

Commonwealth of PA Enterprise Zone program Seeking Competitive Grants

Competitive Grants

Enterprise Zone organizations are encouraged to apply for Competitive grants on behalf of an eligible business located within the zone. Competitive grant funds are granted to the Enterprise Zone organization, which loans the funds to the eligible business. Eligible businesses include industrial, manufacturing and technology-oriented businesses that are located within the boundaries of the designated Enterprise Zone. The businesses must be expanding or located into the Enterprise Zone area. Retail and commercial businesses are not eligible to apply for or receive Competitive grant funds. Corporate/regional headquarters of any type firm may be funded with Enterprise Zone Competitive grant funds.

Enterprise zone organizations are eligible to apply for these grants provided the zone has not exited the program. The intent of the program is to award Competitive grants to Enterprise Zones in order to establish a financially viable RLF that will continue to carry out the purposes of the program after the Enterprise Zone has exited the program and operational funding has stopped.

Competitive grant applications are reviewed and underwritten by staff from the Department's Loans Division, Center for Business Financing.

Competitive Grant Criteria

- a. Jobs created/retained must provide full-time employment at substantially above federal minimum wage levels, with some fringe benefits. One full-time job must be created or retrained for each \$35,000 increment of the Competitive grant request.
- b. Can be used for up to 30% of the total project costs.
- c. May be used to acquire machinery and equipment; building improvements; building and/or equipment modernization; new building construction; site improvements; infrastructure; the cost of prepared business lease space; and in some special cases, for up to 40% of inventory or working capital needs.
- d. A phase one environmental assessment is required for projects that involve the acquisition of real property.
- e. Competitive financing for public infrastructure development and hazardous waste testing may be considered if financing is not available from conventional sources. The lack of conventional financing must be documented.
- f. The Enterprise Zone entity is responsible for insuring that the Enterprise Zone revolving loan recipient creates or retains the appropriate number of jobs. Generally, companies should create jobs within three years. If the required jobs are not created within a reasonable period of time, sanctions, such as an increase in the loan interest rate or an accelerated loan payment schedule up to and including immediate repayment at a higher interest rate, may be enacted against the recipient. The Enterprise Zone entity is responsible for determining when the required jobs should be created and what sanctions should be enacted if the recipient does not create the required jobs.

Funding Amounts

Competitive grants-to-loans are available in amounts not to exceed \$350,000 per project, provided the requested Enterprise Zone funding amount does not exceed 30% of total project cost, and one full-time job is created or retained for each \$35,000 increment of the Competitive grant request.

Competitive Grant Application Requirements

The following information must be submitted when applying for a Competitive grant.

- a. Identify the business by name, address of the business, along with evidence documenting that the business is located within the boundaries of the currently approved Enterprise Zone.

- b. Describe the physical and economic impact the Enterprise Zone business will have on the project site (e.g. 100,000 square feet industrial building will increase the property values of other buildings in the project area).
- c. Explain how the funding of this Competitive grant application is related to and supports the Enterprise Zone strategy.

- d. Provide the proposed terms and conditions of the loan.
 - Annual interest rate.
 - Amortization period.
 - Description and value of collateral.
 - Position of real estate encumbrance or equipment/machinery lien.