

Economic Development
Funding Matrix

September 2018

Funding Option	Funding Source	Lead Organization	Local Administration	Mechanism	Target Market	Status	Program Brief	Qualifications	Existing Use	Future Opportunities
Traditional Bank Financing	Private	LCA BS/JMc/TD JV/DB	Banks	Loans, Technical Assistance	Developers	Existing	Loans to private sector enterprises.	Private businesses with individual credit worthiness in line with bank standards	Loans to private sector enterprises.	Explore options for broadened qualifications for local business
Community Reinvestment Act (CRA) Financing	Public (Federal Government)	LCA/CFF JMc/TD/JV	Local Banks	Loans, Tax Credits	Community Housing and Developers	Existing	Percentage of bank lending dedicated to reinvesting in local communities	Low to moderate income housing	Primarily used to fund housing tax credit products in Lancaster.	Potential to expand beyond housing tax credit projects over time
SBA 504 Loan Program	Public (Federal Government)	EDC/LG/EG	Economic Development Company of Lancaster County	Loans	Businesses seeking an enhanced loan structure for fixed assets	Existing	Second position loan at 40% of project value with 50% bank financed in a senior position and 10% equity	Private businesses with flexible needs not fully fundable through traditional financing.	Loans to private sector enterprise determined to be important to the economic health of Lancaster County.	Ongoing partnerships with local banks
SBA 7A Program	Public (Federal Government)	LCA/PS	Banks	Loan Guarantee	Businesses with some limited access to capital.	Existing	85% Guarantee	Same as 504	Same as 504	Learn which institutions prioritize the 7A Program
Community First Fund	Non-Profit Central Pennsylvania Regional Community Development Financial Institution (CDFI)	CFF DB/GJ	Community First Fund	Grants, Loans, Technical Assistance	Investors with limited access to traditional financing	Existing	Manages six loan programs to qualified projects and businesses. Has held New Market Tax Credits Training/Counseling	Various, depending on programs. NMTC (New Market Tax Credits) typically funds projects with a minimum investment of \$5 million.	Loans to businesses and projects not currently eligible for traditional bank financing. Array of tools deployed regionally.	Potential for future allocation of New Markets Tax Credits
New Markets Tax Credits	Public (Federal Government)	CFF DB/GJ	Community First Fund	Federal Income Tax Credit	Investors	Existing/Potential	Income tax credits for qualifying projects inside lower income census tracts.	Private sector development projects that benefit a qualifying census tract.	Have been used to fund projects in Lancaster in the past new allocation forthcoming.	Community First Fund is applying for a future allocation that could be used on qualifying projects in the study area.
ASSETS	Non Profit	ASSETS JK	ASSETS	SBA Microloans, Technical Assistance	Entrepreneurs; B Corps; Social Enterprises	Existing	Credit Building Microloans, Technical Assistance, Advocacy for Social Enterprise	Focus on social enterprise and economically disadvantaged populations	Training Programs; Loans	Emerging CDFI status; growing a loan fund to finance B Corps and Social Enterprises
Lancaster County Community Foundation	Non-Profit (Foundation Funds)	LCCF SB/WG	Lancaster County Community Foundation	Grants	Non-profits	Existing	Grants to local community benefit organizations (CBOs) meeting qualifications that serve Lancaster	Qualifications vary based on the funding source housed within the Foundation.	Funds/grants to organizations contributing to Lancaster's success and well being	Potential to explore impact investment as a way to place funds in local enterprises

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Private Foundations	Private	Steinman/High SZ/RS	Various	Grants, Loans	Non-profits, private sector and governments	Existing	Grants vary depending on foundation goals.	Vary	Vary	Potential partners in a well defined local investment fund. Potential to explore impact investing as well.
Redevelopment Assistance Capital Program (RACP)	Public (Commonwealth of Pennsylvania)	City/RP	City of Lancaster (Economic Development)	Grant	Local Governments	Existing	State grant funds for capital projects in municipalities in PA focusing on acquisition and construction of regional economic, cultural, civic, recreational, and historical improvement projects.	Current focus is on projects that create economic development and job creation	Has been used for major projects throughout Lancaster including Clipper Stadium, the Convention Center, parking decks, the Quilt Museum, and F&M	Potential focus is subject to change under new government administration.
Local Economic Revitalization Tax Assistance Act (LERTA)	Public (Commonwealth of Pennsylvania)	City/RP	City of Lancaster Economic Development	Tax Abatement	Private property	Existing	Tax abatement program for properties within a specified geography in a community.	Project must exist inside the geographic boundary and apply to the City of Lancaster.	Has been used on numerous projects throughout the core of Lancaster.	Potential future projects.
Tax Increment Financing (TIF)	Public (Commonwealth of Pennsylvania)	City RP	City of Lancaster Economic Development	Bond	Public infrastructure	Existing	Captures a portion of incremental investment within a designated geography to fund infrastructure within that geography.	Must be within a designated TIF district limited to 10% of geography of the city.	Currently designated in Lancaster, bonded debt issued for public infrastructure, existing revenue to going toward debt service.	Potential for future use of TIF funds on other projects with permission of taxing jurisdictions.
City Revitalization and Improvement Zones (CRIZ)	Public (Commonwealth of Pennsylvania)	City RP/RD/BS	City of Lancaster CRIZ Authority/ Economic Development Staff	Grant, Loan	Private investment	Existing	Captures selected state revenue increases from a baseline and allocates the increment to qualifying projects.	Project must be inside the CRIZ district, must create new jobs, and cannot transfer from within PA.	Currently several projects are pipelined to receive CRIZ funding with one project underway (Hotel Lancaster)	Potential for future projects that would qualify for CRIZ funding.
Keystone Innovation Zone (KIZ)	Public (Commonwealth of Pennsylvania)	City/LCA RP/MS	City of Lancaster Economic Development/Lancaster City Alliance	Tax Credit	Private Investment	Existing	Provides tax credit allocation for qualifying businesses within the zone boundaries that transfer higher education benefits to the private sector.	Qualifying businesses are limited to technology businesses that grow from intellectual and educational sources.	Zone established in Lancaster.	Potential future businesses may qualify if program is active.

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Keystone Opportunity Zone (KOZ)	Public (Commonwealth of Pennsylvania)	City/RP	City of Lancaster (Economic Development)	Tax Abatement	Private Sector	5 years remaining (expires 2020)	Provides both state and local tax abatement for businesses located within the zone.	Businesses must be located within the zone.	Currently only a few properties available within the Lancaster KOZ zone.	Businesses that elect to locate on remaining properties may benefit from the remainder of the credit period.
Community Investment Fund	Private and Public	LCA TD/EG/SB/SZ/RS	Undetermined	Grant, Loan, Equity Partner	Private, Public, Non-profit	Proposed	Proposed flexible funding mechanism for a variety of projects and initiatives within Lancaster raised through private capital. Possible two functions: one would be <u>contributions</u> to initiatives deemed valuable to the community, the other would be “patient capital” designed to invest in local initiatives with an <u>eventual return</u> on investment.	Undetermined		Two potential funds. One that would be allocated to grants that leverage additional funds and seed funds for projects that might not otherwise develop. A second fund may be investment capital with an expected slow return on investment.
Façade Grants	Public and City	City/LCA RP/SN	City of Lancaster Economic Development	Grant	Private investors	Existing	Façade grant program to help in the cost of building renovation.	Uncertainty	Currently used to assist property owners with improvements to buildings.	May expand over time.
Crowd Funding	Private	City/LCA RP/BS EG/MS/JM	Undetermined	Private	Private	Proposed	Funding through a wide solicitation of investment from a cross section of investors – some with expectation of return others with desire for a certain product, project, or outcome.	Some degree of uncertainty with current SEC rules on how crowdfunding can be expanded to certain kinds of investments.	National crowdfunding sites are driving the movement	State governments are beginning to recognize crowdfunding and codifying it to enable more clear uses within a state.
Lancaster Land Bank	Private (Potentially via Community Investment Fund/City of Lancaster)	City RP/KB	Undetermined	Public	Public/Private/Non Profit	Proposed	Acquisition of properties that can then be packaged for redevelopment. Can be both scattered and aggregated in nature.	Varies	N/A	Potential to have land available for redevelopment to increase the tax base of Lancaster City and eliminate blighting conditions.

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Lancaster Community Land Trust	Private Sector (Potentially via Community Investment Fund)	LHOP/County RD/JS/DS	Potentially Lancaster Housing Opportunity Partnership	Land cost write down	Homeowners/Renters/Small Businesses	Proposed	Primarily used to encourage housing affordability over time. Operates on a land lease which writes down the cost of home ownership.	Varies	N/A	Potential for a Land Trust in Lancaster to enhance home ownership opportunities, encourage mixed income neighborhoods, and stabilize challenged neighborhoods.
Local Housing Investment Fund & Trust (LHIFT) of South Central PA	Private	Lancaster Housing Opportunity Partnership (LHOP)	LHOP	Loans and technical assistance	Housing and mixed-use projects	Existing	Low interest (below market), flexible term financing for projects that include a housing component.	At least a portion of the housing must be affordable to people earning less than the Area Median Income.	Loans to private sector and non-profit developers.	Lower interest loans to to encourage mixed-income housing developments; acquisition, rehab and resale of affordable single family housing; 203k type loans
State Historic Tax Credits	Public (Commonwealth of Pennsylvania)	City SLS/MS/LR	City of Lancaster	State Tax Credits	Historic Building Owners	Existing/Unfunded	Income tax credit for the rehabilitation of Historic Structures.	Building must qualify for the Federal Historic Tax Credit.	Unfunded.	Potential for the Commonwealth to enable the legislation with funds to be used for historic preservation.
Federal Historic Tax Credits	Public (Federal Government)	City/RP	City of Lancaster	Federal Tax Credits	Historic Building owners who wish to renovate income producing property.	Existing	20% Federal Income Tax Credit for the substantial rehabilitation of an income producing property.	Property must be on the National Register of Historic Places or a contributing structure within a National Register District, must be income producing, and must be substantially restored.	Used on existing buildings that meet the qualifications.	Ongoing program that could be strengthened with a matching funded Pennsylvania Historic Tax Credit.
Ben Franklin Technology Partners	Public (Commonwealth of Pennsylvania)	EDC LR/LH	Lancaster Economic Development Company	Training/Mezzanine Funding	Technological Businesses	Existing	Training and advocacy for technology businesses. Some mezzanine funding.	Promising technology-oriented companies seeking growth funding.	Capital infusion and mentoring provided to early stage companies	Continued funding and technical guidance to emerging technology companies
Pennsylvania Industrial Development Authority (PIDA)	Public (Commonwealth of Pennsylvania)	EDC LH	Lancaster Economic Development Company	Grants	Qualifying Businesses	Existing	Below market interest rate loans to incentivize companies and developers to advance fixed assets projects	Private businesses and developers seeking incentive funding for up to 50% of project costs.	Loans to private sector enterprise determined to be important to the economic health of Lancaster County.	Ongoing partnerships with local banks, businesses, and developers.
First Industries Fund (FIF)	Public (Commonwealth of Pennsylvania)	EDC LH	Lancaster Economic Development Company	Loans & Loan Guarantees	Tourism, Hotels, & Food Chain Related Projects	Existing	Below market interest rate loans to incentivize companies and loan guarantees for banks to advance fixed asset projects.	Private businesses seeking incentive funding for up to \$400,000 and loan guarantees to bank up to \$2,500,000.	Loans to private sector enterprise determined to be important to the economic health of Lancaster County.	Ongoing partnerships with local banks and businesses.

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Building PA	Public (Commonwealth of Pennsylvania)	EDC LH	Lancaster Economic Development Company	Loans	Urban projects involving significant construction	Existing	Mezzanine financing for business and developer fixed asset projects at attractive rates and terms.	Projects seeking subordinate financing to close funding gaps between senior bank financing and equity.	Loans to private sector urban real estate projects determined to be important to the economic health of Lancaster County.	Ongoing partnerships with local banks, businesses, and developers.
Industrial Development Authority	Public (Commonwealth of Pennsylvania)	EDC LH	Lancaster Economic Development Company	Loans	Manufacturing, Assisted Living, 501c3, and Other Niche Industries	Existing	Below market tax exempt interest rate loans from banks to incentivize eligible projects.	Projects seeking financing primarily for fixed asset acquisition.	Loans to private sector and 501c3 enterprises determined to be important to the economic health of Lancaster County.	Ongoing partnerships with local banks, businesses, and 501c3 entities.
Enterprise Zone Tax Credits	Public (State Government, administered by DCED)	TBD - RG, BS	TBD	State Tax Credit	Businesses/private companies	Existing, specific application window	An incentive program that provides tax credits to private companies investing in rehabilitating,	Any private company with an investment located in an enterprise zone. Tax credits equal	Have been used to fund projects in Lancaster.	Primarily redevelopment projects
Pennsylvania Industrial Development Authority (PIDA)	Public (Commonwealth of Pennsylvania)	EDC	EDC	Loans	Owned by inority, woman, veteran, service disabled	Existing		Business must be certified by the PA Dept. of General Services as minority/woman/veteran	Loans to diverse businesses committed to creating and retaining full time jobs within the Commonwealth.	
Opportunity Zones	Public (Federal Government)	TBD	TBD	TBD	Commercial & industrial real estate, housing, infrastructure, and current or start-up businesses	Guidance Forthcoming from U.S. Department of the Treasury/IRS	Investors may take profits from current holdings and reinvest them in qualified "Opportunity Funds," which finance commercial and industrial real estate, housing, infrastructure, and current or start-up businesses located in designated Opportunity Zones. After several years in the Fund, some of the tax on investors' initial profits (capital gains) will be forgiven. And, the longer investors leave their money in the Fund, the more capital gains tax will be waived. If held for a decade, the added profit made from the Opportunity Fund investment will not be taxed at all.	Investments must be made through a Qualified Opportunity Fund, which is an investment vehicle that is set up as either a partnership or corporation for investing in eligible property that is located in an Opportunity Zone and that utilizes the investor's gains from a prior investment for funding the Opportunity Fund.	N/A	Commercial and industrial real estate development/redevelopment, housing, infrastructure, business growth

Tax Credit or Incentive	Grant	Loan	Other
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