Neighborhood Assistance Tax Credit Information Session

July 28, 2014

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Navigating DCED
Neighborhood Assistance Program
Cindy Gormley    July 2014
Agenda

• Discuss websites including newpa.com
• where to look for help/resources
• Tax Credits, what are they all about? NAP
• What else is there?
Where to look for help

- [www.PA.gov](http://www.PA.gov) state website look under state agencies or on line services

- Look on the last pages of guidelines for grants to find help. Often a phone number will be there.

- Look at federal sites such as [www.Grants.gov](http://www.Grants.gov) or call them at 1-800-518-4726
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Assisting Community Organizations

DCED Works With Community Organizations to Succeed
Pennsylvania is committed to developing and enhancing its communities, from downtown revitalization and home weatherization to assisting the homeless and more.

DCED works directly with community organizations to address the needs of both specific citizens and communities as a whole.

Individuals and Households
DCED works with its partners across Pennsylvania to support our communities.

Homelessness
DCED helps local governments, stakeholders and other community leaders address homelessness.

Energy Conservation and Weatherization
Helping community organizations help recipients make their homes more energy efficient.

Factory Built Housing/BUILDINGS
We are responsible for enforcing construction and safety standards.

Some of Our Community Programs:
- Community Development Block Grant
- Community Services Block Grant
- Emergency Solutions Grant
- HOME
- Keystone Communities
- Neighborhood Assistance Program (NAP)
Search for Programs & Funding

Before You Search

Step 1  Search: Use the form below to search for programs such as funding, loans, tax credits and other incentives.

Step 2  Download and Read the Guidelines: Read the program's guidelines thoroughly to see if your project fits the requirements.

Step 3  Apply Through The Single Application: If after reading the guidelines you feel your project fits the guidelines, register and apply using the Single Application. Applying does not guarantee acceptance into the programs.

Search

Find Funding For:

- Business  - Community  - Local Governments

Funding Type:

- Grant
- Loan
- Loan Guarantee
- Tax Credit

Keywords:
Search Results

3 Results | Showing Page 1 of 1

Community Based Services Tax Credit (CBSTC)
The Community Based Services Tax Credit (CBSTC) establishes a tax credit program for businesses that make contributions (cash or personal property or services) to non-profit entities that provide community-based services to individuals with Intellectual Disabilities. The guidelines are currently under construction and will be posted in the coming weeks.

Learn More

Educational Improvement Tax Credit Program (EITC)
Tax credits to eligible businesses contributing to a Scholarship Organization, an Educational Improvement Organization and/or a Pre-Kindergarten Scholarship Organization.

Learn More

Opportunity Scholarship Tax Credit Program (OSTC - Previously Known As EITC 2.0)
The program provides tax credits to eligible businesses contributing to an Opportunity Scholarship Organization.

Learn More

Pennsylvania Economic Development Financing Authority (PEDFA) Tax Exempt Bond Program
Tax-exempt and taxable bonds, both in pooled transactions and stand-alone transactions, to be used to finance land, building, equipment, working capital and refinancings.
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- Business
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- Loan Guarantee
- Tax Credit

Keywords:

neighborhood
Search Results

3 Results | Showing Page 1 of 1

**Neighborhood Assistance Program (NAP)**
Tax credit program to encourage businesses to invest in projects which improve distressed areas.
Learn More

**Neighborhood Assistance, Enterprise Zone Tax Credit (NAP/EZP)**
An incentive program that provides tax credits to private companies investing in rehabilitating, expanding, or improving buildings or land located within designated enterprise zones.
Learn More

**Neighborhood Stabilization Program (NSP)**
Grants to communities to address the housing foreclosure crisis created by subprime and other problematic mortgage lending. This program is authorized under the federal Community Development Block Grant (CDBG) Program. DCED is also soliciting proposals for a Consortium application under the American Recovery and Reinvestment Act. This second opportunity for funding is known as NSP2. See "Where to Apply" below.
Learn More

Displaying page 1 of 1
Neighborhood Assistance Program (NAP)

Since the Neighborhood Assistance Program's inception, thousands of businesses have joined the program to reduce their tax burden while helping to make their neighborhoods better places to live.

Started in 1967, the NAP was the first of its kind in the United States with the goal of improving neighborhoods throughout Pennsylvania by using tax credits to create a partnership between community organizations and the business community.

Through NAP, millions of dollars from the private sector have been invested in programs and projects that have positively impacted communities throughout the state.

Provides Businesses With Many Options for Participation
Neighborhood Partnership Program (NPP)
Neighborhood Assistance Program (NAP)

Overview
Tax credit program to encourage businesses to invest in projects which improved distressed areas.

Uses
Neighborhood Assistance Program
A project must serve distressed areas or support neighborhood conservation. Projects must fall under one of the following categories: affordable housing programs, community services, crime prevention, education, job training or neighborhood assistance.

Neighborhood Partnership Program (NPP)
Long-term collaborations (five years or more) of business, government and community leaders to to produce a comprehensive, asset-based and relationship-driven approach to community development.

Special Program Priorities (SPP)
Under the Neighborhood Assistance Program a project must serve distressed areas or support neighborhood conservation. Projects must fall under one of the following categories: affordable housing programs, community services, crime prevention, education, job training or neighborhood assistance.

Charitable Food Program (CFP)
The Charitable Food Program is designed to help regional food banks or emergency food providers. Funding to CFP is supplied through tax credits given to businesses making a contributions to an approved provider. A tax credit of up to 56% can be given.

Funding
Tax credit percentage varies.
Neighborhood Assistance Program

Program Guidelines | April 2014
Tax Credits...what are they all about?

- Film Production Tax Credit
- Coal Waste Removal and Ultra Clean Fuels Tax Credit
- Job Creation Tax Credit
- Resource Enhancement and Protection Tax Credit
- Educational Improvement Tax Credit
- Neighborhood Assistance Tax Credit
The Act…


- Low income individual is defined as: 150% of the Federal Poverty Guidelines or does not exceed 80% of median income of the targeted area or total income meets income requirements of another federal program
Project depends on program...however

- **Distressed Area**: Any impoverished area in the Commonwealth that is certified as a distressed area by the department and the certification is approved by the Governor (example: an Act 47 community)
- **Neighborhood**: May be a few houses, a block, or a designated neighborhood—the City of Pittsburgh is not a neighborhood however, for example, South Side is.
- **Neighborhood Conservation**: Projects or services that address a decline of a neighborhood or the needs of a vulnerable population and which have a primary or secondary benefits to the stabilization of the area.
NAP Programs

- NAP: Neighborhood Assistance
- SPP: Special Program Priorities
- CFP: Charitable Food Program
- NPP: Neighborhood Partnership Program
- EZP: Enterprise Zone
Projects include:

- Housing
- Education
- Job Training
- Community Services
- Vacant Property/Blight
- Assistance and Conservation
- Crime Prevention/Delinquency
- Community Economic Development
# Programs

## NAP & CFP
- 55% tax credit
- One project
- One year commitment
- 500,000 max contribution
- Based on need as verified by the applicant
- Single Application with attachments
- Partner for contribution

## SPP
- 75% tax credit
- One project that meets the criteria of a Special Program Priority (see guidelines)
- One year commitment
- Single application with attachments
- Partner for contribution
SPP Projects include:

- Disaster or Economic recovery
- Integrating Weatherization and Housing Rehab
- Mortgage Foreclosure Prevention
- Blight Elimination
- Diversity Initiatives
- Shale Gas Initiatives
- Veterans Initiatives
NPP

• 75% tax credit for five year commitment
• Collaboration in the community-CDC/NID/BID+ 501©3
• Foster community involvement
• At least five year commitment-renew contract every year
• Six or more year commitment is 80% credit
• May be applied to individual tax in certain cases
• $50,000 minimum contribution amount and with a minimum application amount of $100,000
• Tax credits not used in the first year may be carried forward for four more years
General Information

• Commonwealth fiscal year: July 1 to June 30
• Contributions made be made from when the award is received until June 30.
• Contributions may be cash, equipment or supplies, real estate, technical assistance or on-the-job training
• May have multiple contributors
NAP General Requirements

1. PLACE: Where is the proposed project?
Describe the neighborhood or community where this project will take place.

2. PROBLEM: What is the need?
Provide a clear and specific description of the neighborhood need(s) that will be addressed by the project.

3. PROJECT: What will be done?
Provide a description of the NAP project that is being proposed to address the problem.

4. PROPOSED OUTCOMES (Community Impact Measures Report):
Achievable results that demonstrate the impact of the project on the place and problems identified.
For the Non-Profit

• Define the project
• Does the project meet the guidelines found on newpa.com
• Single Application and narrative
• Letter from a business agreeing to make the contribution in the application
• DCED takes action, and if approved you will receive a letter in the mail explaining next steps
• Closeout
...and

- Become very familiar with the guidelines
- Use the guidelines as a resource when talking with businesses, use the appendices as handouts
- Approach businesses that may have an interest in the area, population, project or agency
- Write a clear and concise application
Partners/Contributors

- Non Profit, 501c3, receives contributions from business entity
- The non profit is recipient of the contribution
- The business receives a state tax credit (also receive the federal charitable deduction, CRA, etc.)
What kind of Business may use the credits?

- Corporate Net Income Tax
- Capital Stock-Franchise Tax
- Bank & Trust Company
- Title Insurance Company Shares
- Insurance Premiums Tax
- Mutual Thrift Institutions Tax
- S-Corporation, business Trust, joint venture or other unincorporated entities that for federal income tax purposes is a partnership
For the Business/Contribution

• Agree with project
• Write a letter committing an amount
• Once application is approved, make contribution
• Complete one page form requesting tax credits based on contribution (along with receipt/cancelled check)
• Will receive a letter from the Department of Revenue and the credits will be applied to your account
• Have that year and 4 additional years to use the credits
• Section IV of the guidelines: Contributor Information along with all required forms and usages
...and

- Contributions may be made to anywhere in the Commonwealth of Pennsylvania
- Low income population impact
- Contributions to 3 or less projects total is $500,000 per year
- Contributions to 4 or more total is 1,250,000 per year
- Credits may be used by the business
- Pass through if a S Corp, LLC. Partnership, joint venture
- Credits may be sold after 1 year
- Required to submit a commitment letter to the non-profit for the application
4 things a business contributor needs to do

- Agree to the project for the neighborhood
- Write a commitment letter (example in guidelines)
- Make the contribution when the award letter is received by the agency
- Complete the one page form to apply for the credits once your contribution is made

DON’T FORGET TO USE THE CREDITS!
Review

• Use Guidelines as a resource
• Use the “ask me” number and email with questions
• How will the project improve the life of a low income person or community?
• Partnership with non-profit and business for tax credits
• Remember what is required for each program (NAP, SPP, NPP, CFP)
• 4 P’s; Place, Problem, Project, Projected Outcomes
• The non-profit needs to defend need for project (supporting data)
Other Programs-Depending on Project

- **Keystone Communities** - For govt, non-profits or for profits
- Main Street, Elm Street, Anchor Buildings, EPZ
- Commercial district improvements
- **Discover in PA Develop in PA (D2PA)** supports creative projects, new and exciting ideas
- **Ben Franklin** - Technology supports
- **GAT** - Supports increase in jobs with grants, loans and combines tax credits
Good Luck with your project!

Any Questions?