

FNB COMMUNITY IMPACT PLAN

OVERVIEW

The Lower Hill Redevelopment has the potential to transform the Southwestern Pennsylvania region, Allegheny County, the City of Pittsburgh and, in particular, the Downtown, Uptown and Greater Hill District communities. It will not only reconnect these communities, but it will act as a catalyst under various elements of the CCIP for economic development and wealth building opportunities throughout the Greater Hill District community; creating jobs, supporting entrepreneurship, building local businesses and creating wealth-building opportunities for residents.

FNB plans to support the overall development of the Lower Hill District with over \$200 million in loans and equity investments, creating an economic engine for the benefit of the local residents and community. Development on this parcel is expected to generate up to \$9 million in Local Economic Revitalization Tax Act (LERTA) funding for the Greater Hill Reinvestment Fund. With the goal of extending the economic benefits across the Greater Hill District, the Greater Hill Reinvestment Fund, will serve as a catalytic tool for ensuring equitable development within the Hill District.

COMMUNITY IMPACT OPPORTUNITIES

In 2014, JP Morgan made investments to increase economic opportunity for its (Detroit) residents, through their collaboration with local nonprofit, government and business leaders. Through their [*Investing in Opportunity, Detroit*](#) initiative, they have helped to ensure that the city's economic turnaround created lasting opportunities for its residents. We have evaluated this plan as inspiration for ways in which FNB can creating lasting opportunities for the greater Hill District, which we have outlined in the Community Impact Opportunities listed below.

1. Monetizing the LERTA to create the Greater Hill Reinvestment Fund (GHRF)

By pursuing the capitalization of the tax diversion, FNB has the opportunity to address social and economic inequity through leveraging its financial solutions to monetize the tax diversion to help empower and build a sustainable Hill District community, through a Greater Hill Reinvestment Fund.

FNB would pursue the opportunity to monetize 50% of the LERTA, and the monetized amount would be directed to the Greater Hill Reinvestment Fund. The GHRF is proposed as a segregated account, managed by the Urban Redevelopment Authority (URA). The GHRF, will implement the goals, objectives, projects, and funding of community needs on the development site and elsewhere within the Greater Hill District.

Next Steps:

- a. Joint meetings between PAR and FNB with the URA to discuss the next steps
- b. FNB to work towards monetizing the LERTA to create the Greater Hill Reinvestment Fund
- c. PAR and FNB to devise a communications strategy around the announcement of the GHRF
- d. FNB to review *Special Projects for Consideration* of the Greater Hill Reinvestment Fund, including but not limited to:
 - Programs supporting minority entrepreneurs to take advantage of Retail Kiosk opportunities in the open space
 - Freedom Corner Rehabilitation
 - Riverside Center for Innovation, Financing/Access to Capital
 - Supporting Additional Community Programming

2. Expanding FNB's Existing Partnership with the Hill District Federal Credit Union; Increasing Capacity of Existing Institutions

Since 1970, the Hill District Federal Credit Union has served those living in the Hill District and beyond by providing financial services. The Hill District Federal Credit Union supports small business, and entrepreneurship in the Hill District by providing minority-owned small businesses with access to capital. It is proposed that FNB make a sum-certain capitalization deposit to an account housed at the Hill District Federal Credit Union and administered by the Greater Hill District Reinvestment Fund. The capitalization deposit into the Hill District Federal Credit Union, will help increase their loan giving capacity, which will enable the institution to further support small businesses, entrepreneurs and residents.

Next Steps:

- Additional meetings between PAR and FNB with the Hill District Federal Credit Union to discuss increasing their Capitalization Deposit
- Evaluate investment to support creation of housing mortgage program for Hill District residents

3. Monetize 25% Parking Tax Diversion (PTD) for Hill District Housing Opportunity Fund

As part of FNB's corporate values, they have shown their commitment to helping low-income residents transcend poverty through homeownership. By providing specialized products and services, and investing in projects that improve the Greater Hill District, FNB will play a critical role in helping to build a better community.

To further promote homeownership, and wealth building within the Hill District, FNB would pursue the opportunity to monetize 25% of the Parking Tax Diversion (PTD), and aid in the creation of a Hill District Housing Opportunity Fund, which aims to provide low to moderate-income homeowners with low-interest loan products to provide maintenance to their homes. Up to 25% of the Parking Tax Diversion associated with the 28-acre development to be pledged towards the Hill District Housing Opportunity Fund. A loan source will need to be identified to bridge the parking tax process so that the Hill District Fund could begin to commit loans and grants from 2020 through 2027.

The Hill District Housing Opportunity Fund funds would be held at the URA and or a Hill District Lending institution. Regardless of where funds are held, the URA will disperse the funds in the form of low-interest loans and or grants in accordance with publicly informed guidelines.

Next Steps:

- Additional meetings between PAR and FNB with the URA to further review options for a Hill District Housing Opportunity Fund

4. Partnership with URA to serve as a Small Business Administration Loan Partner

FNB Small Business Finance provides the tools Hill District Residents need to grow and improve their business. Whether a Hill District resident is looking to start a new business, purchase an existing business, or expand their business with a commercial real estate loan, FNB's team of SBA experts can help business navigate the lending process. FNB has the ability to structure deals to meet the needs, and can fund project sizes up to \$12 million.

- **Express Loan Program**

The SBA allows an Express Loan to be structured as either a straight term loan or as a credit line. At First National Bank Small Business Finance, we do not offer the Express Loan as a stand-alone product, but rather as an additional product along with an SBA 7(a) Advantage Loan or SBA 504 Grow Loan as a credit line for working capital.

- **SBA 504 Loan Program**

The SBA 504 Loan Program is used to finance the purchase of fixed assets, including owner occupied commercial real estate and equipment. Often referred to as a 50/40/10 loan, the program offers up to 90 percent financing for existing businesses. Typically, the First Trust Lender, First National Bank Small Business Finance, would provide 50 percent financing, an arm of the SBA called a Certified Development Company (CDC) provides 40 percent financing, and the borrower injects 10 percent of the project cost in equity.

- **SBA 7(a) Loan Program**

The SBA 7(a) Loan Program is the flagship lending program for the SBA, compiling by far the largest amount of loans for the most dollars. The SBA does not actually provide the loan. Instead, they provide a loan guarantee to the bank as an enhancement for loans that do not typically fit in the lender's conventional lending guidelines.

5. Strengthening Community Partnership, through Neighborhood Partnership Program (NPP)

FNB would consider pursuing the Neighborhood Partnership Program (NPP) through the Pennsylvania Department of Community and Economic Development (DCED), which would drastically impact the Greater Hill District Community. Through the NPP, FNB would strategically support projects that aim to solve critical problems in the community, some examples of strategic areas for support include; affordable housing, community services, education, community economic development, job training, crime prevention, and neighborhood assistance or conservation. Projects are designed to improve access to job and economic opportunities, quality education, affordable housing, quality-of-life amenities, and other key factors in building healthy communities.

The Neighborhood Assistance Program (NAP) has served as a resource for nonprofits, businesses, and neighborhoods for over 3 years. The Neighborhood Partnership Program (NPP), is a subpart of the NAP, whose goals are to promote community participation and collaborations among nonprofits, businesses, and residents while producing outcomes that assist a distressed area or the low-income population in a neighborhood. NPP is a long-term collaboration (five years or more) of business, government and community leaders to produce a comprehensive, asset-based and relationship-driven approach to community development. A tax credit of 75% or 80% can be awarded based on the length of the program

Next Steps:

- Identify Hill District community development partner for NPP
- Program year corresponds with the state fiscal year and is 12 months, starting July 2019 through June 30, 2020. In most cases, the application would be submitted before the program year begins.

6. Community Programming (Wealth Building) & Special Initiatives

Thriving neighborhoods are critical to the long-term economic success of individuals, communities and cities. To eliminate barriers to economic mobility, financial education combined with banking exposure at an early age can shape a young person and or family's financial identity. FNB can help to develop pathways to access basic, free or low-cost financial institution transaction accounts and financial education, through several programs, outlined below.

- **Fund My Future**

Fund my Future is administered by the Propel Schools Foundation, helps families of children in Allegheny County to save for college and other post-secondary goals. Fund My Future provides a prize pool that makes the saving experience fun.

- **BankWork\$**

BankWork\$ helps young adults from low-income communities build meaningful careers in banking. Participants receive a free, eight-week career training, placement assistance, and ongoing coaching. Partner4Work, in collaboration with the PA Bankers Association and several of the region's leading financial institutions, announced the launch of BankWork\$ Pittsburgh in the summer of 2019.

- **Year Up**

Year Up enables young adults to move from minimum wage to meaningful careers in just one year. By partnering with Year Up, your company gains a reliable, scalable talent solution for entry-level positions. As a partner, you have the opportunity to host Year Up interns for a six-month period and hire Year Up graduates. By partnering with Year Up, FNB, would be one of the first partners in the region to support a proven intensive training program that empowers low-income young adults to succeed in professional careers and higher education.

- **Riverside Center for Innovation, Financing/Access to Capital**

Riverside Center for Innovation (RCI) BizFIT program is set up to assist MWDBE entrepreneurs with conventional public or private financing along with finding alternative ways to finance their growth strategy. To further enhance the BizFIT Entrepreneurial Training program, there is an opportunity for FNB to provide, hands-on financial assistance to qualified BizFIT clients. In teaching participants how to thoroughly read and review; balance sheets, revenue and expense statements along with cash flow statements, from a lender's perspective will make the BizFIT entrepreneur a better borrower for FNB on potential future borrowings.

- **Centre Avenue YMCA, Tax Credit Investor, and Construction Lender**

FNB helping to finance renovation plans include 73 housing units and community-oriented space affordable to low-income households, revitalizing a historic asset and ensuring it plays a vibrant role in the Hill District's future. The four-story YMCA building was constructed in 1922 and served as one of the only social, recreational and cultural facilities for African-Americans in the region from the 1920s through the 1950s. The building received an historic designation from the City of Pittsburgh on August 8, 1995.

Next Steps:

- Meeting between PAR and FNB regarding Fund My Future, and other youth/family focused banking initiatives
- Meeting between PAR and FNB, with Partner4Work regarding the BankWork\$ program and first source hiring
- Collaborative meeting between PAR, FNB, Buccini/Pollin Group, with the RCI to talk about the creation of a BizFIT Community Impact Fund

CCIP COMMITMENTS

- Job Creation, Local Inclusion and Workforce Development
- MWBE Enterprise Inclusion
- Inclusionary and Homeownership Housing Programs
- Communications, Reporting and Tracking
- Wealth Building Initiatives
- Cultural and Community Legacy Initiatives
- Coordinated Community Development Strategies

TERM SHEET COMMITMENTS

The FNB Community Impact Plan goes above and beyond the commitments identified in the Term Sheet.