

American Rescue Plan Act Funds

An Historic Opportunity for Counties
and Municipalities to Invest in Historic
Preservation & Urban Revitalization

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Disclaimer

- + Although this presentation focuses on investing in heritage and revitalization, ARPA provides similar opportunities for investments in conservation, the arts and other uses that meet the spirit and guidelines of community and economic recovery.
- + Note: US Treasury published their final rule January 6, 2022 with an effective date of April 1, 2022. Until April, the interim final rule remained in effect and allocations consistent with the interim final rule were considered compliant with the final rule.
- + This presentation is based on my personal interpretation of the American Rescue Plan Act as a private citizen. For the full list of guidelines, refer to the US Treasury's final rule, fact sheet, and FAQs on the US Treasury's website.
- + The final rule document is 437 pages, but is easily searchable and not difficult to comprehend.

What is the American Rescue Plan Act?

- + The American Rescue Plan Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan, is a \$1.9 trillion economic stimulus bill passed by the 117th United States Congress and signed into law by President Joe Biden on March 11, 2021.
- + Nationally, the Act provides funding for a broad array of uses related to recovery. For example: \$125 billion to help K-12 schools reopen for in-person classes; \$48 billion for COVID-19 testing and contact tracing; \$7.5 billion for the Centers for Disease Control and Prevention's vaccine distribution efforts; \$21.5 billion for rental assistance; \$30 billion for local subway and bus systems; \$8 billion for airports.
- + In Pennsylvania, the state government, counties, and local governments will all received funding. The state will receive a total of \$7.5 billion; counties will receive direct allocations of \$2.8 billion; municipalities will receive a total of approximately \$3.3 billion.

Who is getting funding? How much?

- + Every county and individual municipality in Pennsylvania will receive federal funds via the American Rescue Plan Act (Rescue Act) to aid in recovery efforts of all types and reimburse for COVID-related expenses.
- + County governments and municipalities with more than 50,000 residents will receive a direct allocation from the federal government. A list of county allocations (for PA and across the nation) can be found [here](#).
- + Municipalities with fewer than 50,000 residents will receive allocations of federal funds passed through by the state. A list of municipal allocations can be found [here](#).
- + These direct allocations are very substantial. County allocations range from the tens of millions to well over \$100 million. Municipal allocations can range from tens of thousands to multiple millions of dollars.
- + For example, Westmoreland County (\$105.3M), Clinton County (\$7.5M), Northampton County (\$61.1M), Shamokin Dam Borough, Snyder Co. (\$179k), Mifflinburg Borough, Union Co. (\$367k), City of Scranton (\$68.7M), City of Warren, Warren Co. (\$947k), Martic Township, Lancaster Co. (\$545k), Franklin Twp., Erie Co. (\$4.6M), Railroad Borough, York Co. (\$29k)

How can funds be used?

- + The funds are meant to aid in recovery from COVID. Unlike funding provided under the CARES Act, these funds cover a significantly broader set of uses, including but not limited to allocations that:
 - + **Support public health expenditures** by, for example, funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
 - + **Address negative economic impacts** caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector
 - + **Replace lost public sector revenue**, using this funding to provide “any service traditionally provided by a government” to the extent of the reduction in revenue experienced due to the pandemic (or \$10 million standard allowance)
 - + **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet

How can funds be used? (cont.)

- + **Support safe reopening of businesses in the tourism, travel and hospitality industries** and to districts that were closed during the COVID-19 public health emergency, as well as aid a planned expansion or upgrade of tourism, travel and hospitality facilities delayed due to the pandemic
- + US Treasury Guidance on the Final Rule: “Recipients also have broad flexibility to identify and respond to other pandemic impacts and serve other populations that experienced pandemic impacts, beyond the enumerated uses.” The interim final rule contains similar language.

What does this mean for arts, culture and the creative economy?

- + The word “historic” shows up in the final rule 18 times. None of them related to heritage or preservation.
- + “Heritage,” “cultural,” “main street,” “business improvement district,” and “central business district” do not appear at all.
- + “Revitalization” is mentioned several times as an umbrella term for improvement of neighborhoods and public spaces.
- + However, Treasury has made clear that the guidelines do not represent an exclusive list of uses and that counties and municipalities have latitude in determining what projects and programs to fund.
- + Further, Treasury has indicated that the same types of uses eligible under the CARES Act are eligible under the Rescue Act, and many counties in Pennsylvania and across the country set a precedent by using CARES Act funds to support their Main Street and downtown organizations, historic preservation, and heritage tourism.

What does this mean for heritage and revitalization?

Collectively this sector is a major driver of economic growth in Pennsylvania—and nationally.

- + **Heritage tourism is a \$2.9 billion industry that employs 37,000 Pennsylvanians.** Schuylkill Greenways NHA: \$590M. Delaware & Lehigh NHA: \$475M.
- + US Treasury specifically identified as a vulnerable sector. Restarting PA's tourism economy is contingent on heritage tourism, which requires investing in organizations, programs and physical assets that attract tourists. This is particularly important in communities with large theaters, performing arts spaces, galleries, and museums that are anchor tourism destinations.
- + **Nationally in 2020, Main Street programs reinvested \$4.1 billion in the communities they serve.** (MSA) In the last 30 years, PA's Main Streets have leveraged at least \$1.7 billion in public and private investment, creating 7,200+ businesses, and 24,000+ jobs (PDC).
- + **Historic preservation is economic development.** Creates jobs, increases property values and encourages access to affordable housing (NTHP). Additionally, historic preservation creates the crucial assets that serve as the platform for robust tourism and Main Street programs to work.

What does this mean for heritage and revitalization? (cont.)

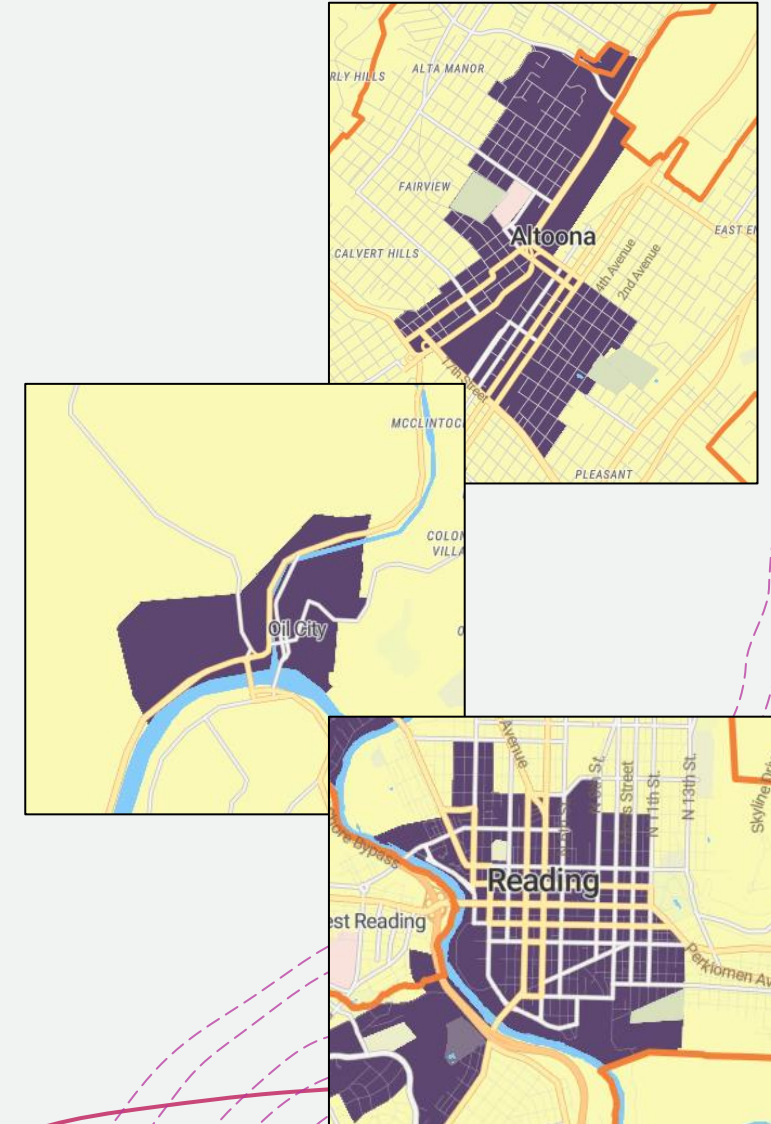
- + **Talent and Business Attraction.** Historic, walkable downtowns are crucial elements driving quality of life and placemaking, which are increasingly seen as key ways for communities and regions to remain economically competitive
 - + 50% of recent college graduates said “place” is more important than job in their career search (HBJ)
 - + 76% of corporate executives consider “quality of life” amenities, such as historic, walkable communities, to be “very important” to site selection—on par with energy costs, market access, and the corporate tax rate (NRPA)
- + **COVID disproportionately impacted Main Streets and CBDs in small cities, and recovery is lagging in the same areas.** 2021 was a record year for new business starts (SBA), but micro-metros saw net businesses shrink (US Census). Office vacancy hit 17% nationally and is lingering around 12% (CRE). In PA, leisure and hospitality lost 320k jobs in 2020 and still lags pre-COVID employment by 20% (PA DLI)
- + **The non-profit heritage and economic development sector has suffered disproportionate impacts due to COVID.**
 - + 44% of museums lost at least 50% of their revenue in 2020 and 2021. 10% of museums lost 90% or more of their revenue. (ICOM)
 - + Compared to the nonprofit sector broadly, arts and cultural organizations have suffered three times the job loss of the average nonprofit (JHU)
 - + Arts and culture among the sectors most at risk of a drawn out recovery of 6+ months (US Census)

What does this mean for heritage and revitalization? (cont.)

- + **Historic, walkable downtowns are critical elements of our public health response and recovery.** The public health benefits were well-known prior to the COVID pandemic, but the last 18+ months have significantly elevated their importance during public health emergencies.
- + **Physical Health.** Regular walking (even short distances) cuts early mortality risk by 22 percent (CNU). Walkable street networks correlate with lower obesity, diabetes, asthma, and heart disease. Investing in walkable places can drastically improve resilience to health risks (Journal of Transport Health)
- + **Mental Health.** During the pandemic, social interaction and positive mental health were fostered in large part by walking in public spaces, whether trails, parks or downtowns, while other assets were unavailable. (CDC)
- + **Safety and Public Health.** Historic preservation and placemaking have also been long-documented elements of safe and healthy communities. The final rule also recognizes that the public health impacts of the pandemic are broader than just the COVID-19 disease itself and include substantial impacts on mental health and public safety...correlated with a neighborhood's built environment and features."
- + Many BIDs and Main Streets include **clean, safe and green investments** as part of their strategy. The US Treasury's final rule includes "developing neighborhood features that promote improved health and safety outcomes," as an eligible expense.

What does this mean for heritage and revitalization? (cont.)

- + **Strategic investment in downtowns and heritage can help address racial and socio-demographic disparities.** One of the priorities highlighted in the Rescue Act is to ensure funds reach historically-disadvantaged communities.
- + Most, if not all, Main Streets and BID areas were created to catalyze investment in census tracts that have experienced decades of disinvestment and directly support the businesses that are providing jobs, tax revenue, and vitality to underserved communities.
- + US Treasury: “Recipients can identify **other populations or groups, beyond those presumed eligible** that experienced pandemic impacts or disproportionate impacts....Recipients may identify classes of households, communities, small businesses, nonprofits, or populations that have experienced a **disproportionate impact** based on academic research or government research publications, through **analysis of their own data**, or through analysis of other existing data sources....To augment their analysis, or when **quantitative data** is not readily available, recipients may also consider qualitative research and sources like resident interviews or feedback from relevant state and local agencies.”
- + **This is also an important opportunity for introspection.**



What specific ways can the funds be spent?

- + This is a non-exclusive list of potential uses for your county or municipality to consider:
 - + Capital projects (or rehabilitation of existing facilities) directly aimed at restarting or catalyzing a downtown economy or heritage tourism
 - + Physical alterations of facilities to accommodate social distancing, hybrid programming, outdoor programming, or other adaptations to respond to the COVID pandemic or prepare for future pandemics
 - + Funding of operational or programmatic funding reduced or eliminated due to lost municipal revenue (including municipal contracts or internal funding for HARBS and other preservation needs)
 - + Infrastructure projects, such as stormwater improvements, water quality projects, and broadband expansion—or programming to advance such projects
 - + Or, cultural or interpretive approaches to engaging the public in public works projects

What specific ways can the funds be spent? (cont.)

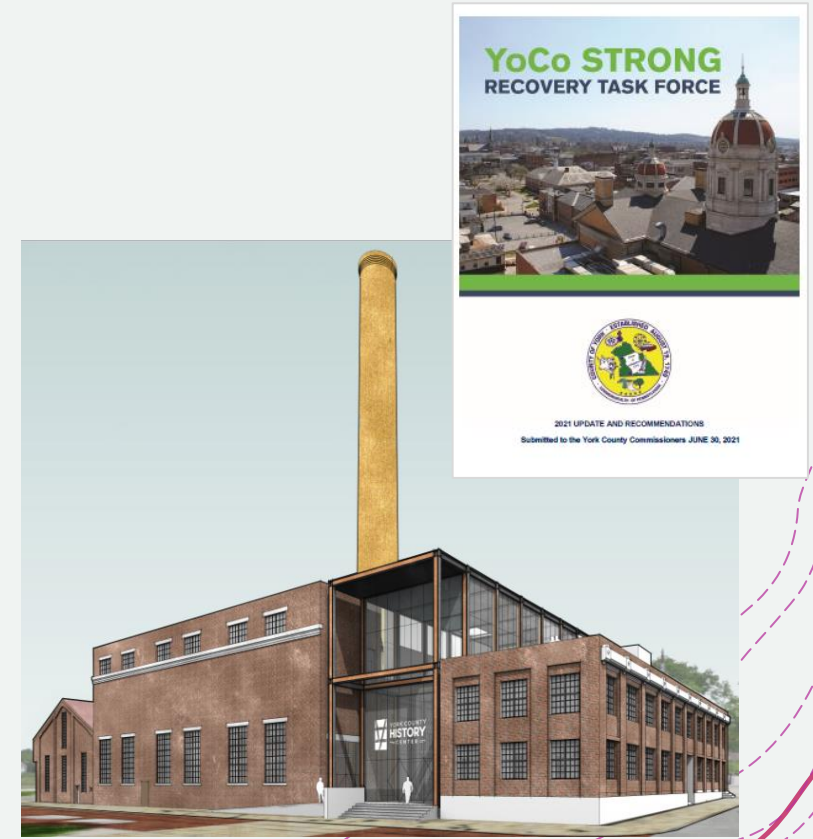
- + Direct allocations to non-profit organizations, such as the following, to aid in their recovery and enhance their ability to provide normal operations:
 - + Main Streets and Business Improvement Districts
 - + Heritage, arts and culture organizations (of any size)
 - + Libraries, museums and archives; music and performing arts venues
 - + Local and regional heritage, arts and culture commissions
 - + Heritage tourism organizations, historic sites and National and State Heritage Areas
 - + DCNR-designated Conservation Landscape

What specific ways can the funds be spent? (cont.)

- + Create competitive grant programs for a variety of non-profits and allow the above organizations to apply—or prioritize preservation and revitalization organizations within broader competitive grant programs
- + Provide funding to regional Tourism Promotion Agencies, Destination Marketing Organizations, or Convention and Visitors Bureaus and require that a portion of funds be reserved for specific uses
- + Note that specific rules exist for capital expenditures. For allocations under \$1 million, the project must be consistent with the rule but no written justification is necessary. For projects of more than \$1 million, written justification is necessary as part of regular reporting. “Written justification” means describing why your project is an eligible use and consistent with your community’s pandemic recovery strategy
- + Note that all organizations receiving direct allocations and competitive grants must still adhere to the Rescue Act Funds

A real-world example: York County

- + In York County, the Commissioners established the YoCo Strong Recovery Task Force, which recommended investing both CARES and ARPA funding in arts and culture.
- + **CARES Act** allocations totaled \$930,000 to a variety of organizations, ranging from \$200,000 to a large, historic performing arts venue to \$5,000 to a small, local arts and heritage group. All funds were for COVID-related expenses and revenue losses. Both of the county's Main Streets received direct allocations of \$50,000 each. The region's NHA received \$100,000.
- + **ARPA** allocations totaled \$1,830,000, including another round of direct allocations to arts, culture, and heritage organizations and a \$1,000,000 commitment to the York County History Center's new facility. NHA and Main Streets received direct allocations.
- + **\$30M in competitive grants** to 1,917 businesses and non-profits, prioritizing historically-disadvantaged business and those in LMI census tracts. York City received \$6.4M. Hanover received \$3.3M.
- + We also funded park acquisition and trail development!



What is the timing for Rescue Act funding?

- + Your county or municipality began receiving funds in **June 2021**. Most counties and municipalities are already discussing how to allocate their funds and many have already allocated a portion of their allocations. Some counties have proactively assembled advisory committees or task forces to create formal recommendations; others may make decisions with very little public input. In any case, the time to reach out is right now.
- + All Rescue Act funds must be obligated by the recipient government by **December 31, 2024** and expended by **December 31, 2026**. This gives a considerable window for use of the funds, even for complex or time-consuming projects. It also allows for multi-year commitment of funds to programs or organizations. Note that funds are only eligible for costs incurred on or before **March 3, 2021**.
- + Counties and cities had to submit a one-time “interim report” by **August 31, 2021** outlining the use of their funds and an additional report by **October 31, 2021**. Reports will be required annually or quarterly depending on the size of the municipality and its allocation.
- + Most reports submitted to date are very general and still allow significant flexibility in expending funds for conservation uses.

What should you do—right now?

- + Reach out to your county or municipal leadership now! Or, if you are the leadership, consider these uses as a priority in your recovery and reach out to heritage and revitalization community to learn about their needs.
- + Reach out to your municipal manager, council, supervisors, county commissioners, administrator, or executive to learn what process your county or municipality is using to allocate funds
- + Submit a formal letter to your county or municipality to request funds, documenting your anticipated needs and making your case for why your project or program is important
- + Share this presentation with your county or municipal leadership to show that arts and culture are eligible for funding
- + Tie your work to economic development, business growth, tourism, and infrastructure. For better or worse, those concepts resonate with policymakers and are specifically included in the US Treasury guidance.
- + Don't take “no” as the (first) answer.

What shouldn't you do?

- + Wait. You need to act now before plans to allocate funds are made without your input.
- + Let someone brush you off.
- + Misuse these funds or try to get funds if you don't need them. There are enough legitimate uses of Rescue Act funds without needing to bend the rules.

Do you have examples of creative ways your municipality or county has invested ARPA funding for heritage or revitalization uses? Please let me know at schamberlin@yceapa.org.

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