy, build or repair their dwelling.</p> <p>Rural Rental Housing Loans - assist individuals or organizations to build or rehab rental units for low-income and moderate-income residents in rural areas.</p> <p>Home Improvement and Repair Loans and Grants - assist very low-income rural homeowners to remove health and safety hazards in their homes or to improve handicap accessibility.</p> <p>Rural Housing Site Loans - assist in purchasing sites for housing development by private, public or non-profit organizations.</p> <p>Housing Preservation Grants - assist non-profits and public agencies with grant funds to assist low-income owner-occupants and owners of low-income apartments with repairing homes in rural areas.</p>	U.S. Dept. of Agriculture Rural Development Administration (former Farmers Home Admin.)
Recycling Market Development Loan Fund	Provides low-interest loans to businesses to purchase recycling source-separating equipment.	PA DEP Bureau of Land Recycling and Waste Management
Recycling Grants (under Act 101 of 1988)	Grants for up to 90% of municipal costs to develop and implement recycling programs, such as the purchase of recycling bins and composting equipment. Grants are also available to counties for a recycling coordinator, waste management plans and pollution prevention education.	PA DEP Bureau of Land Recycling and Waste Management
Rivers Conservation Program, PA	Offers 50% grants to conserve and enhance river resources. Typically, funding is first provided for a conservation plan for a waterway. Then after the plan is approved, grants are possible to carry out the plan. Available to municipalities, authorities and non-profits.	PA DCNR
Rural Utilities Service Financing	Offers low-interest loans for drinking water and sewage projects for rural areas and small towns. The "Water and Water Disposal Loan Program" provides loans for water supply, wastewater disposal, solid waste disposal and stormwater management systems for rural areas and towns with a population less than 10,000 persons. Available to municipalities, authorities and non-profit corps. Grants up to 75% of project costs may be available for highly distressed areas. Also guarantee loans by private lenders. Also provides grants to non-profit organs. to provide technical assistance to rural communities or for a circuit rider to serve several rural water systems. Also offers emergency grants to communities that have experienced a significant decline in quantity or quality of drinking water.	U.S. Dept. of Agriculture Rural Utilities Service

Name of Program	General Description of Program	Administering Agency
Shared Municipal Services	Provides modest-sized 50/50 matching grants to promote cooperation among municipalities, in order to increase the efficiency of public services. Two or more municipalities may apply, or a council of governments.	PA DCED
Small Business First	Provides low-interest loans for projects by businesses that generally have less than 100 employees. Generally, the funding can be used for site acquisition, building construction, machinery, working capital, environmental compliance, defense-cutback impacts, recycling, technology, export and computer activities. This is also one of the few sources of funding that can be used for restaurants, hotels and motels. The recipient must agree to create or preserve jobs.	PA DCED An application can be made through an "Area Loan Organization"
Small Business Incubator Program	Provides loans and grants for facilities in which a number of new businesses operate under one roof with affordable rents, sharing services and equipment and having equal access to a wide range of professional, technical, and financial programs.	PA DCED
SBA Financing	Offers low-interest financing for smaller businesses, including: - microloans and microenterprise grants - Section 7(a) Guaranteed Business Loans - Section 504 Loans to allow certified development organizations to make long-term loans for real estate and other fixed assets	U.S. Small Business Administration
Sewage Facility Planning Grants	Grants to pay up to 50% of the costs to prepare a new sewage facilities plan or update an existing plan, under State Act 537 of 1966.	PA DEP
Small Communities Planning Assistance Program (SCPAP)	Provides grants up to 100% of the costs to eligible municipalities to prepare comprehensive plans, development regulations and special strategies for development. Generally, 51% of the municipality's residents must be low or moderate income, according to the census or a survey. Limited to municipalities under 10,000 population.	Federal CDBG administered by PA DCED
Small Water System Regionalization Grants	Provides grants for feasibility studies concerning the merger of small drinking water systems.	PA DEP Bureau of Water Supply
Solid Waste Facility Programs	Programs provide grants for municipalities to review proposed solid waste facilities within their borders. Programs also provide funding for municipal inspectors of facilities and for host fees from operators.	PA DEP Bureau Land Recycling and Waste Management
Land Use Technical Assistance Program	Assists local governments and counties to prepare comprehensive plans, downtown plans, special community development studies and development regulations. Typically provides 50% of the eligible costs. Typically requires participation by two or more municipalities.	PA DCED
Stormwater Management Grants (Under State Act 167 of 1978)	Grants for cooperative efforts at the watershed level among municipalities for stormwater planning and ordinances. Grants are typically made to counties, but may be made to municipalities.	PA DEP Bureau of Watershed Conservation
Stream Improvement Program	Provides design and construction assistance to eliminate imminent threats to flooding and streambank erosion.	PA DEP Bureau of Waterways Engineering

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Tire Pile Cleanup Grant	Grants to municipalities to provide reimbursement for costs of cleaning up large piles of used tires.	PA DEP Bureau of Land Recycling & Waste Management
Urban Forestry Grants	Provides grants for tree planting projects. Is also a Federal "America the Beautiful" grant program for tree planting.	PA DCNR
Water Supply Plan & Well-Head Protection Grants	Provides grants to counties to plan for water supplies at the county level and to implement programs to protect the wellheads of public wells.	PA DEP Bureau of Water Supply

Sources: Publications and internet sites of various agencies, in addition to Pennsylvanian magazine.

Abbreviations: DCED = PA. Dept. of Community and Economic Development
 HUD = U.S. Dept. of Housing and Urban Development
 NRCS = U.S. Natural Resource Conservation Service
 DCNR = PA. Dept. of Conservation and Natural Resources
 DEP = PA. Dept. of Environmental Protection