

FOR IMMEDIATE RELEASE:

CONTACT:

Oct. 7, 2008

Michael Smith
717-783-1116

Steve Weitzman
717-783-1132

STATE INVESTMENTS HELPING TO DEVELOP, STRENGTHEN NEIGHBORHOODS, SAYS GOV.

RENDELL

***FUNDS TO HELP MAKE \$33.6 MILLION IN PROJECTS POSSIBLE FOR
HARRISBURG, LANCASTER AREAS***

HARRISBURG – Governor Edward G. Rendell highlighted the important role Pennsylvania can play to help revitalize neighborhoods when funding gaps exist as he announced the approval of new investments in Harrisburg and Lancaster County.

“It’s critical to fill financing gaps. Not doing so can mean the difference between a successful community enhancement and an unused or abandoned site,” said Governor Rendell. “Providing mezzanine capital for projects that otherwise could not get the financing they need due to the crisis in the credit market is just another way we’re continuing to drive growth in the commonwealth during the nation’s economic downturn.”

The Governor said the more than \$5.7 million in funds approved today by the Commonwealth Financing Authority, through the Building PA program, are a good investment for the commonwealth that will secure millions more in private capital.

“When we use our Building PA resources, Pennsylvania communities secure outside investments so projects can be ready for new businesses, new housing and new jobs,” said the Governor. “The state’s \$5.7 million investment will support projects totaling \$33.6 million in a couple of the midstate’s core communities.”

In Harrisburg, Vartan Group Inc. will expedite revitalization of midtown Harrisburg with a \$2 million loan for a mixed-use retail and residential building at 1500 N. Sixth St.

Plans for the “1500 Project” include an on-site, partially below-grade parking level; a restaurant and retail outlets on the first floor; and 42 residential units on the second through fifth floors.

The property will be a state-of-the-art “green” building as the project is registered with the U.S. Green Building Council. The \$12 million effort is anticipated to create up to 36 jobs.

In the City of Lancaster, the EDC Finance Corp. will use a \$1.2 million loan for LSC Properties L.P. to develop the Liberty North site on Charlotte Street. The property is part of the former Armstrong World Industries complex and will be converted into mixed use office and commercial space. Two of the three buildings on the site will be redeveloped, while a third will be demolished for green space and easier pedestrian movement.

The \$10.4 million project is projected to create more than 100 jobs within three years, put vacant buildings back into productive use, and attract private sector investment.

EDC received a second loan of \$275,400 on behalf of Norwich Properties Inc. for another project in Lancaster. Norwich Properties plans to redevelop the former West End Market on Orange Street into a multi-tenant building.

Tenants are to include the Elite Auto Group, which sells and leases specialty and high-end vehicles, and the Groff Family Funeral Home. The \$1.83 million project calls for installing windows into the building's façade; installing new heating, ventilation and air conditioning; and remodeling floors, walls and insulation.

In Columbia, Lancaster County, the EDC will use a \$2.3 million loan to support the Museum Partners L.P. project on North Third Street that is adjacent to Route 30. The partners plan to redevelop the former Ashley & Bailey Silk Mill property into an agritourism facility that will house commercial tenants, such as a new tourist attraction, a welcome center, a convenience store with gasoline sales, a toy retailer, and a restaurant. The nearly \$9.4 million project is anticipated to create more than 40 jobs within three years.

The Commonwealth Financing Authority also approved an additional \$3.7 million allocation to EDC to replenish its urban capital fund for continuing efforts to seek out additional projects in Lancaster and surrounding boroughs.

The authority approved the loans from the Building PA fund—a real estate component of Governor Rendell's economic stimulus program. Under the program, the authority places investments with real estate developers who match the commonwealth's investment dollar-for-dollar with privately raised capital. It helps provide crucial "gap" financing to commercial, industrial and mixed-use development projects throughout the commonwealth.

For more information on Building PA or other economic stimulus programs, visit www.newpa.com.

###

The Rendell administration is committed to creating a first-rate public education system, protecting our most vulnerable citizens and continuing economic investment to support our communities and businesses. To find out more about Governor Rendell's initiatives and to sign up for his weekly newsletter, visit www.governor.state.pa.us.