

COMMUNITY REVITALIZATION DESKTOP GUIDE

> ready > set > succeed



Community Action Team
Pennsylvania Department of Community and Economic Development

pennsylvania
STATE OF INNOVATION



Dear Local Leaders,

One of the hardest jobs in the world is running a city or town – whether as mayor, a city councilperson, borough manager or township supervisor. Every day you must meet constituent needs, provide basic services, maintain aging infrastructure and, on top of that, find the resources to attract new investment and growth to reinvigorate your community. Amazingly, many of you do this as a part-time job. My hat is off to each of you.

When I took office in 2003, and as part of my “Plan for a New Pennsylvania,” I created the Community Action Team, or CAT, to work with Pennsylvania’s smaller cities and towns to help attract private investment for high-impact redevelopment projects. The CAT Team’s job is to actively engage local communities and help create public-private partnerships to affect older community revitalization.

Every Pennsylvania community is different. No two places have identical challenges or solutions. But, we know certain things that can be helpful to all of Pennsylvania’s older communities. Experience has taught us that public money alone cannot turn around a community. Private investment is essential to creating new jobs, housing and opportunities in older communities. We also know that a single development does not turn around a town or city that has lost major employers and has seen little investment for decades. Revitalization is multi-layered and complex. Multiple coordinated high impact projects must be put in place to reinvigorate local economies and create new reasons to live, work and visit our older communities. We want to help Pennsylvania’s cities and boroughs to do that.

A spirit of revival is sweeping the Commonwealth. Challenging and exciting opportunities exist for every one of Pennsylvania’s older communities. Together we can make every Pennsylvania community strong and competitive in the 21st Century.

Edward G. Rendell, Governor

table of contents

How To Attract High Impact Investment to Core Communities	5
Goal One: Choose One Asset-Rich Redevelopment Area	8
Interviews with Pennsylvania Mayors	23
Goal Two: Prepare Redevelopment Area for Market	26
Interviews with Developers who Have Invested in Pennsylvania Cities and Towns	35
Goal Three: Welcome Investment	38
Interviews with Developers who Have Invested in Pennsylvania Cities and Towns	49
Goal Four: Apply Strategies That Work	54
Conclusion	68

How To Attract High Impact Investment to Core Communities

Pennsylvania's important economic challenge is to attract high impact investment and breathe new economic life into our core communities. The goal of this handbook is to provide local government with the tools, information and examples that they need to usher a new era of investment into Pennsylvania's older cities, boroughs and townships.

This handbook recommends a strategy and a series of action steps that have helped Pennsylvania's older communities to successfully attract their first major development projects in decades, bring in new jobs and people, and improve quality of life for current residents. We share ideas and techniques Pennsylvania communities have used to identify their assets, combine those assets to meet the needs of new markets, attract private investment, and leverage that investment to maximize its positive impact on the municipality. Through four detailed case studies, we trace four municipalities' experiences as they partner with private developers to redevelop abandoned or underutilized properties and examine the results. Through interviews with private developers who have invested millions in older communities and local government leaders who have attracted substantial investment, the handbook offers different perspectives on how municipalities can take advantage of changing demographics and trends to grow again.

The case studies and the handbook also document the work of Governor Rendell's Community Action Team (CAT) and detail their successful partnerships with local elected officials to attract significant new development projects to the State's cities, boroughs and older townships. By partnering closely with the State and leveraging their assets, Pennsylvania's core communities are staging a comeback and are bringing businesses and residents to urban Pennsylvania.

Our goal is to provide expertise and funding to help our older core communities cultivate an environment that encourages people and jobs to locate there. We want to encourage core communities to reach out to the State with viable ideas, and then work with the Community Action Team to attract the private investment needed to build a solid foundation for growth.

**– Pennsylvania Community and Economic
Development Secretary Dennis Yablonsky**



How The Community Action Team (CAT) Works

Each CAT project has a Strategic Investment Officer as a primary point-of-contact on impact projects. The Strategic Investment Officer works with the Mayor or other top elected officials to assess the community's plans, determine impact and readiness, and identify project needs. Once there is a high impact project that is ready to go, the Strategic Investment Officer will help bring together public and private resources with state funds being the last dollars put into a project. CAT's definition of an impact project is a community-changing revitalization project that includes multiple components and targets development using a variety of local, state, federal and private investment resources. In addition, through the life of the project, it achieves overall redevelopment, improves existing infrastructure, increases job opportunities, grows sustainable businesses, restores the environment, enhances recreational and heritage resources, expands housing opportunities, and sometimes involves long-term regional planning.

The SIO is the single point of contact between the community and the Commonwealth, alleviating the need for the community to pursue each agency or department for separate funding. At the state level, each agency belongs to the Community Action Interagency Team. This internal team reviews CAT designated projects. Since most projects have multiple components which require specific program funding, the SIO orchestrates the application process for each department. For example, if a pocket park is part of a plan, the SIO will engage the Department of Conservation and Natural Resources. If there is a housing component within a community plan, the SIO will engage Pennsylvania Housing and Finance Authority for the most appropriate program. The agencies work as a team to prioritize projects based on CAT assessment and designation.

A revitalization project in the City of New Castle provides a good example of how CAT works with local officials to enhance a high-impact revitalization project. The City and a private market developer, Cedar Tree Companies, identified an opportunity to build a project on the site of Warner Brothers' first silent film studio in downtown New Castle. The aim was to re-create the historical and entertainment appeal of the Theatre but the location was unattractive, surrounded by blight, and lacked parking and other amenities. The City took the lead in spending its own funds to finance sweeping public improvements (streets, sidewalks, sewers) and to undertake aggressive blight removal through acquisition and demolition of key properties in the target area. The City invested in a HUD 108 loan of \$2.6 million and city bond funds totaling another \$2.3 million to improve the target area and attract development. With the City's investments and improvements, the developer committed to acquire the land and construct the \$9 million Cascade Riverplex complex.

The City's decision to target all local resources to this one area, combined with the attractiveness of the area to private investors, led the State to grant \$5 million in Redevelopment Assistance Capital Program funds to complete the public improvements and help create a parking solution in the project area. At this point the Community Action Team became aggressively engaged in the project. After natural disasters added to construction costs and bids came in over budget, the CAT Team worked to close funding gaps and keep the project moving forward. A CAT Team package of financial assistance provided state grants allowing New Castle to complete the construction of three urban parklets and complete additional streetscaping improvements. A significant low-interest loan to the developer allowed the completion of the build-out of space for the first anchor tenant, the Mill Street Grill restaurant, which opened in February, 2006.

The CAT Team then took the lead in adding project components in the target area that would contribute to the revitalization of the area. Working with the Governor's Action Team (GAT), incentives were provided to attract a new start-up company, RecordFusion, LP, to a specific abandoned site in the immediate project area. An expanded riverwalk and other components have also enhanced the total project.

The Commonwealth's Community Action Team (CAT) has been instrumental in assisting the City of New Castle and its private developer in expediting and coordinating the public/private partnership essential to the revitalization of an urban center such as the City of New Castle's central business district.

The CAT Team remains engaged in New Castle, coordinating the state investment through the application, contracting, and disbursement process; helping structure project phasing and timelines; and coordinating state agency involvement in the regulatory and permitting processes.

The CAT Team engagement assisted the project by:

- Adding project components to catalyze a larger coordinated, targeted, mixed-use downtown revitalization strategy.
- Identifying opportunities to apply state grant, loan, and economic stimulus programs in an appropriate and synergistic manner.
- Awarding a comprehensive package of state financial assistance to various project components.
- Providing technical assistance on state economic development programs and the respective processes for accessing state funds.
- Coordinating inter-agency and inter-governmental participation in the project.
- Successfully building on project plans to coordinate a larger, community-changing impact project.

goal one:

choose one asset-rich redevelopment area

- Step 1: Identify key economic and physical assets
- Step 2: Capitalize on changing demographics and trends
- Step 3: Involve stakeholders
- Step 4: Choose redevelopment area

The most serious challenge facing core communities is their inability to attract new development, according to a national survey. There is a critical shortage of developers willing to redevelop brownfields or rehabilitate historic properties in urban settings. Developers' lack of confidence in the ability of cities and towns to reenergize long stagnant markets, as well as their unfamiliarity with issues of site assembly, building design, financing, and parking in urban settings, has discouraged investment.¹

Yet in the past five years, private developers have begun to invest in cities and towns with unproven markets where there is (1) shovel-ready land or properties near to key assets that will attract potential customers, (2) a supportive local government, and (3) public money or incentives that help fill in funding gaps.

Attracting this private investment is critical for the revitalization of Pennsylvania's core communities.

Decades of experience have shown that public money alone can not revitalize a city or town that is wrestling with population loss, blight and a shrinking job base. Public money can only complement and catalyze private investment.

In order to attract private investment and stimulate economic activity, local government leaders should establish one high impact community revitalization priority in a key geographic location with existing assets. Identifying this single redevelopment area as the target for public and private investment offers the municipality as a whole the best opportunity for significant new development with the ability to jumpstart the local economy and improve quality of life. A starting point for defining a single redevelopment area is to identify and map the community's assets; the positive attributes of the community that provide it with a competitive advantage.

step one: identify key economic and physical assets

Asset identification helps a community to define its strengths and then to preserve, improve and market them, in order to attract new investment.

Every Pennsylvania community or region has a pool of assets - land, resources, destinations, businesses and institutions - that if cleverly linked and grown can fuel revitalization.

– Kenneth Klothen, Deputy Secretary for Community Affairs and Development

57 smaller cities listed their top three assets in a recent survey. Distinctive historic buildings, a waterfront and a daytime workforce were ranked most often as a top asset.²

Pennsylvania’s core communities from Wilkes-Barre to Washington have brought their citizens and leaders together to identify their municipality’s assets and opportunities. With a clear understanding of their strengths and challenges, these places have gone on to create detailed redevelopment action plans. The physical and economic assets that have come up repeatedly at these visioning sessions and that are cited by community revitalization experts across the country include:

Waterfronts: Cities are making significant use of river or lakefronts to reinvigorate their economy and revitalize their towns.³ Waterfront redevelopment has received a great deal of credit for helping transform big-city downtowns such as Chicago, San Antonio, and Baltimore during the last three decades. Urban experts agree that waterfront renovation “can help kick-start” wider redevelopment but caution that projects must be well planned and fit the community’s need for recreation, retail, tourism or housing. Otherwise, they may fail, as Toledo, Ohio’s upscale Portside Festival Marketplace mall at Maumee River has. Modeled after the successful Baltimore Inner Harbor malls — in “blind faith that what was good for Baltimore would also be good for Toledo” — Marketplace closed in five years.

Small-city downtown assets

Downtown Strength/Asset	Number of Cities Listing as one of Top Three Assets (n – 57)
Preservation/Architecture/Heritage	24
Waterfront/Riverfront	13
Daytime Workforce	12
Retail/Service Mix	11
Government Center	10
Strong Downtown Association	7
Central Location	7
Strong Retail	6
Availability of Land/Buildings	6
Parking	6
University	5
Parks/Open Spaces	4
Civic/Convention Center	4
Main Street Approach	4
Transportation	4
Community Spirit/Commitment	4



Downtown: Downtown is the seat of government and educational institutions; the destination for tourists and visitors; and the central gathering place for citizens. Downtown is a prime contributor to the tax base, and downtown often provides the best chance of attracting regional disposable income because it houses the largest concentration of arts, entertainment, dining choices, and events. Today, cities and towns are re-creating their downtowns through sophisticated management, marketing, and major private investment. They are wooing suburban residents back to higher density urban living with new housing products, new destinations and a turn-of-the-century atmosphere that encourages shopping, strolling and people watching. [SEE CASE STUDY ONE](#)

University or College: Universities are anchor institutions that draw faculty and other employees, students, parents and alumni to town and create the potential for substantial economic growth. Colleges' and universities' success in attracting students and faculty depends in part upon the quality of life they can offer. A safe, attractive town can enrich the campus experience and attract outstanding faculty and students. Throughout the nation, universities and colleges have reconnected with their towns in order to take advantage of the available

“If the surrounding area is a really vibrant, wonderful college town with lots of things to do that really complement life on campus, that will give you an advantage.”

**– PRESIDENT JOHN A. FRY,
FRANKLIN AND MARSHALL COLLEGE ⁴**

space many towns can offer to expand campus offerings and to join together to create shared amenities. In addition, universities have proved to be powerful incubators for new businesses and products that create jobs and revenue for the municipality and the region. [SEE CASE STUDY TWO](#)

Abandoned Properties or Brownfields ⁵: Cities and towns are using the reclamation of vacant structures and land as a means to generate market recovery. In the last 15 years, Pennsylvania lost 420,000 acres of farmland to development at a time when an estimated 10,000 to



Case Studies 1 – 2

1. Government Building Moves Back Downtown: McKeesport In 2004, Governor Rendell ordered implementation of the 2000 Downtown Location Law, which encourages state agencies to place their offices in downtown locations and thus support the revitalization of downtown business districts. New downtown offices in Butler, Scranton, Conshohocken and McKeesport have stimulated the downtown economy and supported the vibrant atmosphere many towns are recreating. McKeesport in Allegheny County, with help from the State, moved its municipal building from the edge of town to a former bank building in a central downtown location. In the fall of 2006, Governor Rendell provided McKeesport's Mayor Jim Brewster with \$4.4 million for downtown improvements to sewers, streetscapes, and parks, as well as the establishment of the downtown government offices. Working together, the state's Community Action Team and city officials identified this four-block section of the business district as an area where state resources could leverage additional investment, sparking future growth.^a The investment is expected to attract over \$10 million in additional private, local, county, and federal sources. “We're building on the strength of what we already have,” said Bethany Bauer, McKeesport's city administrator for community development.^b As Mayor Brewster continues to focus on economic and residential development and improvements to McKeesport's infrastructure, recreational facilities, and public safety, the city is also paying attention to supporting local organizations that can contribute to cultural renewal. These include the Heritage Center, a repository of local history, and the local symphony, theatre company, and historic Carnegie Library.

2. Universities as Economic Engines: Lafayette College of Easton and Lehigh University of Bethlehem Lafayette College, in the Lehigh Valley city of Easton, has invested \$9.6 million in the redevelopment of an 11-acre downtown neighborhood adjacent to the College's campus. The goal for the redevelopment area on North Third Street is to transform it into an arts avenue anchored by an arts center. The project benefits both the College and Easton, offering the College needed additional space and providing Easton with help addressing downtown blight. In 2001 the college spent

\$4.5 million of the \$9.6 million to convert a warehouse on Third Street into a major new arts center, and since then has spent around \$5 million to acquire abandoned industrial buildings, a former club, and an empty restaurant and improve the streetscape while it completes its plans for new uses, which likely will include artist studios, restaurants, and shops. A \$3 million Commonwealth of Pennsylvania grant was made to Easton in 2002 in response to the private sector investments. The state's \$3 million will be used to improve Third Street, bringing buildings the College purchased into compliance with Easton codes, razing two condemned structures, façade improvements, and parking enhancements.^d

After years when town and gown relationships were among the top ten worst in the nation, Bethlehem and Lehigh University found something they could agree on—Campus Square. The \$25 million project, spearheaded by University President Gregory Farrington and completed in 2002, transformed gravel lots into student residences, retail space, and parking in the city's SouthSide neighborhood on the edge of the University. Campus Square restaurants and shops, along with a seasonal farmer's market and art and music events, attract both students and Bethlehem residents. The project blended the University campus with the City and revitalized the City's struggling South Side neighborhood.^e

Further City and University cooperation was visible in 2004 when Bethlehem and the University jointly became PA's first Keystone Innovation Zone, receiving grants for technology and transportation upgrades and job creation. The revitalization of the South Side attracted Northampton Community College to open a large new campus in the neighborhood in 2005. The State then leveraged these improvements with a \$2.5 million grant for the \$24 million Lehigh Riverport retail and residential complex. Riverport is providing stimulus for an additional adjacent project, the \$450 million Bethlehem Works, a retail, residential, commercial, and entertainment complex planned for the land once occupied by Bethlehem Steel. BethWorks is predicted to bring in \$4 million annually in tax revenue for Bethlehem, and as many as 9,000 new jobs.

12,000 brownfields are available for redevelopment.⁶ Why? Because it is easier and less expensive to develop farmland than to redevelop older industrial sites. Environmental cleanup, assembly, and demolition all add to the cost of development.

However, improved liability protection and increased funding availability have helped developers to recognize the potential value of brownfields. These sites offer acres of available land near to a town or city center with intact infrastructure such as roads and utility lines, telephone, electricity, and water and sewer.⁷ Where the transaction costs of environmental remediation, land assembly and development approval are not too high, these sites offer Pennsylvania’s developers a tremendous opportunity to offer new housing, retail and business products in urban areas with pent-up demand. They also offer landlocked cities and boroughs an opportunity to modernize their housing and retail stock and to offer new amenities such as recreation and entertainment attractions.

Municipalities that Redevelop Abandoned Properties Increase Tax Base, Population and Jobs. In 2005, the United States Conference of Mayors surveyed the nation’s cities to determine the level of benefit the cities received from redeveloping abandoned properties. Cities reported that redevelopment of brownfields attracted thousands of jobs and residents and millions of dollars in tax revenue growth.

Tax Revenue, Job and Population Gains As a Direct Result of Redevelopment of Abandoned Properties in Small and Mid-size Cities. ⁸

Cities Benefit from Abandoned Property Reuse					
	City Population	Tax Revenue Gains (actual unless noted that it is an estimate)	Permanent Jobs Created	Sites Redeveloped to Achieve Gains	Number of Brownfield Population Gain (estimated)
Emeryville CA	6,882	\$2,000,000	500	50	5,000
Glen Cove NY	26,622	\$13,900,000 est	*	5	
Wheeling WV	31,419	*	511	5	30,000
Bangor ME	31,473	\$1,586,212	*	7	26,585
Michigan City IN	32,900	\$1,000,000	*	1	2,500
Harrisburg PA	48,950	\$1,357,000 est		*	25,000
Springfield OH	65,358	\$1,300,000	15	3	25,000
Lynn MA	89,050	\$400,000	10	8	25,000
Dearborn MI	99,573	\$1,700,000	300	3	
Livonia MI	100,545	\$250,000	*	4	15,000
Gary IN	102,746	\$20,000,000	*	20	70,000
Richmond VA	197,790	\$1,000,000	150	2	50,000
Akron OH	217,074	\$3,931,000	300	6	6,000
Rochester NY	219,773	\$4,000,000	40	1	75,000
Pittsburgh, PA	334,563	\$10,000,000	5,000	10	200,000
Columbus OH	730,000	\$500,000	500	12	40,000

Entertainment and arts/culture destinations: Many people seek out cities for arts and cultural activities that are important to the quality of their lives. In fact, Richard Florida, a professor of regional economic development and an economist formerly from Pittsburgh’s Carnegie Mellon, has proposed in his book “The Rise of the Creative Class” that communities must invest in the arts, culture, education, and recreation to provide a quality of life that will attract talented, educated people to live and work there. The presence of these knowledge workers will in turn attract growing, high-paying businesses that seek locations with knowledge workers, such as information technology, professional and technical services, health care, and environmental technologies. It is a challenge for smaller towns to develop the critical mass of entertainment

offerings Florida discusses, but even a small college can provide a critical base of arts faculty, students, performances, exhibitions, lectures and events. Investment in a major downtown destination with surrounding related facilities can make the city more attractive and help support the growth of related businesses such as bookstores, art galleries, crafts stores, antiques shops, specialty clothing stores, coffee houses, pubs and restaurants. **SEE CASE STUDY THREE**

Proximity to Major Job Center: Employees are often willing to consider living in a variety of communities within a reasonable commute from their workplace. Whenever a municipality offers convenient access to a major job center there is the prospect of attracting workers. For

example, their proximity to major Philadelphia suburban job clusters in Chester or Montgomery County is an asset for Southern Berks County communities. Similarly, the proximity of New York City, New Jersey and Maryland is an asset to communities in the Poconos, Easton and Allentown area that offer comparatively affordable housing and good schools. For these communities, understanding the dynamics of these markets creates opportunities.

Anchor Employer or Hospital: Pennsylvania understands that employers can close up shop or relocate at will, leaving a town to deal with an unemployed workforce. When a town has an anchor employer who does not leave either because they recognize the benefits of

staying in the community or their facilities or customer base are not movable; the municipality has an asset. A municipality can exploit this asset by facilitating expansion and growth and encouraging others in that employer's chain of production or service delivery to relocate to the area. **SEE CASE STUDY FOUR**

Transportation Hub: A city that can offer residents and developers the advantage of bus, rail, water and/or highway connections has an asset. A highway running through town or near to it, a bus depot, an Amtrak station or a small regional airport all provide key infrastructure assets, as does proximity to an international air terminal. The average U.S. household spends 19 percent of its budget on transportation,



Case Studies 3 – 4

3. Arts Launch Rebirth: GoggleWorks of Reading and Milford Downtown

Reading's GoggleWorks Center for the Arts is a community arts and culture center that opened in the fall of 2005. GoggleWorks inhabits a group of industrial buildings that were formerly the site of a safety goggle manufacturer. The Berks County city opened GoggleWorks in a distressed section of downtown in anticipation of jump-starting the revitalization other cities have seen in response to new arts centers. Governor Rendell provided \$3 million of funding from the Redevelopment Assistance Capital Program (RACP). GoggleWorks welcomes between 300 and 1,000 visitors each day. Second Sunday open houses, with performances by local musicians and open studios featuring the resident artists, attract an average of 4,500 visitors. GoggleWorks' 130,000 square feet encompasses 34 artist studios, classrooms, dance and music rooms, a large wood shop, a darkroom, a film theatre, studios for glass blowing and ceramics, galleries, and a café, as well as office space for 24 community arts and culture organizations. The presence of these organizations, including a ballet academy, music school, and children's chorus, makes GoggleWorks the single central hub of the arts in Reading. All studio and office spaces had occupants even before GoggleWorks opened.

Reading is leveraging Goggleworks with adjacent projects. The Reading Public Museum is connected to the GoggleWorks via a river walk and amphitheatre being developed by RiverPlace Development Corp. A large movie theatre with an IMAX is planned for the land next door to GoggleWorks, along with 60 units of luxury apartments across the street, and 2 large parking garages in the neighborhood. Points out Karl Graybill, director of the Reading Downtown Improvement District, Reading still needs to strengthen its overall strategy for revitalization, and needs to support downtown improvements by addressing the needs of the low-income neighborhoods surrounding downtown. ^f

In Pike County, the town of Milford, population 1,100, has enlivened its economy by recasting itself as a cultural destination for weekend travelers and a first or second home for lovers of the arts and outdoor recreation. Located two hours from New York, Milford has attracted a summer and fall chamber music series, a film festival, sophisticated restaurants, public art, and a reputation for welcoming people of all sexual orientations. In 2004 the Mountain Laurel Center for the Performing Arts opened in the nearby town of Bushkill, bringing a lively summer music scene to the area. ^g

4. New Medical School Offers Care and Jobs: Scranton When the city of Scranton took stock of its community's strengths and weaknesses, local

leaders recognized the city's shortage of doctors as a major challenge. Since Scranton lost a large number of doctors due to high insurance liability rates, the doctor shortage has caused residents of the Scranton area to spend \$60 million annually on healthcare services outside of northeastern Pennsylvania. One projection has suggested that by 2020, the Scranton area will be 200,000 doctors short. With support from the State and Blue Cross of Northeastern Pennsylvania, Scranton is solving its healthcare problem by building a new downtown medical school that will open in the fall of 2009.

Elected officials, local doctors, and entrepreneurs jointly proposed the medical school idea to address the doctor deficit, redevelop the city's economy and bring in high paying jobs. Scranton leaders formed the Northeastern Pennsylvania Medical Education Development Consortium to plan the project with a \$700,000 two-year feasibility study financed by the state. The two year study, begun in 2004, found that a new medical school will bring over 400 new physicians to the area by 2025, and boost the local economy by bringing in 1,000 new jobs with an average salary of \$68,000. The Medical College also will provide \$46 million in new business to the Scranton area by 2015 in expansion of current businesses and in the start-up of new businesses. In October, 2006, Governor Rendell committed \$35 million of Redevelopment Assistance Capital Program dollars for the school. Blue Cross's generous contribution brought the total up to \$60 million and Scranton's leaders are assembling the additional \$25 million needed. With support from the community, business and the state, Scranton is implementing a detailed action plan to transform a weakness into a strength. ^h

While the medical school is still in the planning stages, evidence that Scranton can expect success can be seen in the city of Erie, which has already seen results from its medical institution, the Lake Erie College of Osteopathic Medicine (LECOM), opened in 1993. The founding physicians started with the mission of training more primary-care physicians in response to local, regional, and national shortages. LECOM has 1,400 medical and pharmacy students, employs over 250 Erie County residents, and generates \$62 million annually for the local economy. Residential development and retail growth have occurred because of LECOM, and doctors and pharmacists have stayed in the area to practice after completing their training. LECOM is now making another investment in Erie with its planned \$31 million wellness center, and in 2006 offered an in-kind payment of \$300,000 to Erie to help allay the city's current fiscal crisis. ⁱ

making household location a key component of housing affordability, and the option of getting to places without a car a key asset.⁹

Historic buildings: Historic buildings can create a competitive advantage for Pennsylvania's older communities. Areas that are rich in historic buildings can, with investment, offer a unique place to live or work. Preserving and rehabilitating these buildings for modern use offers an opportunity to blend both old and new and reinforce a town's unique history. Studies across the country have consistently shown that a property in a historic district experiences greater rates of appreciation.¹⁰ There is also a proven market for buildings with artistic and architectural features and quality materials that provide a charm and elegance not found in modern buildings. Preservation is more than nostalgia; historic buildings are assets that can be used as economic development drivers.

Tourist Destinations: Tourism has a vital role to play in the

revitalization of communities that can attract a significant number of visitors on a regular basis. By grouping a set of experiences (rather than establishing a single museum or historic site) municipalities have convinced the distance traveler to visit. Pennsylvania's attractive outdoor recreational locations have strong potential to be tourist destinations for whitewater rafting, mountain biking and nature trails, bird watching, leaf viewing, scenic drives, and cross-country skiing. In the last 20 years, the number of Americans 12 and older participating in some form of outdoor recreation has grown from 188 million to 229 million, an 18% increase per year.¹¹ Hiking is one of the nation's most popular recreational activities. In 2002, over 73 million Americans hiked. For just one section of the Appalachian Trail, the Great Allegheny Passage that extends 100 continuous miles between McKeesport and Meyersdale, the direct economic impact exceeds \$14 million a year, with more than 350,000 visitor trips on the trail and users spending \$12.01 to \$15.33 per person, per trip.¹² **SEE CASE STUDY FIVE**

Case Studies 5 – 6

5. Outdoor Tourism Destination: Pennsylvania Wilds Pennsylvania's designation of 2 million acres of forests and state parks in 12 counties along the state's northern tier has opened opportunities for numerous towns to welcome visitors to the Pennsylvania Wilds. The Wilds offer hiking, fishing, 1,000 miles of bike trails, rock climbing, bird watching, an Elk Scenic Drive, a dark-sky preserve for stargazing, autumn color, and scenic canyons and gorges. Towns within the PA Wilds region are combining their historic assets with the natural appeal of the Wilds to attract tourists, stimulate their economies, and revitalize their downtowns.

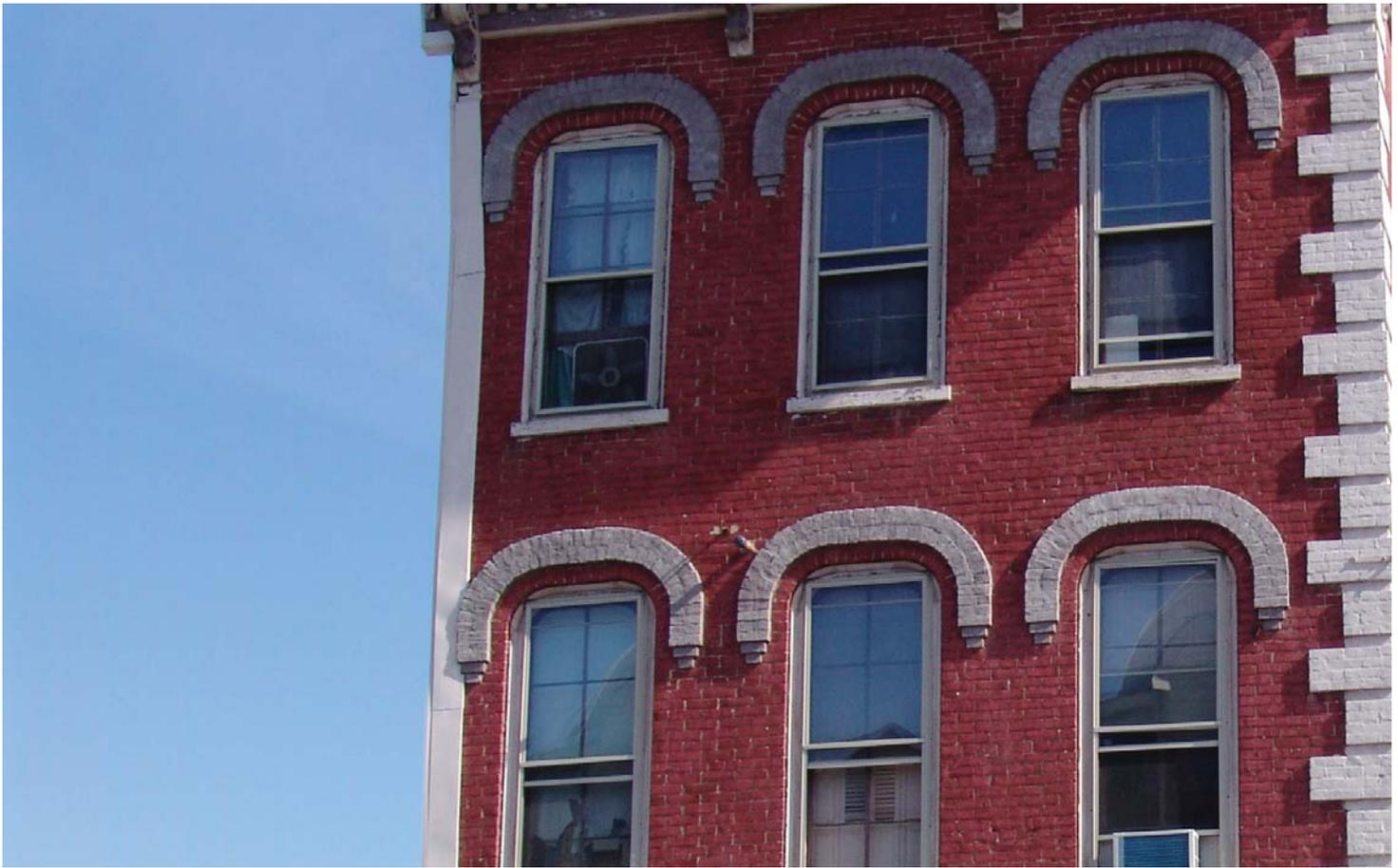
The Elk County town of Ridgway, population 5,000, is building a prosperous future by attracting both nature and heritage tourism. Ridgway's natural assets include a large elk herd, the Allegheny National Forest, and the Clarion River running through downtown. Historic and cultural assets include timber baron mansions from the mid-1800's, an art museum, a library, and a YMCA. An attraction that draws 30,000 visitors each February is the Chain Saw Carvers Rendezvous. Previously suffering downtown dilapidation and empty storefronts, and having failed to achieve revitalization in the 1980's, Ridgway got a fresh start in 1997 with the formation of the Ridgway Heritage Council (RHC). From 1998 to 2001, RHC used a \$45,000 grant from a local foundation to improve downtown façades. Since 2001, the Borough has contributed \$15,000 to \$20,000 annually for façade improvements. As of 2006, almost every downtown building has been restored, 40 new businesses have opened, and 77 percent of them have stayed. Explains Dale Lauricella, co-founder of the RHC, "The road to success is built on a series of smaller achievements that you keep building upon. A lot of towns are in the situation that Ridgway was. It doesn't have to be that way. It's not impossible to turn things around. But it does require a core group of people who are passionate about preserving their heritage and creating a brighter future for their community."¹³ Ridgway's current new endeavor, funded by a \$60,000 Growing Greener grant, is a study of how to conserve open space along the downtown riverfront while also installing a riverfront park with public boating, fishing, and education, and trails that lead from the greenspace into the business district.

Other municipalities that are planning development around their proximity to the PA Wilds include the Borough of Clearfield, located off

I-80 in Clearfield County, at the southern edge of the Wilds. Clearfield obtained an \$18,500 Growing Greener grant to create a master plan for a 10-acre riverfront park with a trail, parking, and recreational facilities. Similarly, the town of Brookville, located near the Allegheny National Forest, Clear Creek State Park, Cook Forest State Park, and I-80 in Jefferson County, directed an \$81,000 Growing Greener grant to several endeavors, including purchasing a half-acre abandoned downtown site that will become a town square.^k

The newness of the PA Wilds region may make it seem premature to view the Wilds as an income generator for towns in the Wilds. However, ample evidence shows that towns that develop with an eye toward profiting from tourism in the Wilds in the future will likely be making a sound investment. As greater numbers of Americans search for impressive natural environments for hiking, camping, mountain biking, rock climbing, whitewater rafting, bird watching, scenic drives, and other outdoor activities, regions such as the PA Wilds are increasingly sought after.

6. Improve Green Assets : Nay Aug Park: Scranton Under the leadership of Mayor Chris Doherty, elected in 2001, Scranton has delighted citizens and attracted visitors with the restoration of a major city park. Nay Aug Park is located close to downtown and offers an observation deck overlooking Nay Aug Gorge, a National Natural Landmark. While the historic Nay Aug Park formerly was home to an amusement park and a small zoo, Scranton's fiscal problems had forced their closure, the park had fallen into neglect, and it received few visitors. A local investment of approximately \$4.5 million allowed installation or refurbishment of a public swimming pool, amphitheater, Wildlife Center, concession stand, walking trails, observation decks, playground, restrooms, safety rails, and an electrical upgrade. A treehouse and a playground built by 1,300 volunteers were other recent additions. Scranton funded the restoration of Nay Aug Park with CDBG funds, sale of a parcel of city land to the local university and state funds. The Wildlife Center alone annually attracts 80,000 visitors, while the remainder of the Park fills with children and families playing, walkers, swimmers, admirers of holiday lights, and theater-goers. With the restoration of Nay Aug, a neglected recreation area has once again become one of the city's highlights.



Tourism for the Birds: A recent Delaware Bay study showed that shorebird migration annually generates between \$7.8 and \$11.8 million in tourism-related economic benefits to the immediate bay shore area. The typical bird watcher spends \$522 per visit for lodging, dinners, food, and gasoline. Many decide to return at other times during the year, generating as much as \$25 million in the immediate area, another \$2.5 million in New Jersey, and another \$6.2 million elsewhere in the U.S. – a total of \$34 million a year.¹³

Stable residential neighborhoods: Housing is a critical element for the viability of an urban community. A strong resident base is needed to support the grocery stores, banks, pharmacies, restaurants and other essential commercial components of a well-functioning city or borough. A recent Brookings Institution report states the importance of viable neighborhoods in plain terms: “No city can succeed if people don’t want to live in it. And where they live is in a neighborhood; it’s how they identify ‘home.’ The strongest cities have demonstrated that they can build attractive neighborhoods and invigorate their local businesses and commercial corridors.” One strong neighborhood can launch interest in other surrounding neighborhoods as the healthy housing market expands.¹⁵

Attractive functional greenspace: Businesses and residents want to locate near well-maintained, safe parks, town squares, community gardens, boardwalks and other greenspaces. A 2002 Consumers’ Survey conducted by the National Association of Realtors found that for the majority of owners, open space and parks were very important to their housing choice.¹⁶ Owners of small companies ranked recreation/parks/open space as one of the highest priorities in

“Think about what makes a city or borough great and your local parks, open spaces and waterways will probably come to mind. We want to partner with communities so that they can expand and improve these wonderful assets that make the places we call home vibrant and attractive.”

– PENNSYLVANIA DEPARTMENT OF
CONSERVATION AND NATURAL RESOURCES
SECRETARY MICHAEL DIBERNARDINIS

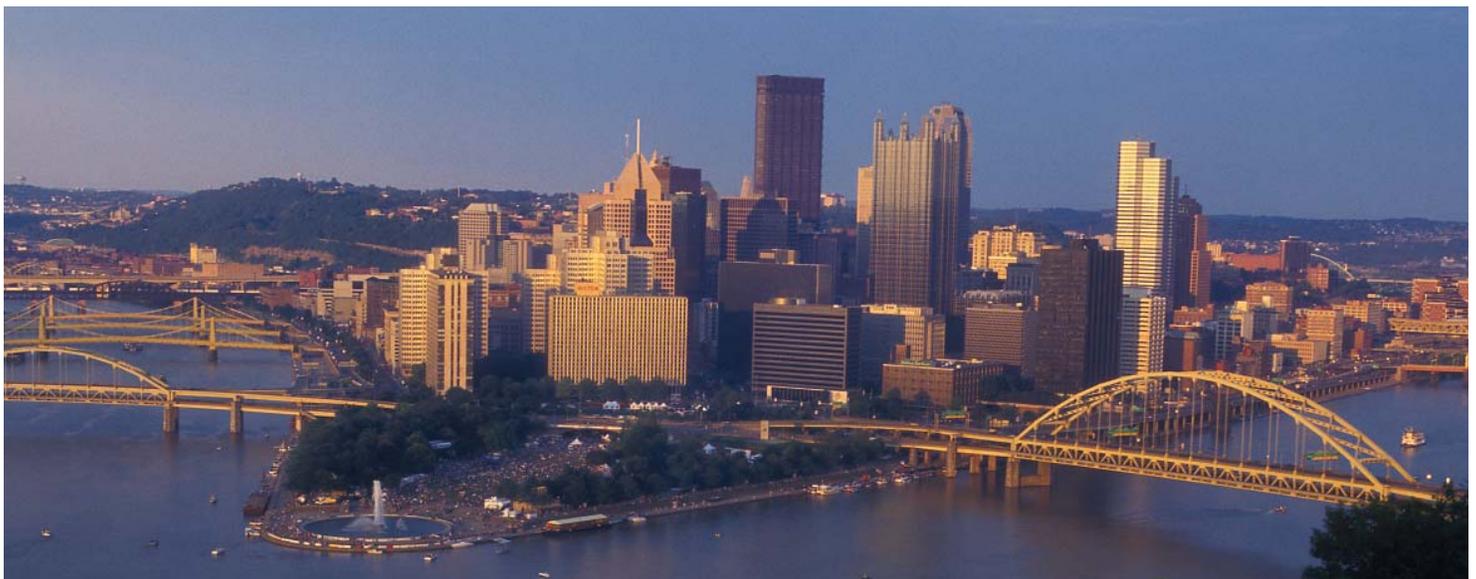
choosing a location for their businesses.¹⁷ After all, parks, plazas and town squares provide a place for employees as well as residents to sit and read, or gather and talk with friends. **SEE CASE STUDY SIX**

Other Assets: Every community has assets. Those we have listed are some that have brought new life to American cities, but be creative when thinking about assets. Whether the asset is a house of worship that brings in people from the surrounding region every week or a natural gorge that attracts thousands each year, there is tremendous power in recognizing those assets and making an action plan to take advantage of them.

> footnotes: step one

Note:

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step two: capitalize on changing demographics and trends

A survey of twenty-somethings asked what they thought made popular city districts 'cool.' They said (1) historic buildings, (2) independent businesses, and (3) people on the street – all things Pennsylvania's downtowns have.¹⁸

Changes in working, shopping and living are creating new markets for core communities. The features and amenities sought by residents, businesses, and visitors define today's market conditions. The private market, while rarely effective at changing market conditions, is skilled at understanding them and using them to their advantage. Pennsylvania's municipalities must similarly be able to capitalize on market conditions that favor our core communities.

Today's changing marketplace offers opportunities for urban Pennsylvania. Retail construction is growing stronger on infill sites in mature trade areas, in downtowns with new condo construction, and in ethnic neighborhoods where retailers want to unlock the growing sales potential.¹⁹ And shifts in Pennsylvania's demographics have changed in ways that create new demand for homes, shops and offices in cities and towns. For 50 years, families with children drove Pennsylvania's housing industry. But now, *married couples with children make up less than 25 percent of Pennsylvania's households.* Pennsylvania's fastest growing households are young professionals, empty nesters, single parents, couples without children, and seniors. These diverse Pennsylvanians are more likely to value urban amenities and they seek different kinds of housing, from condominiums to lofts to flexible live/work space.

On the following page are some trends that can be exploited to create new interest in living, shopping and working in Pennsylvania's core communities.

“ The need for development is constant, because population, technology, and taste never stop changing.”

**– MIKE E. MILES, GAYLE BERENS, MARC A. WEISS,
REAL ESTATE DEVELOPMENT:
PRINCIPLES AND PROCESS 3RD EDITION,
URBAN LAND INSTITUTE (2000)**

Vibrant, Walkable Communities: Market preference studies show a demand for walkable town communities that far exceeds supply.²⁰ After living for decades in car-dependent suburban subdivisions, a part of the market is looking for communities where people can get out of their cars and walk. Forty-nine percent of people surveyed prefer a small home with more amenities such as parks and trails to a larger home without these amenities, according to a 2004 National Association of

Home Builders survey.²¹ Over half of seniors and young professionals (age 24-34) preferred small lot housing with easy access to stores and doctors.²² To take advantage of this market, towns are addressing safety concerns, adding after-workday amenities such as restaurants and cultural activities, making substantial streetscape improvements such as pedestrian lighting, widening sidewalks, rezoning to require storefronts at street level, and encouraging infill to eliminate gaps along the street frontage that discourage pedestrians from walking by.

“Mixed-use projects as a favored type of development, offering greater convenience for busy professionals....also appeal to both empty nesters and their young adult offspring by providing pedestrian-accessible retail, restaurants, parks, supermarkets and offices. Transit-oriented development...

‘almost cannot miss.’³¹

**– EMERGING TRENDS IN REAL ESTATE 2007
BY THE URBAN LAND INSTITUTE AND
PRICewaterhouseCOOPERS LLP
ISSUED OCTOBER 19, 2006**

New Urban Housing Products: Cities large and small have witnessed an increase in the number of people living downtown during the 1990s. Redevelopment and new development of market rate, senior, and subsidized urban housing has been widespread. The types of housing differ from the traditional small single-family homes in favor of exciting new housing products, from lofts to live/work spaces and condominiums. The availability of modern housing with strong amenities and low maintenance is attracting some of Pennsylvania's growing population groups.

Mixed Use/Main Street Retail: The retail dominance of the enclosed suburban mall may be over. Urban experts define the problem as “mall fatigue.”²⁴ There is new interest in frequenting a mix of specialty and national retailers in a safe, convenient open-air environments, whether we call it a historic lifestyle center or a Main Street.²⁵ In addition, suburban big box retailers are looking to expand into urban markets and cities are requiring them to blend in with the existing streetscape.²⁶

New Interest In Independent Stores: Another promising change in retail trends is growing consumer interest in independent, locally owned stores. National chains have dominated retail for the past few decades, putting many locally owned merchants out of business. Yet there are promising signs that some consumers are bored with generic stores and want to frequent stores that offer unique products. For example, older consumers have a strong dislike for ‘clone shopping places’ and equate independent stores with both excellent service and relevant products, according to recent market studies.²⁷

Convenient Access by Foot, Car or Transit: Most cities understand that issues related to accessibility and parking play a major role in determining the viability of an asset, whether it is a waterfront or a

new theater. Our cities were built well before the car, yet with available land, a town can offer modern parking options and maintain its classic look. Similarly, by offering transit, cities and towns can reinforce their accessibility and attractiveness, particularly at a time when Americans are seeking to limit their energy use.²⁸ Households that live within a short distance from jobs, schools and shopping save 5-10% of their income that would otherwise need to be spent on transportation.²⁹ This is in part why Emerging Trends in Real Estate rated “transit adjacency” as its top location criterion for real estate investments.³⁰

Retirees Choose College Towns: College towns are a favorite retirement choice for baby boomers who want to live close to cultural, educational and recreational opportunities. Boomers seek condos and smaller, low-maintenance homes close to campus. More than 60 universities across the country are associated with retirement communities.³³ The local availability of adequate health care services is another key factor in retirees’ choice of community.³⁴

Baby boomers, “not yet of retirement age, but with children grown up, . . . see the city as the place where they want to grow old, and they are making the move as part of a future retirement plan. They are wooed not only by the city’s cultural attractions, but also by lower property taxes, better public transportation, a highly accessible health care system and the chance to be closer to city-dwelling children.”

– William H. Frey, a demographer with the Brookings Institution and the Mortgage Bankers Association.

Relatively Affordable Housing: Housing values near to key East Coast job clusters have grown enormously in the past decade. A band of counties with median single family home values exceeding \$150,000 extends from Washington D.C. and its suburbs all the way up

“Everyone wants to return and since we have had so many leave, we have a big line to come back.”

– LINDA THOMPSON, PRESIDENT, JOHNSTOWN AREA REGIONAL INDUSTRIES (JARI)

the East coast to Boston and its suburbs. As a result, Pennsylvania has an opportunity to capitalize on its current low housing costs to attract new business and residents.³⁶ Pennsylvania’s relatively low housing prices (median housing value of \$97,000) are gaining notice and attracting new residents from New York, New Jersey and Maryland.

Diversity and Tolerance: Americans repeatedly say that they want to live in diverse, tolerant places with low entry barriers for people – places where newcomers are accepted quickly. They want to meet and socialize with people unlike themselves, hear different kinds of music and try different kinds of food.³⁷ Many of Pennsylvania’s communities have seen a recent influx of new immigrants of different races and backgrounds, helping to create the more diverse places that many Americans seek. Immigrants bring other advantages as well. Immigrants fix up and fill vacant homes, boost local businesses and become successful entrepreneurs. In fact, up to one quarter of Silicon Valley firms were established by immigrants and immigrants are much more likely to be self-employed than native-born Americans.³⁸ While immigrant firms are usually quite small and tend to employ co-ethnics and family, as a group they are sufficiently powerful to have revitalized many neighborhoods, particularly in hard-hit urban areas.³⁹



By welcoming new immigrants, communities make themselves more attractive to the American consumer and may experience an upsurge in new business as well. **SEE CASE STUDY SEVEN**

Desire to Shop Nights and Sundays: Several Pennsylvania cities and towns have expanded their retail hours in recent years. These towns understand that most Americans are at work or school during traditional store hours and want to shop at night or on Saturdays or Sundays. Many national retailers explicitly look for a location that is open and active on nights and weekends. Because malls and large shopping centers typically include these kinds of hours within their lease requirements, they had an advantage in the past. By marketing a couple of nights a week for late shopping, Main Streets can attract a larger customer base and more businesses.

Hometowns – Places to Come Home To: Current generations of Americans have been more mobile than any other. While some have chosen to move away from the cities and towns where they were born, many are choosing to move back. Nowhere is this truer than in Pennsylvania. Experts on migration say that the most likely second move by anyone who moves away from home is to go back to their origins. Many of those who come back have obtained skills, resources and capital that can benefit their hometown. ⁴⁰

In addition, an even larger number of former residents would gladly come home if jobs were available. ⁴¹ Christopher Briem, a regional economist for University of Pittsburgh Center for Social and Urban Research, estimates that approximately 10,000 former Pittsburgh residents move back to the region each year. Johnstown has focused its economic development plans on luring back nostalgic Johnstown natives who were forced to leave when industry collapsed. **SEE CASE STUDY EIGHT**



Case Studies 7 – 8

7. Immigrants Boost Local Economies: Kutztown University The majority of cities that grew in the past two decades, grew as a result of immigration. Research and experience show that municipalities that attract immigrants see job growth, neighborhood revitalization, an increased tax base, population maintenance or growth, a rise in real estate values, and other benefits. Attracting Latinos makes sense today, for they now constitute the largest minority group in the United States (over 13%) and Latino-owned businesses are currently the fastest-growing business segment in the U.S. The growth rate of the Commonwealth's Latino-owned firms was nine percent (9%) higher than the national average and more than nine times the state average for all businesses. In 2006, Kutztown University responded to the growing Latino business community in Lancaster, Reading, Allentown and throughout Pennsylvania, by developing and translating two bilingual online business development courses. The project was a result of a grant from the United States Hispanic Chamber of Commerce Foundation and AT&T Foundation and collaborations between the Berks County Latino Chamber of Commerce and the Hispanic Chamber of Commerce of the Lehigh Valley.

Continuing their focus on Latino business owners, Kutztown University and the Kutztown University Small Business Development Center established the Latino Business Resource Center. The goal was to provide Latino entrepreneurs with business consulting, education, research and business tools that will help them develop thriving businesses. The Center has offered live bilingual business planning courses in Coatesville, Kennett Square and Reading, and plans to offer bilingual online business planning courses and tools, as well as an online forum of Latino business professionals who will answer questions. In the words of Center Director Carlos Ojeda, Jr., "The university is really working hard to mirror the community and neighbors it serves." The University has become a top-choice school for Latino students. Its efforts are comparable to the State's efforts to encourage prosperity in the Latino community via the Governor's Advisory Commission on Latino Affairs (GACLA).

The City of Allentown is also partnering with Lehigh University's Small Business Development Council, Kutztown University's Latino Business Resource Center, Community Action Development Corporation of the Lehigh Valley and the Hispanic Chamber of Commerce of the Lehigh

Valley to run a bilingual, English-Spanish seminar on the development of a small business. ^m And in the fall of 2006, Allentown announced new supplier diversity guidelines aiming to give minority- and women-owned businesses more access to city contracts. Said Mayor Ed Pawlowski: "We have to recognize that this is a significant part of our population and our economic development depends on reaching out to all segments of our society." ⁿ

8. Helping Manufacturing Start-Ups Grow and Prosper: Johnstown

Johnstown's legacy as a steel town has left it with acres of industrial land and an available skilled workforce. Johnstown seeks to leverage those assets by attracting new industry and manufacturing to the area. Even more importantly, Johnstown is working to develop talented people and businesses in industry at home. At a time when other cities have seen manufacturing as the economy of the past and service as the economy of the future, Johnstown is proving that there are good industrial products and services out there, from powdered metals to wood refinishing, that can support profitable business growth. What the industries need is inexpensive operating costs to get them started and a skilled workforce. To help them, Johnstown economic development groups and Johnstown Area Regional Industries (JARI) have created a single point of contact to nurture small companies. Johnstown helps start-ups get established by offering below market rents, a skilled workforce and special attention. Johnstown has worked with the State to remediate vacant industrial land and buildings and prepare the properties for safe reuse. Then Johnstown and JARI help businesses to expand, to network, and to match profitably to suppliers and customers around the globe. Whether a business needs a complete financial package, training for employees in the latest technologies, technical assistance in pursuing government contracts, a review of their business plan, an equipment purchase, or any of a host of other business assistance services, Johnstown provides it. JARI owns three existing industrial/business parks and one incubator facility for small companies to start out in. Linda Thomson, president of JARI, has courted every kind of business over the years. She values a business she attracted from the surrounding suburbs that grew from 5 to 25 employees as much as the huge Gamesa wind power, which will hire over 200 workers in its first three years to man two production lines.



>> footnotes: step two

Note:

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- ⁿ Allentown Implements Minority Purchasing Guidelines, November 21, 2006, <http://www.allentownpa.org/prDetail.asp?prKey=343>

step three: involve stakeholders

Involve stakeholders in a dialogue about the future of their community with the express goal of choosing a single redevelopment area and a strategy to attract private investment to that area. Invite residents, business owners and community leaders to participate in the process of defining the town's assets, choosing an asset-rich redevelopment site and creating a detailed redevelopment action plan. By making community members key participants in a discussion about the future of their community, local elected officials can tap into their expertise and opinions during the early stages of the process and ensure their cooperation in implementing the strategies agreed upon.

This process will certainly take longer and be messier than hiring a consultant to write a strategic plan. However many consultant studies sit on a shelf because community stakeholders were not willing to "take the consultant's word for it." This is particularly true where consultants are giving unpopular advice, such as to target investment to one neighborhood and not others. Perhaps the best approach is to hire a consultant to coordinate the process, facilitate community meetings and inject healthy doses of market reality into the discussion when needed. That way a community can have the best of both worlds. The final recommendations created by local stakeholders will carry a kind of credibility that no outsider can give them, yet at the same time an expert consultant is available to broadly rethink blight removal, preservation of valued existing assets, and key action steps to attract private investment.

Of course, it is also essential to include the government leaders who will implement the action plan. A CEO of a leading American company based in Pennsylvania recently said "corporate culture eats strategy for lunch."⁴² Government culture is no different. If the heads of departments or the town's state legislators do not believe in the approach adopted, they will not wholeheartedly pursue the goals agreed upon, weakening the municipality's chances for success.

Help stakeholders to focus on a new future. When Southeastern Pennsylvanians are asked what their community should be in the future, their most common response is that it should recapture its past. With the highest percentage of residents in the nation who were born and have lived in the state all of their lives, Pennsylvanians have

long memories and yearn for the time when urban areas were key industrial job clusters with jobs that paid good wages, when crime was rare and family members lived next door. Looking back, however, is not the best way to move forward. Preparing a community for a new future with a modern vision will allow leaders to judge quickly and efficiently whether developers' proposals fit within the community vision, and allow the developer to count on the town's support if it does.

Use three tools to help stakeholders identify, understand and exploit community assets.

1. SWOT the Problem: The SWOT analysis, developed by Harvard Business School to evaluate the Strengths, Weaknesses, Opportunities, and Threats facing a community or business, is a simple tool to help local officials and stakeholders understand their community. The SWOT evaluation is designed to provide valuable insights into the actions a community must take to use each strength or asset, stop each weakness, exploit each opportunity and defend against each threat in order to achieve their vision.

2. Time for Serious Self-Assessment: Another very helpful tool, included at newPA.com/revitalize, is the Municipal Self-Assessment Tool for Economic Growth and Development from the Center for Urban and Regional Policy. This tool provides a comprehensive series of relevant questions to help a community begin to assess its assets and liabilities. The questions include: What percentage of available sites for retail trade are within two miles of an entrance or exit to a major highway? What is the current average monthly square foot cost for existing retail manufacturing/office space in the city? Does the city maintain a complete list of sites that are available for development in the city?

3. Map Assets To Reveal Asset Clusters and Helpful Patterns: With its ability to layer different types of information for a single location and place them on colored electronic maps, Geographic Information Systems (GIS) mapping and analysis software allows a community to see data spatially and explore how different community assets may relate. GIS is becoming more commonly used by many universities, county and regional planning commissions and city governments across the country. Data showing where available land, blighted properties, job clusters, greenspace and other key features are located on a single map can provide a fresh look at a community and inform redevelopment decisions.

GIS maps also allow city officials to provide developers with a comprehensive picture of the attributes of the high-impact development site and its redevelopment potential.

"Allentown went through the 3 stages of mourning for what its city used to be: denial, remembering the heyday, grieving, over the exodus of retail and people, and getting on with life, accepting that it won't be how it was. It will be a different city based upon a different economy."

– MAYOR OF ALLENTOWN, ED PAWLOWSKI

To view a variety of currently available GIS maps from around the state, visit PA Magic, a mapping and geographic information consortium (www.pamagic.org) and Pennsylvania Spatial Data Access system (PASDA), Pennsylvania's official geospatial information clearinghouse

(www.pasda.psu.edu). These GIS maps, like those of Philadelphia (<http://cml.upenn.edu/nis>) and Pittsburgh (<http://www.pghnis.pitt.edu>), are maintained by a university whose experts can update the maps and provide a long term resource for the community.



- In order to obtain a comprehensive picture of a community, a GIS asset identification map series should show:
- Major institutions (e.g., universities, hospitals, and schools)
 - Available commercial and industrial land (residential land tends to be scattered and consist of sites that are too small for large scale development)

- Key civic spaces including parks, key natural assets (rivers, lakes, nature trails, forests)
- Commercial corridors including Main Street
- Significant employers, and
- Arts, culture, historic and cultural destinations

>> footnotes: step three

Note:
42 "Ten to Watch in 2007 – Richard T Clark, Chairman and CEO of Merck and Co., Inc., Philadelphia Inquirer E-1 (December 31, 2007).

step four: choose redevelopment area

While it is admittedly politically difficult to target funding to one area when other areas also need investment, targeting resources is essential to a successful revitalization strategy. Local elected officials should apply a five-part test to select their redevelopment area:

- 1. The area should be viable.** A municipality should not begin by investing in its most deteriorated neighborhood. The area a core community focuses investment on should have strong assets, land for which site control is readily available and if possible, a developer who has expressed interest.
- 2. The area should have assets interesting to the private market.** Local government officials must be able to sell their product, the municipality, to a private investor. To do this, they must share information about the site's assets that will create confidence in a developer that he or she can attract a tenant or buyer to the site. Without private investment, a catalytic development is highly improbable.
- 3. Community should support redevelopment in the area.** The redevelopment area should be located in an area of town where there is a consensus among stakeholders as to redevelopment goals. Choosing an area where residents or leaders oppose redevelopment or where strong community opposition exists considerably weakens chances for attracting a private developer. Developers dislike the unpredictability that local political battles create.
- 4. Investment should have major impact on the local economy.** The goal is to create a catalytic investment that will prove the market and spur other development. It is important not to tinker at the fringes but rather tackle a significant development project that will begin to change the dynamics of the marketplace.
- 5. Each investment should attract more investment.** A single project will not revitalize a core community but it may show a transformation sufficient to spark developer interest and change lenders' perceptions of the area. Studies show that development projects that spur additional development share several key characteristics. The initial project that fuels related development tends to be a destination that draws people to the area and creates demand for other uses nearby. The destination project also typically changes the area's image, and is designed in a way that links it closely with its surroundings and creates pedestrian activity.

“ The other thing we did back in the 60s and 70s was we thought that if we put in a new streetscape, it would solve all of our problems and the private sector would come back. Or if we bulldozed some old buildings, that would take care of it all. Or if we built a convention center, that would take care of it all. The single bullet approach doesn't work. It's many, many different initiatives at the same time. It's part of the complexity of downtown. So you can't put all your hopes in a convention center/hotel, using that as the great hope of downtown Lancaster, it's a burden on that project that it cannot bear. It's got to be one of many, many projects going forward.”

– CHRISTOPHER LEINBERGER , DOWNTOWN REVITALIZATION EXPERT AND URBAN DEVELOPER SPEAKING TO CITY OF LANCASTER

Target Resources To One Area to Benefit Whole Community ⁴³

Richmond Virginia faced some serious challenges at the beginning of this decade. With over 3,500 vacant and abandoned properties, a high per capita murder rate and 80% of public school children living at or below poverty, the city needed to make some dramatic changes to make its neighborhoods safe and attractive places to live. In 1999, Richmond adopted Neighborhoods in Bloom (NIB), a program to target city resources to a few select neighborhoods to catalyze neighborhood revitalization. Seven neighborhoods were chosen based upon their attractiveness to the private market and potential for change. Neighborhoods in Bloom targeted public investment and services and leveraged \$3 of private investment for each \$1 of public money. As a result, the city saw its first new private market housing in decades, development costs started catching up with sales prices and there were substantial crime reductions within the first four years. Richmond attributes its success to its City Council's willingness to set aside the desires, and sometimes needs, of individual districts, for the good of the overall city.

>> footnotes: step four

Note:

⁴³ http://www.lisc.org/docs/experts/2005/eo_11_08_2005.pdf

interviews with Pennsylvania Mayors

Karl E. Eisaman , Mayor of Greensburg

Part-time Mayor | In office 1995-present | Owner of downtown Greensburg insurance agency

If I can give two pieces of advice to future Mayors of this and other older communities, they would be first, to listen to everyone in your community that you can, but once you find a project to move on and you have listened to everyone, see that it gets done. Second, win the trust of your employees and political partners and ensure that even when you disagree, you will all work together towards the betterment of the city.

When I came into office, the first month I set up meetings with as many groups as possible and listened to what their needs and concerns were. I also listened to what their proposed solutions were and asked what they would be able to contribute to the revitalization of the city, what new partnerships we could create. As the Mayor you are considered the leader, but if you just listen, you learn a lot.

My other priority in my first few months was to win the trust of my employees and make sure they would work with me. After all, city employees are the most important partners that a Mayor can have. I also shook things up a bit to ensure the best people were in each job. I made the Recreation Director my City Administrator because she was a great communicator and that was the most important skill needed for that job. I examined how city departments worked from the inside and I found that they had distinct cultures. In fact, there were three or four departments with different letterheads and business cards. Within a matter of months, everyone shared a unified look and understood we were all one team.

Finally, as a former City Councilman, I had credibility with City Council but I wanted to ensure them that I would work as a team. We wouldn't get anything done if we were fighting among ourselves. I agreed to bring ideas to them and give them a chance to shoot them down. I feel strongly that "the more information you can present, the more positive is the reaction. When you try to keep things secretive, the rumors start." I am open to sharing my ideas and to hearing anyone telling me why my idea is not a good one, but I would rather you tell me up front. I am never afraid of being proven wrong before I start. But once we agree to go forward, then I need your support.

When I moved from the private sector to the public sector, I learned that in the public sector, the problems are bigger, it takes much longer to get anything done and you must involve many more partners. As a result, to be successful, you need to look out for opportunities even in the bad things that happen. Bad things can be leveraged to create an opportunity. The catalyst for

the Performing Arts Center was a ceiling collapse of a building Seton Hill was considering. Later a 40-year-old, 450-space parking lot collapsed. The city needed about 100 spaces. So, I began talking to some private business owners in the area. My proposal was simple: if you will rebuild the lot into a smaller lot with 200 spaces, we will rent 100 from you monthly. Then you will have the other 100 for your own use. As a result, the city did not have to pay to construct a new parking lot and the private owner would be guaranteed that half his parking lot would be full from day one. Today, a 200 space lot stands on that spot.

Never be afraid to ask. In Greensburg, we had no real relationship with our local university but I asked whether they could build some of their campus facilities in town and they said 'yes.'

Meet regularly with partners and potential partners to explore potential synergies and brain storm. Do not delegate attendance at these meetings. It is a powerful statement of the commitment of time and interest for the Mayor to be there. Every month, I meet with President Boyle of Seton Hill University, the City of Greensburg, the County of Westmoreland, the Redevelopment Authority of the County of Westmoreland, the Greensburg Salem School District, local legislators, and the Westmoreland Trust. I plan to continue these meetings for my entire term as Mayor even though they were begun to discuss one project – the construction of a new Performing Arts Center which will break ground in a matter of months. These meetings have generated a number of ideas that will benefit Seton Hill and the City of Greensburg. For example, Seton Hill began a football program last year and needed a field. Stadiums can cost millions of dollars. Meanwhile, the School District had a football field that they used for Friday night games. College games are played Saturday afternoon. So the School District fixed up the stadium, the University donated astro-turf and both have a football field to be proud of. And the city has an event on Saturday afternoons that draws in students and residents. Other ideas we are batting around include Seton Hill taking over and renovating an older historic building next to the Center to create a Bed and Breakfast for its tourism and hospitality students to run. Seton Hill may need an additional facility for its women's entrepreneurship program.

When you have developers interested in building what you want for your city, help them and support them. We did not bend or break a single rule or regulation to get the Performance Arts Center its permits. But we offered timely support whenever a problem arose. We are both working towards the same result and our job is to facilitate as well as to regulate.

Each win provides a new opportunity. Most of our stores have vacant or underutilized upper floors. As the Performing Arts Center creates new profits for retailers, we will talk to them about renovating their upper floors into apartments they can rent to students. That means a better use of downtown space, more profits for the retailers, more property taxes for the city, and the opportunity to introduce students to Greensburg in hopes that they will find a job and stay here after graduating. As a result, everyone wins.

Kenneth Westcott, Mayor of Washington, PA

Part-time Mayor | Elected in 1999 | Former Councilman

The timing is perfect for towns in Philadelphia to start pushing redevelopment opportunities forward. We have a Governor in office who is hepped up on urban revitalization. Governor Rendell is looking for opportunities to help older towns to thrive. In my town of Washington, when we had a chance to attract a new employer, Governor Rendell got on the phone and called them to persuade them to come to downtown Washington – it helped. The Governor's office and the CAT team have also been fantastic resources, helping us to strategize around approaches and find the money to make it happen, and the League of Cities has been a great forum to hear advice from other experienced Mayors.

I see my job as Mayor as making sure people stay here and creating new opportunities for new jobs. So you need to seek out opportunities for your community. If you sit back, it isn't going to come to you. You need to go out and get it. I work part-time but I make myself available to anyone who wants to invest in Washington. When someone wants to talk to the Mayor of Pittsburgh or Philadelphia you can't get the Mayor on the phone, but when you call me, I answer. That means something to people.

Then I meet with them to discuss what they have in mind. Assuming it isn't bad for the community, I let them know that they have the full support of everyone in the town – that we will do the leg work with government, residents and businesses to make sure everyone is informed and on board with the plan. This is very important to the developers. It helps them feel comfortable that community opposition or regulations won't stand in the way, so will get their project done in our town.

Now sometimes public opposition to a project is inescapable – like a takeout pizza delivery restaurant that wanted to move to a residential area. The neighbors were too worried about cars coming in and out, but most of the time, I can help shape the project to meet concerns. I talk to the community and tell them: we need this new business, so how can we make it work? I don't want to force my will on anyone. Community input is important. I ran for Mayor because I didn't think my voice was being heard by the Mayor and City Council, so I want to hear from people and find creative ways to satisfy everyone.

Sometimes you have the opportunity to cultivate interest and that involves creativity again. We know that we need modern housing stock around here. Well, we have commitments from local building industry companies who know construction to develop a parcel. Local people who care about your community are key to revitalization, so we didn't wait for outside developers to appear. We have a few entrepreneurial people who want to see what they can do. And interestingly, their confidence to take a risk and develop a parcel was based upon a large developer coming in and doing a \$35 million dollar project in town. Once you get that kind of major investment into your town, it makes people inside and outside of your town stand up and take notice and wonder if they should invest their money as well. You need to be ready to cultivate those opportunities and to tell everyone why they should invest in your town.

I have been Mayor for 7 years and it is a great job and a big responsibility. I am responsible for making Washington a better place to live and I take that responsibility seriously.

Chris Doherty, Mayor of Scranton

Full-time Mayor | Elected 2001

I was elected the full-time Mayor of Scranton in 2001. I came into office with three goals: to straighten out Scranton's finances, revitalize our parks and generate significant economic development. Everything else, including crime prevention, I delegated to experienced staff. I did this because I felt strongly that the most important contribution I could make as Mayor was to lead the effort to attract new jobs and people to the city. With the Mayor at the helm, people would understand that Scranton is serious and committed in its economic development efforts.

Unlike many Mayors, I am not a believer in taking the time to create a written action plan. I have a four-year term and I wanted to make my mark in the first 18 months, so I was in a hurry to get started. I had read all the plans that Scranton had commissioned over the years and felt we had been studied to death. The reality was that we wanted to attract people and jobs. People make choices on where to live and run their business based on where they can find a nice, safe community. Therefore, to attract them, I needed to invest in Scranton and improve its appearance, fill vacant properties with businesses, and jumpstart the real estate market, as well. To do this, I needed money, so I pulled together existing resources and borrowed from others.

I targeted all of this investment into downtown because that is where people get their first impression of Scranton. The Keystone Opportunity Zone was important to our economic development strategy. We could save businesses thousands of dollars in taxes if they located in a KOZ. Of course, I had to get them to come out and see the space first. I felt a bit like a used car salesman but I was confident I could sell them the product if I could get them in the door. And that proved to be true.

goal two:

prepare redevelopment area for market

Step 1: Create a detailed action plan

Step 2: Obtain site control of key land

Step 3: Find public resources and create incentives

After focusing on a single redevelopment area, it is time to prepare the individual sites and the area as a whole for redevelopment. Three key steps are detailed on the following pages.

step one: create a detailed action plan

An action plan is a detailed series of action steps designed to attract investment that will meet market demand and community desires. For each task, responsibility, cost and a timeline should be set.

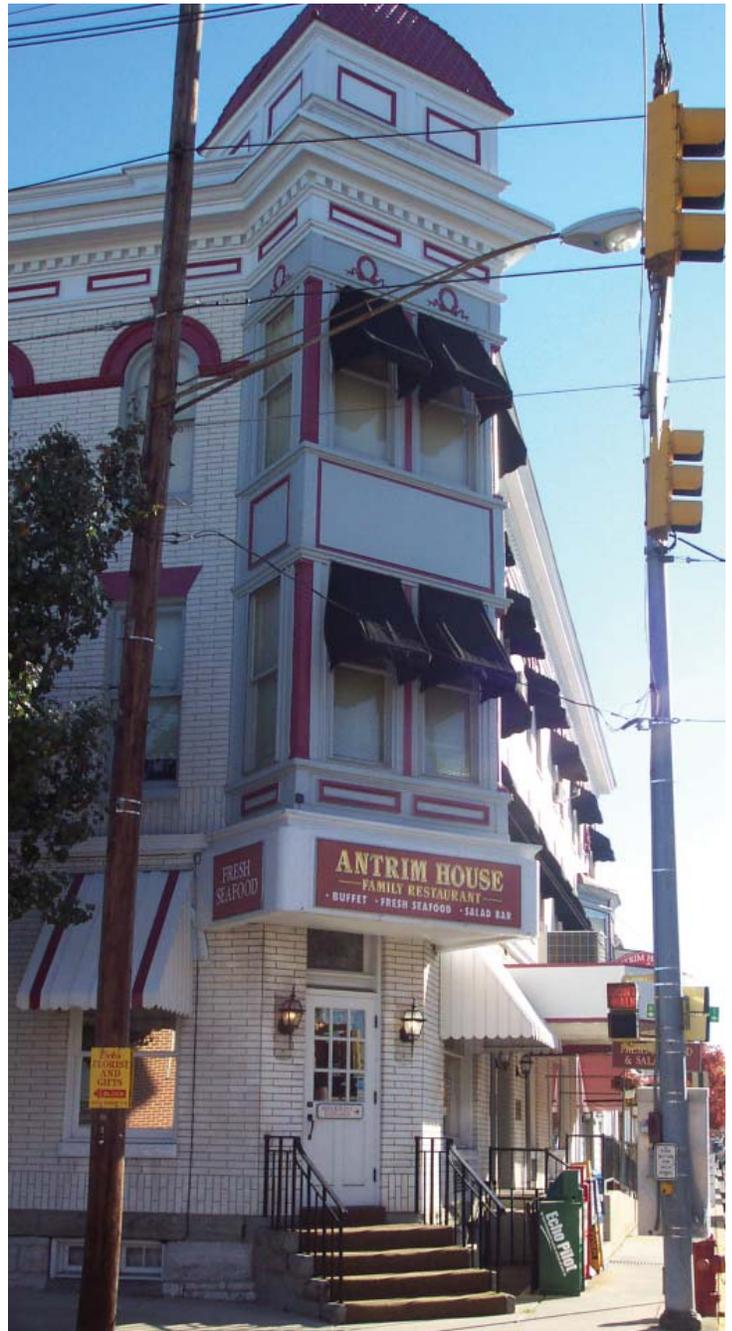
Create an action plan that can unleash the power and potential of available land and properties in the redevelopment area. A quality action plan brings together into a single document all ongoing efforts in the redevelopment area, including adaptive reuse of historic buildings, streetscape or façade improvements, redevelopment of brownfields, job attraction and expansion, and tourism projects. Merging these projects into a single plan will help coordinate the efforts, identify areas where one effort will bolster another, and demonstrate the amount of investment and activity going into improving the redevelopment area.

The action plan also should provide specifics as to how each of these efforts will fit within the broader goal of reinvigorating the community. The plan must list priorities, timelines, resources, and task responsibility. Finally, an action plan will pull together all the reasons for public and private entities to invest in the redevelopment area, describing available sites, assets that create a market for those sites, and private and public investment to date.

It is important to note that many of the best action plans build on earlier plans offered by former elected officials or hired consultants rather than distancing the current effort and starting over. The existence of a detailed plan is a clear sign to developers that the city is proactively and aggressively taking measures to make the community a cost-effective place to do business, and that the city is committed to attracting private capital investment.

An action plan should provide detailed answers to questions regarding the community's goals for the redevelopment area and how they will achieve them:

- What are the goals for the action plan?



Example

Action Step	Obtain site control of abandoned historical property in center of town
Persons Responsible	Records Department to determine ownership; County Tax Claim Bureau re tax delinquency; Property Maintenance Bureau re outstanding code violation; Mayor to contact owner; Lawyer to negotiate terms with owner
How Work Will Be Done	Records Department, Mayor and Lawyer will meet once owner is identified, all communications will be in writing, all parties to be kept informed
When Work Will Be Completed	November 2007
What Resources Are Needed	Staff time; Mayor's time; Budget
How Success Will Be Measured	Municipal control of property

- **What are the specific objectives for achieving that goal? (For example, the goal may be to improve the appearance of all Main Street properties. One of the objectives may be to make money available to owners to fix up their retail storefronts.)**
- **What action steps are to be completed to meet each objective?**
- **What conditions and trends may impact success? (For example, the ability to obtain cooperation of brownfield site owners.)**
- **Who is responsible for getting the work completed?**
- **How will work be done?**
- **When will the work be completed?**
- **What resources are needed?**
- **How will success be measured for each action step?**

Go to newPA.com/revitalize to download the 1999 Action Plan for the Borough of Media, which demonstrates essential components of a good plan.

Use all available data to illustrate a market for new businesses and new development. When a developer enters a new market where they have little or no experience, they assume added risk. A compelling story that conveys a business climate that will make investment profitable will get developers' attention. This story should include community assets and recent private and public investments, but it should also package data persuasively and creatively to define pent-up demand and untapped markets. This information is typically used by a developer to analyze the market, determine the suitability of a location and document the financial feasibility of the project and can be very persuasive.

Many datasources can clarify the potential of a redevelopment area.⁴⁵ We have outlined some of the basic types of data and their primary uses below. A comprehensive data analysis, however, will require assistance from a local university or college, lending institution, nonprofit dedicated to community revitalization or private consultant.

Show concentrated consumer buying power. Community buying power is key to selling the profit-generating potential of an older urban market. The on-the-back-of-the-napkin number that retailers, homebuilders and many other investors look at to define the profitability of the market is the median income for households in the surrounding market area. Developers and businesses traditionally believe that they will make more money where incomes are higher. However, this approach does not take into account the highly concentrated spending power Pennsylvania's urban areas possess. In towns and cities, many more people live or work within walking or driving distance of a business. These people typically have less disposable income than their suburban counterparts but also fewer alternative places to spend their money locally and this may spell profit for a new retail or service business introduced into the market. The community's concentrated buying power is an asset.

To determine the buying power of a community, its leaders need to know the number of households and the average sales per household.

$$\text{Number of Households} \times \text{Average Sales per Household} = \text{Buying Power}$$

Data Sources that Show Average Sales Per Household: There are several national firms, such as Claritas and ESRI, that sell data on average sales per household that can be used to calculate community buying power.

Show buying power for a particular product or service. Where an action plan objective is to attract a specific type of establishment such as a restaurant or supermarket, it may be helpful to detail consumer demand for a specific retail or service category. Rather than showing the total amount of all sales, show the amount residents spent on one specific category such as amount spent per year in restaurants.

$$\text{Buying Power for a Product or Service} = \text{Number of Households} \times \text{Average Spending on Product or Service per Household}$$

Data Sources to Define Consumer Demand for a Product or Service: The Consumer Expenditure Survey at www.bls.gov/cex describes how much, on average, each household spends on various groups of items, including food, clothing and housing by income and before taxes.⁴⁷ The Census compiles similar information at <http://www.census.gov/econ/census02>. These two sources are free. National data providers will analyze this data for a fee.

Show unmet need – products or services that residents and workers want but must purchase elsewhere because they are not offered locally. By locally defining the businesses that provide a product or service, municipalities can define the unmet demand. Unmet demand is the differences between the total amount of money households in the municipality spend on a product and the amount they spend at businesses located in the municipality. Typically consumer dollars leave the community when there are insufficient local choices.

For example, let's say that according to the Consumer Expenditure Survey, households in a community spend an average of \$4000 per year on food to be prepared at home. When attracting a supermarket, the community can present the supermarket with a story that describes the 10,000 households in the community that each spend an average of \$4000 on food that they bring home to prepare and serve. That means the community members spend \$40 million per year on groceries. To show unmet demand, subtract the total sales of any convenience stores or stores that carry groceries in the municipality from the \$40 million total expenditures. That amount is the unmet demand that a new supermarket could fill.⁴⁷

$$\text{Unmet demand for a Product or Service} = \text{Buying Power} - \text{Actual Local Sales}$$

Data Sources that show unmet demand: There are several ways to list all of the establishments that provide a service or product in the community. The Census Bureau provides two free data sources online - the Economic Census of Retail Trade⁴⁸ and the Economic Census of Accommodations and Food Services.⁴⁹ These Census sources provide the number of stores or restaurants within a municipality and the total sales those stores or restaurants earn annually. The Census Bureau compiles this information by polling a sample of owners in the city. To obtain a more detailed picture, it is possible to map local businesses. Obtaining the addresses and types of merchandise for all stores or service businesses in the area and labeling them on a map reveals where gaps exist. **SEE CASE STUDY NINE**

Use surveys to obtain more specific information about local buying habits. Surveys and focus groups can supplement this information to provide a detailed look at residents' buying habits and needs. A customer survey for a commercial district can provide

information about where people choose to shop or dine and what their impressions are of a particular business district. Customer surveys can be conducted by phone, by stopping people on the street or in the store, by mail or online. Experts have found that the best questions tend to ask about past behavior rather than asking people to speculate what they will do in the future. Asking where they last bought groceries or what shops they have visited in the past year will give a sense of their behavior as customers.

The action plan should also describe the redevelopment area and available sites for development in great detail. Developers and retailers need to know the location of the lot, its size, its visibility to drivers and pedestrians, permissible uses, past performance, available access and parking resources. In gathering this information, municipality leaders should provide information and photographs of

the site and answer key questions for developers including:

- **Is the location on a corner? On a main street?**
- **How much vehicle and pedestrian traffic passes the site?**
- **Is the site close to highways or major roads?**
- **What is the visibility? Will people see it as soon as they enter the community? What is the parking situation? Is there sufficient parking or plans to accommodate increased parking need?**
- **What access will customers have from different types of transportation, from cars to pedestrians to transit riders?**
- **Are there compatible businesses in the immediate area?**
- **Is there a substantial daytime workforce in the area?**
- **Are there major events that will draw regional or distance visitors?**
- **What are the crime rates in the area?**

Cities Need a Compelling Story About a Positive Investment Climate.

Easton officials are being proactive about drafting an action plan and creating a coherent story about why developers and retailers should invest in Easton after a recent study found a significant need for both. The study found: “What Easton does not have is a coherent plan that can be presented to investors – a “story” that presents a plausible explanation of how this series of investments will lead to rising property values and real estate returns, or a healthier local economy. There is a long list of projects but they are not tied together in any coherent fashion that is understandable to an outsider (and maybe not even locally). Such a plan is part of presenting an image that builds a positive investment climate.”⁵⁰



Case Study 9

9. Recruit Restaurants to Create Active Downtown: Media The borough of Media has proactively recruited many restaurants and stores to its Main Street in the past 15 years. In 1974 two malls opened within a mile of Media and downtown suffered. After two decades of strong efforts from its Mayor, Bob McMahon, and City Councilmembers, the town is full of successful restaurants and stores. After agreeing that they were not going to sit around and wait for businesses to come, borough officials actively sought out successful regional restaurants and asked the owners if they would be interested in opening a restaurant in Media. While some restaurant owners immediately said no, others, with a little prodding, were willing to come see the available space and consider it. Each new restaurant that came to Media created a larger customer base for other restaurants, brought in more customers to stores and the town theater, and kept the town vibrant at night. The borough goal was not just to attract restaurants with proven track records but to attract a mix of types that would attract people of all ages. After a Cajun restaurant brought in a large number of new diners to Media, the town recruited the Iron

Hill Brewery, a successful regional microbrewery that attracted young people, as well as a regional Italian restaurant that has people of all ages waiting in line to get a table. Virtually every restaurant in town offers a discount to theatergoers to support the theater and approximately 40% of theatergoers eat at a local restaurant before or after the show. Mayor McMahon attributes the success of Media in attracting restaurants to its streetscape improvements, which were just completed in 2006, and the domino effect – each successful restaurant attracts new restaurateurs who want to invest in Media. Seeking to recruit a destination project in an old state-owned Armory, Media worked with the state to gain ownership of the Armory and to obtain the funding to reconfigure the space and add parking. The Governor provided \$1.3 million to refurbish the space and as a result, the borough recruited Trader Joe’s, a California-based grocery chain that the Mayor discovered when he visited his daughter at college in Boston. Getting new restaurants and businesses to invest in Media has been another key achievement in the town’s continuing renaissance.

>> footnotes: step one

Note:

⁴⁵ This section borrows heavily from an online course offered by Local Initiatives Support Corporation (LISC) entitled Using Market Analysis To Create the Right Retail Mix Create the Right Retail Mix in September 2006. http://www.lisc.org/docs/experts/2006/eo_09_20_2006.pdf

⁴⁶ Using Market Analysis To Create the Right Retail Mix http://www.lisc.org/docs/experts/2006/eo_09_20_2006.pdf

⁴⁷ If the business’ customer base draws from tourists or a daytime workforce that lives outside of

the town, that business is far less likely to show unmet demand and may in fact show a surplus since they are meeting the needs of customers outside of the area.

⁴⁸ <http://www.census.gov/epcd/www/97EC44.HTM>

⁴⁹ <http://www.census.gov/epcd/www/97EC72.HTM>

⁵⁰ Economic Development Review, City of Easton, (January 2006). <http://easton-pa.com/vertical/Sites/%7BFA4C9CDF-8950-476B-A374-640C8515BBE0%7D/uploads/%7B5CC34B78-7C2B-464B-87E0-7CCE9088B44B%7D.PDF>

step two: obtain site control or owner commitment to transfer property

“Make no mistake: Our failure to clean up brownfield sites represents a huge cost to business and job growth in the Commonwealth. To cite just one example, recent studies document how the lack of “shovel-ready” sites has resulted in lost opportunities. In southwestern Pennsylvania alone over an 18-month period, the state lost business from companies that had planned to employ 4,200 people and invest \$419 million because they could not find suitable real estate or building space to expand or move into the region.”

– Governor Ed Rendell

“Developable land is the most important requirement for investment in Pennsylvania’s older communities. Without developable land, a municipality’s efforts to attract private market developers will fail.”

– Pennsylvania Community and Economic Development
Secretary Dennis Yablonsky

Developers start their analysis of any redevelopment site’s potential by checking to make sure they can obtain site control.⁵¹ There is no development project without a property to build on. Developers interviewed for this handbook cited as one of their worst experiences, coming into a town and spending time rethinking a site, signing a contract and then discovering that the town didn’t have control of the site and the owner wasn’t interested in selling.

Since available land is a prerequisite to development dollars flowing into the community, it is incumbent upon local government to acquire these properties or cajole private owners to put them on the market. More than 120 cities across the country have identified “mothballed brownfield sites”, sites that the current owner has no intention of redeveloping or selling due to environmental concerns or the desire to wait until property values rise substantially.⁵² The advantages of having site control of the land are great and the risks from liability are minimal.⁵³ A local government can obtain a developable site that is critical to the municipality’s revitalization

through five primary methods – negotiated purchase, donation, foreclosure, eminent domain or spot condemnation.⁵⁴

- 1. Negotiated purchase** is one of the fastest methods to obtain the title to a site. The municipality can buy the property from the owner when the owner is willing to sell and the property’s value is higher than the amount of debt attached to it.
- 2. Donation** of properties is a way for a city to proactively acquire large tracts of land in the redevelopment area with clean and clear title. Owners who have no use for their property or seek to have liens removed from their property donate the property to a municipality. Local government can encourage donation by enforcing non-payment of taxes, publicizing the town’s willingness to excuse tax debt in exchange for property donation and simplifying the settlement process.
- 3. Tax Foreclosure** is a common method to obtain properties that are tax delinquent. Foreclosing on a property for nonpayment of taxes, however, only means that the property is taken from the existing owner and put up for auction. There is no guarantee that the city will be the high bidder.
- 4. Eminent domain** is the authority provided to local governments by the Fifth Amendment of the United States Constitution to seize private property for public use in return for “just compensation.” The use of this power is controversial but several Pennsylvania cities have used it effectively to buy abandoned properties that were essential to a catalytic development project.
- 5. Act 94 Spot Condemnation** allows a municipality to condemn a single vacant, blighted property in return for fair market value.

SEE CASE STUDY TEN

Find Creative New Uses for Vacant Properties:

The Washington Post highlighted some creative uses for older buildings in Pittsburgh’s South Side riverfront neighborhood: “Nineteenth-century churches have turned condo, factories house gritty lofts, ethnic clubhouses blare Northern Soul instead of Slovenian folk, and steel-mill sites sprout sleek shops.”⁵⁵



Case Study 10

10. Going Out In Search Of Private Investment: Easton Silk Mill

Burdened by an abandoned industrial site, the city of Easton chose to purchase the site and seek appropriate developers. In November 2006, as part of its Bushkill Creek Corridor Project, Easton purchased the 10-acre Simon Silk Mill for \$2.5 million. Funding for the acquisition is part of a \$9 million grant offered to Easton and Lafayette College by the State through the Redevelopment Assistance Capital Program. Easton already owned a warehouse adjacent to the Silk Mill that they purchased in 2004 for \$950,000. Easton will permanently reserve part of the industrial area as a public recreational trail, which will be connected to Lafayette College’s properties and create an open-space corridor along Bushkill Creek. The city will sell the majority

of the industrial area to a developer. Easton envisions attracting more than \$50 million in private and public investment to transform a corridor of the city along Bushkill Creek into a revitalized retail, office, residential, and recreational zone. The city is likely to purchase additional lands along the Creek in order to realize this vision, and is working on the Corridor project in cooperation with Lafayette College and the Delaware and Lehigh Canal National Heritage Corridor. The three groups hired Taggart Associates of Bethlehem to coordinate their joint redevelopment efforts.^o



>> footnotes: step two

Note:

51 Catherine Finneran, Attracting Development To Brownfields Sites: A Local Challenge, Public Management Magazine, Nov 01, 2006.

52 Recycling America's Land p.6. http://www.usmayors.org/74thannualmeeting/brownfieldsreport_060506.pdf

53 Ibid.

54 Karen Black, Reclaiming Abandoned Pennsylvania II: Liability to Viability – A Technical Resource Guide for Action, Housing Alliance of Pennsylvania (2004). <http://www.may8consulting.com/publications.html>

55 Christine H. O'Toole, Pittsburgh's South Side, Resurrected, Special to The Washington Post Page P01 (October 29, 2006).

Case Studies:

o Tracy Jordan, Easton ready to buy creek corridor land, The Morning Call, November 29, 2006, <http://www.topix.net/content/trb/0223979138415771668305639213382109857459>. Developer Sought for Bushkill Creek Corridor Revitalization Project, May 31, 2006, <http://www.lehighvalley.org/page.cfm?pag=44&new=97>. E-mail communication with Barbara Kowitz, Executive Director, Easton Redevelopment Authority, January 25, 2006.

step three: find public financing resources and create incentives

When the plans are in place and there is interest from the private sector, the next step is to identify the “project” with the assistance of the Community Action Team. The CAT becomes involved with the community and the developer to outline project components, which could be rehabilitating an old building, streetscape improvements, an urban parklet, or upper story residential development. Engaging the Community Action Team in this earliest stage will allow for not only defining the project but allow for early identification of sources of funding, private, local, state and federal. Projects examined in a comprehensive manner can pinpoint funding gaps in a comprehensive manner.

- **Housing and Redevelopment Assistance Program:** Provides state-funded grants for community renewal and economic development activities that occur on a local level, including housing, business expansion/location, infrastructure and community facilities.
- **Redevelopment Assistance Capital Program:** Provides grants administered through the Governor’s office for the acquisition

and construction of regional economic, cultural, civic and historic improvement projects.

- **Main Street Program:** Provides funds to help establish Main Street organizations in communities as well as develop and promote economic activities and downtown redevelopment for the commercial district.
- **Elm Street Program:** Provides funds to revitalize residential corridors that are gateways to downtown commercial districts.
- **HOME Program:** Provides federal funds to assist in expanding the supply of affordable housing for low- and very low-income Pennsylvanians.
- **Anchor Building Program:** Provides grant and grant-to-loan funds to restore historic buildings that reflect a unique community history.
- **Hometown Streets**
- **Safe Routes to School**

SEE DISCUSSION OF STATE FINANCING PROGRAMS BY JACKIE PARKER

Municipalities have also raised financing locally to fill the gaps and make a project viable. Pottstown created a Tax Increment Financing District to raise funds. Other municipalities have issued bonds, actively recruited businesses to a Keystone Opportunity Zone or taken advantage of the HUD 108 program by borrowing against their annual Community Development Block Grant (CDBG) funds. ⁵⁶ SEE CASE STUDY TWELVE & THIRTEEN



Case Studies 11 – 12

11. Establish a TIF: Pottstown The city of Pottstown, in Montgomery County, worked with the Community Action Team to create a TIF (tax increment financing) district to raise money needed to finance a large downtown redevelopment project next door to the Borough hall. TIF is a newly popular tool for closing funding gaps. It allows tax revenues to be deferred and instead used to pay for the cost of redevelopment. When a TIF is used, a municipality freezes taxes at a site, calculates the anticipated post-development increase in tax revenue, and arranges a loan or bond based on that anticipated increase. Montgomery County, Pottstown’s Borough Council and the School District agreed that 75% of new taxes from the redeveloped property could fund redevelopment costs for the Security Trust building. The Montgomery County Redevelopment Authority is supervising the TIF. One quarter of the increase in tax revenue is being paid to the Borough and School District. Since the property’s assessed value rose from \$200,000 to \$2.4 million, that 25% has been a significant revenue generator for the Borough and local schools. The TIF has also provided \$350,000-400,000 of revenue to finance the redevelopment project.

12. Recruit to KOZ: Scranton Pennsylvania’s nationally famous Keystone Opportunity Zone tax abatement program offers the temporary elimination of state and local taxes for seven to 10 years in designated

commercial and residential sectors. The KOZ program attracts new companies and residents who will add to a municipality’s tax base at the end of the abatement period. Scranton’s 63 KOZ designated areas attracted over 1,000 new jobs paying from minimum wage to over \$200,000 in annual salary as of mid-2006. The 26 new businesses that have opened in Scranton’s KOZ include retail stores, a coffee shop, and a trucking company. In addition, the Greater Scranton Chamber of Commerce and its two corporations, SLIBCO (Scranton Lackawanna Industrial Building Company) and MetroAction, established the Scranton Enterprise Center, a business incubator in a \$10 million, 64,000 square foot facility in downtown Scranton. Mayor Doherty worked with the Chamber to obtain a KOZ designation for a downtown area and provided \$250,000 in public funding for infrastructure improvements at the site. The 2nd floor of the Center currently serves as a business incubator for 11 small companies that together employ about 50 people. Four companies that graduated from the incubator have relocated elsewhere in the city and employ about 100 people. The anchor tenants for the Enterprise Center are the McCann School of Business and Technology, which has about 50 employees and attracts about 300 students daily downtown; and TMG Health, which has about 200 employees located in the Enterprise Center. The Enterprise Center thus not only supports start-up businesses, but has brought about 600 jobs and people downtown. ^P

>> footnotes: step three

Notes:

⁵⁶ It is more difficult to take advantage of the HUD 108 program when CDBG funding do not remain at stable levels

Case Studies:

^P Interview with Austin Burke, President, Greater Scranton Chamber of Commerce, February 23, 2007. Stacy Brown, KOZ’s success is spelled JOBS, lone disappointment is Southern Union, Scranton Times-Tribune, May 28, 2006, http://www.thetimestribune.com/site/news.cfm?newsid=16704580&BRD=2185&PAG=461&dept_id=416046&rfi=15.

Key State Urban Revitalization Programs

DCED PROGRAM

MAIN STREET PROGRAM

Grants to municipalities to help a community's downtown economic development effort through the establishment of a local organization dedicated to downtown revitalization and the management of downtown revitalization efforts by hiring a full-time professional downtown coordinator.

Eligibility: Grants to municipalities to help a community's downtown economic development effort through the establishment of a local organization dedicated to downtown revitalization and the management of downtown revitalization efforts by hiring a full-time professional downtown coordinator.

Uses: Administrative Costs associated with Main Street Manager positions and offices; Physical improvements supported by downtown plan for Downtown Reinvestment Component; Acquisition costs and physical building improvements for Anchor Building component.

Where To Apply: Customer Service Center, Single Application for Assistance.

Amounts: Main Street: \$115,000 over a 5-year period; Downtown Reinvestment and Anchor Building components: up to \$250,000 or not to exceed 30% of project costs.

Terms: Match required.

ELM STREET PROGRAM

Grant funds for planning, technical assistance and physical improvements to residential and mixed use areas in proximity to central business districts.

Eligibility: Municipalities; Redevelopment Authorities; Nonprofit Main Street Organizations; Economic Development Organizations; Neighborhood Improvement districts.

Uses: Revitalization of residential and mixed use neighborhoods; Administration costs to support an Elm Street Program.

Where To Apply: Customer Service Center, Single Application for Assistance.

Amounts: Up to \$250,000.

Terms: Administrative costs associated with hiring a full-time manager and related office expenses over a maximum five-year program term (includes one planning year and four operational years.); Minimum 10% local match required; If a part time manager is appropriate a reduction in total grant and match will occur.

HOUSING AND REDEVELOPMENT ASSISTANCE (HRA)

Provides state-funded grants for community revitalization and economic development activities at the local level. The program assists the community in becoming competitive for business retention, expansion and attraction.

Eligibility: Local Governments; Redevelopment Authorities; Housing Authorities; Nonprofits on a case by case basis.

Uses: Community revitalization and economic development; Development or rehabilitation of housing.

Where To Apply: Customer Service Center, Single Application for Assistance.

Amounts: No minimum or Maximum; Typical grants average between \$150,000 and \$200,000.

Terms: Refer to Program Guidelines.

INFRASTRUCTURE DEVELOPMENT PROGRAM (IDP)

Grant and low-interest loan financing for public and private infrastructure improvements.

Eligibility: Municipalities, industrial development authorities and corporations, municipal authorities, redevelopment authorities and local development districts may apply for IDP assistance for themselves or on behalf of eligible private companies engaged in: agriculture, industrial, manufacturing, research and development, and export services; Real estate developers who are developing sites for eligible private companies.

Uses: Transportation facilities, airports; Clearing and preparation of land and environmental remediation; Water and sewer systems, storm sewers; Energy facilities; Parking facilities; Bridges, waterways; Rail and Port facilities; At former industrial sites only: land and building acquisition, construction and renovation by private developers; Telecommunications infrastructure.

Where To Apply: Industrial Development Corporation and Authorities; Municipalities; Municipal authorities; Redevelopment authorities; Local development districts.

Amounts: Loans and grants up to \$1.25 million; No more than 20% of the annual appropriation for a single municipality; No more than 10% of the annual appropriation will be loans or granted to applicant for speculative Greenfield projects not involving private companies.

Terms: Grants for public infrastructure; Loans to private businesses at 3% interest rate; Up to 15-year term; 2:1 private to public match required; \$25,000 cost per job to be created within five years or 10 new full-time equivalent jobs (whichever is greater).

Key State Urban Revitalization Programs

NEIGHBORHOOD ASSISTANCE PROGRAM (NAP)

Tax credit program to encourage businesses to donate capital that can be used to provide eligible services to low-income persons or distressed neighborhoods.

Eligibility: Nonprofits; For profit businesses.

Uses: A project must serve low-income persons or residents of economically distressed neighborhoods. Projects must fall under one of the following categories: community services, crime prevention education, job training or neighborhood assistance.

Where To Apply: Office of Community Services, 717-787-1984.

Amounts: Amounts vary based on project cost and commitments.

Terms: For use by nonprofit corporations for fundraising campaigns or for profit businesses that provide services such as work site day care directly. Refer to the Program Brochure.

DCNR Program

COMMUNITY CONSERVATION AND PARKS PROGRAM

Community Grants are awarded for local recreation, park and conservation projects. These include the rehabilitation and development of parks and recreation facilities; acquisition of land for park and conservation purposes; and technical assistance for feasibility studies, trails studies, and site development planning. Grants require a 50 percent match except for some technical assistance grants and projects eligible as small community projects.

DEP Program

INDUSTRIAL SITES REUSE PROGRAM (ISRP)

Grant and low-interest loan financing to perform environmental site assessment and remediation work at former industrial sites.

Eligibility: Public entities, private nonprofit economic development entities, and companies involved in reuse of former industrial land; Entities that did not cause or contribute to environmental contamination.

Uses: Phase I, II and III environmental assessments; Remediation of hazardous substances.

Where To Apply: Letter of Intent, Customer Service Center, Single Application for Assistance.

Amounts: Grants and loans up to \$200,000 for environmental assessments; Grants and loans up to \$1 million for remediation.

Terms: Interest rates of 2%; Terms up to 5 years for assessments and 15 years for remediation projects; A 25% match is required for grant and loan projects.

PENNDOT Program

HOMETOWN STREETS/SAFE ROUTES TO SCHOOLS

This program was developed as part of a joint, statewide program designed for Governor Edward G. Rendell's initiative, Home Town Streets and Safe Routes to School on 2004. TE money was used to fuel the program. The program encouraged the reinvestment in and redevelopment of our downtowns in addition to providing safe walking routes to school for children.

PENNVEST Program

WATER SUPPLY AND WASTEWATER INFRASTRUCTURE PROGRAM (PENNWOKS)

A program to ensure safe water supply and proper wastewater infrastructure.

Eligibility: Municipalities; Industrial Development Corporations; Municipal Authorities; Investor-owned water or wastewater enterprise.

Uses: For water and sewer projects not used solely for residential purposes: Land and building acquisition; Demolition; Water/sewer project construction costs; Engineering and other fees associated with project.

Where To Apply: Customer Service Center, Single Application for Assistance .

Amounts: Grants and Loans: Grants: \$5 million maximum or 75% of the total eligible project costs, whichever is less. Loans: \$5 million maximum per project. 2% interest rate; may have repayment term of up to 20 years. Additional limitations apply. Refer to guidelines.

Terms: The project must serve a site or sites being prepared for economic development activities which involve the investment of capital in Pennsylvania enterprises and communities or which results in the creation of new or the preservation of existing jobs.

REVITALIZATION ASSISTANCE CAPITALIZATION PROGRAM (RACP)

Redevelopment Assistance Capital Projects are primarily Economic Development Projects, authorized in the Redevelopment Assistance section of a Capital Budget Itemization Act, have a regional or multi-jurisdictional impact, and generate substantial increases in employment, tax revenues or other measures of economic activity. Included are projects with cultural, historic, or civic significance.

Redevelopment Assistance Capital Projects are State funded facilities that cannot obtain PRIMARY funding under other State or Federal programs. Projects that can normally obtain primary funding from PADOT, PENNVEST, the Department of Community and Economic Development, or other state agencies are generally restricted from participating in the Redevelopment Assistance Capital Program.

interviews with developers who have invested in Pennsylvania cities and towns

Developer John Westrum, Westrum Development

John Westrum founded Westrum Development Company. Westrum, with approximately \$100 million dollars in annual sales, has transformed or is in the planning stages of developing under-utilized and environmentally challenged properties in the cities of Philadelphia, Camden, Burlington, Trenton and Chicago into thriving, market-rate residential and mixed use communities.

We develop in towns and cities that welcome the growth that suburbs oppose. In 1998, we were the only private developer building large-scale projects in the entire city of Philadelphia. After years of developing in the suburbs, land was becoming more and more expensive and opposition to any kind of development was growing. After a while it seemed like every time I showed up for a zoning hearing at the township hall, there would be a note on the door – MEETING MOVED TO SCHOOL GYM DUE TO LACK OF ROOM.

At the same time, older cities and towns in Pennsylvania were asking developers to come and develop on underutilized and less expensive land. As I thought about it, I realized that the fight to convince suburban governments to let you build on farmland wasn't half as rewarding as changing blighted urban areas and helping cities thrive. So, we sold all our suburban assets and decided to specialize solely in urban redevelopment.

At Westrum we seek large developable sites in a town or city with a game plan – at minimum, a town with a detailed comprehensive plan that identifies where they want to see redevelopment. There is a great deal more predictability for the developer when a town is committed to seeing a site redeveloped. In development, every day that we wrestle to obtain site control of land or try to allay community opposition costs thousands of dollars, so we need to be able to show our lenders and other partners that we can gain site control quickly and without serious community opposition. We look to the Mayor and City Council to get behind the project and explain to their residents and businesses why new development is something that they should support.

The clearest sign I know that a municipality has a game plan for redevelopment is a Request for Proposals – an RFP that describes what local government wants to see on a site that they have assembled or are willing to assemble. Westrum only does developments in large scale. We don't pick up lots one or two at a time and fix them up. So we need the town to be committed to assembling land, whether through foreclosure, eminent domain or negotiated purchase. The town should seek input from developers before issuing the RFP –

maybe the Pennsylvania Homebuilders Association would offer some help – in order to ensure that the market can support what they are asking a developer to build in their community.

We also need help financing the project to cover the added expense of assembly or environmental remediation on a brownfield site and to develop in an unproven market for new housing and retail. When we began developing on brownfield sites in Philadelphia, like our \$100 million dollar project in Brewerytown, we could make the numbers work because Philadelphia offered a ten-year tax abatement. The tax abatement allowed the end user, the homeowner, to take a risk on a property in an untried market because they knew that for ten years local taxes would be forgiven. From a developer's point of view the tax abatement was particularly effective because it was applied equally across the city and was not tied to politics. For a town, it meant that land that was currently producing little or no taxes, would continue to do so for another ten years, but after that a large amount of new tax revenue would become available.

Local governments should get the State involved very early in the process. The Governor's Community Action Team has helped make projects a reality by making things happen, identifying possible funds, and then delivering them. They need to be a part of any discussions around new development.

Finally, I think it is important that towns know that we want them to succeed and we are not demanding that they have the perfect site for redevelopment. If they had evidence today that every house would sell and every store or office built would be filled within six months, then they wouldn't need Westrum. We don't expect the locations we build in to have a history of success stories in the past few decades. We do expect them to work with us to gain the support of their community and to stimulate the market, not only on the land we develop but for the town as a whole. A developer must take extraordinary risks to develop in towns without proven markets and we need a supportive local environment – like anyone else, developers want to be wanted – only for us, it's a necessity.

Developer Mark C. Schneider, Fourth River Development

Mark Schneider has overseen over \$500 million in innovative Pennsylvania real estate projects in the past 20 years. As President of the Rubinoff Company, he developed Washington's Landing – a mixed-use waterfront development, Summerset at Frick Park – a 700 home Traditional Neighborhood Development, and several other brownfield redevelopment projects in Southwestern Pennsylvania. In May, 2006 Schneider joined together with two senior employees from The Rubinoff Company to form Fourth River Development, LLC with the express vision of developing brownfield sites in Pennsylvania's older urban cities and towns.

Development in Pennsylvania's older communities is first and foremost about partnerships. Fourth River Development is currently shopping for land to redevelop in the state and to me, this means looking for effective local partners with the political leadership and the will to bring new investment to reinvigorate their communities. A partner can be an elected official, a community development

corporation or a hospital or university, but the partnering individual or organization needs to be willing to put some skin in the game and provide investment as well as avid and vigorous support for the redevelopment project. A local partner guarantees that someone with extensive knowledge of the local community is available to inform every step of the process and make sure the project not only meets market realities but also addresses the community's needs and goals. A local partner can also provide stable, progressive local leadership that can help make things happen. Before we will invest our time and resources, we need to have a sense that there is a good chance the proposed project will reach fruition.

Pennsylvania's cities and towns have key amenities that a niche market of consumers is looking for. There is a substantial and growing part of the market that prefers an urban location because it is walkable and has unique amenities and a strong sense of community. In this case, the market is out in front of policy makers and elected officials, who seem to believe that a suburban product is what people want. To tap into this market, however, Pennsylvania's cities and towns must ensure that the price of the units is right and that the amenities people want are present.

Consumers considering urban locations demand public safety, decent services and natural and retail amenities. One of the most common things we hear from customers is that they want to get out of their cars and walk to retail destinations, parks and neighbors' homes. They also want quality public space from parks to trails, convenience and specialty stores within walking distance, and a safe, friendly environment.

Of course, to develop housing, retail, or office products, there has to be readily available land. We are interested in any large tract of land, near or within geographic areas with a competitive advantage that the local government or RDA controls or the owner wishes to sell. While we recognize that eminent domain can be a useful tool in assembling property for a well-planned, well-financed project with a high capacity for success, we tend to avoid situations where the action leads principally to levels of conflict and controversy that limit the opportunity for site control.

We identify potential sites from a variety of different sources. Sometimes someone from the State's Community Action Team will ask me to look at something or I will get a call from a local official. Where it sounds like there is an opportunity that we can harness, we meet with local officials, the banks, the county and the state and see if the political will and financial tools are sufficient to make development happen. I include the state in the initial meeting because it is an important player we want at the table as early as possible. State officials have been rolling up their sleeves and taking out a checkbook all over the Commonwealth to ensure that Pennsylvania's older communities have the tools to attract private investment and pursue high- impact community revitalization.

Our goal is to find the highest and best use for the site and then partner with developers if they have an expertise that we do not. We are experts in building residential or office buildings on brownfields. We have little experience with retail. Beware of a developer who says he can do anything. There is no such thing as an all-purpose developer. Most developers specialize in one or two areas, but where there is a winning project on the table, we can

almost always find partners with the expertise we may lack.

Do not reject the introduction of vibrant civic areas or parks because of concerns about maintaining them over the long term.

We understand that many communities are financially stretched to maintain the amenities they already have in place. But not only will new development provide an additional tax base to support maintenance, it can also borrow a tool from the suburbs to maintain it. I'm referring to the homeowners association. When you build more than 20 homes on a site, you can add to the contract of every buyer the responsibility to pay monthly fees to support maintenance of the parks, to change light bulbs in the streetlights or to plow rear drives behind homes.

Finally, take the time to plan and determine what you want on a site. Good plans attract good development. If a Mayor or broker tells me there is no zoning and no plan and I can do whatever I want on the land, that means that someone else can build anything they want next to my development and bring down my property values. Come to the table with a vision and then demand quality development that will be viable and sustainable fifteen years from now.

The greatest strength of Pennsylvania's towns is that they are unique places. Our towns have retained the unique walkable urban fabric that Disney just spent millions of dollars trying to replicate in its Florida Celebration community. People want to walk. They want to have housing units that look like people actually live in them. They don't want to maintain a big place. They want open space they don't have to weed or mow. People want a different way to live. Again, not everyone wants those things. But an emerging part of the market certainly does. In an effort to meet the demands of this market, architects and planners across the country are talking about the benefits of New Urbanism. With a historic charm that cannot be replicated, Pennsylvania communities stand ready to match those benefits.

goal three: welcome investment

Step 1: Market community to investors

Step 2: Present responsive, reliable government

Step 3: Update development review process and zoning

Step 4: Partner with nonprofits to improve redevelopment area

With a redevelopment area defined and a strong action plan to detail its economic potential, it is time to market and promote the community and to create a welcoming environment for appropriate development.

Developer Michael O'Neill described the best asset inventory package that a town had ever provided to him. The town was Schenectady, New York. The site was an 80 acre former Alco Site on a riverfront. Intrigued, we obtained a copy of the presentation. It was a standard Power Point presentation. There were no fancy pictures. Virtually all of the slides were white background with four or five bullets in plain black type. It was the information that impressed this large Pennsylvania developer of brownfields. The presentation is available for download at newPA.com/revitalize.

step one: market community to investors

To attract private investors, it is important to market both individual developable sites and the community as a whole. There are a number of fairly low cost marketing methods that have worked for core communities. These range from issuing RFP's to marketing the potential advantages of each potential site through a site location assistance program. By proactively getting the word out about the opportunities their community offers, local governments can gain an edge in the competition for new development and new business.

Invite Developers to Invest in the Project by Issuing a Detailed RFP or RFQ

By issuing a Request for Proposals (RFP) or Request for Qualifications (RFQ), the City issues a written invitation to the private sector to come forward with proposals for the Mayor's and Council's consideration. A clear, detailed RFP describes the site, permitted uses, investment and proposed investment in the surrounding area and other relevant information. Municipalities should avoid an overly burdensome RFP process in order to make it easier for a developer to express interest and begin a conversation with a municipality. It is also essential that an RFP contain a clear path toward ownership that will ensure full site control by the selected developer. RFPs that do not clearly describe the process for buying the property or do not clearly indicate whether the property is for sale, will receive a relatively low response. Publicizing an RFP or RFQ does not commit the municipality to accept any of the proposals. If the initial RFP is unsuccessful in finding the right proposal, it could be issued again, at a later date, when market conditions have improved even further.

Put Together a Marketing Kit to Share with Realtors, Prospective Developers and Tenants: ⁵⁷ A marketing kit that includes descriptions and pictures, economic information and news clips, can be very effective. A marketing kit should typically include:

- A letter from the Mayor or City Council President welcoming the developer/business to the town
- A description and photographs of the community and individual developable sites
- Media clippings and other evidence of progress
- Demographic and economic data including community buying power
- Descriptions of current and planned investment and improvements
- Available financial incentives, loans and grants
- Testimonials from current owners
- Descriptions of any recent development projects and their success in selling or leasing the space

Create Dynamic Website: Studies show that most businesses interested in relocating begin their search on the internet. A developer who wants to learn more about a possible opportunity will do the same. Providing information online about developable sites and the community's assets is an important method to reach out to developers. The most effective municipal websites include information on the characteristics of individual available parcels, zoning and regulation, available financial incentives, and background data on demographic and economic characteristics of the locality. Websites, like marketing kits, can also include testimonials from existing business leaders and messages from city leaders indicating the support firms receive in their municipalities. ⁵⁸ **SEE CASE STUDY THIRTEEN**

List the property with real estate agents: When Mrs. Smith's Pie Company wanted to sell their substantial property in Pottstown, they listed the property with a real estate agency that had experience with large industrial and commercial sites. All over the country, cities and private owners are beginning to use the existing real estate agent network to find new owners/developers for properties. To be effective, real estate agents must understand the potential of the site and the assets of the community. Some towns gather real estate agents from the region together annually for a breakfast or luncheon where they discuss what is new in town, improvements to the community and properties available.

Rent a booth at a conference on revitalization/brownfields/historic preservation to tell the community's story: Developers, builders, architects, and contractors attend professional conferences, such as the U.S. Environmental Protection Agency's (EPA) annual Brownfields Conference, to keep their companies up to date on changes in policy and practice. ⁵⁹ Hearing a pitch on the availability of a site in a nearby town and its potential may not be the reason developers attended but it may be a great bonus.

Two developers approached by local elected officials with a persuasive cold call sales pitch recounted very different outcomes. The first developer was intrigued and visited the town. The site was just as described but the town did not have site control and had not even researched the possibility of acquiring the land – that ended the discussion. In the second instance, the developer was a low level employee with his company. He was so impressed with how he was treated and what he saw that he convinced the President of his firm to visit within the month and the company invested millions in the community.

Pennsylvania Site Finder

The state of Pennsylvania has developed an interactive, GIS-based Web site (<http://www.pasitefinder.state.pa.us>) where a potential investor can find a site that meets specific criteria, such as location, parcel size, price, or acreage, to buy or lease. Likewise, a property owner can list a property site on the Web site, which is accessible to all potential investors and enables viewers to learn about the specific features of a property (e.g., acreage, square footage of building, contamination).



Gain Press Coverage for Positive Improvements, Developments – Anything That Shows Momentum: People want to get on board a moving train, not one that has been sitting in the station for decades and has not proved that it can get started again. Positive improvements need to be part of the municipality’s story. Developers, lenders and businesspeople all read the newspaper and watch

the news on television. News stories that depict a municipality as having a clear plan to improve its appearance, quality of life and competitiveness, and show the community creating a business friendly environment and growing its population and jobs, can be very helpful in attracting the attention of outside investors. **SEE CASE STUDY FOURTEEN**

13. Matchmaking Developer with a Site: Lehigh Valley Site Selector

The Lehigh Valley Economic Development Corporation (LVEDC) has created an online search database, or Site Selector, to inform potential developers and businesses about commercial sites available in the Lehigh Valley (www.lehighvalley.org). The Site Selector is easy for prospective developers or business owners to use because it allows a developer to search by municipality, address, property name, county, sale or lease, KOZ, square footage, and acreage. LVEDC contacts brokers, developers, and local government to keep the database’s property listings current. The Lehigh Valley cities of Allentown, Bethlehem, and Easton can add to the Site Selector information about their downtown retail, mixed-use, and store-front properties. LVEDC helps smaller towns in the Lehigh Valley to enter their commercial property information into the Site Selector.

14. Transforming town’s image: Media as Fair Trade and Solar Capitol.

In 2006, the town of Media in Delaware County attracted local, national, and international attention by acting locally while thinking globally. Media became the first Fair Trade Town in the United States, joining over 300 European towns. Fair Trade is a third-party certification process for hand-made items, clothing, and food products that guarantees workers around the world were paid a fair price for their labor. Products are marked with a logo demonstrating their certification. Media’s pursuit of Fair Trade status was led by Hal Taussig, the founder of a local job assistance foundation, along with the Media Business Authority. The town met a variety of requirements by the British and European Fair Trade associations: the Borough Council passed a resolution committing to serve fair-trade coffee

and tea at Council meetings and functions, Media shops and restaurants sell fair-trade products (primarily coffee, tea, and chocolate), work places use Fair Trade products, local press coverage has raised awareness about the benefits of fair trade, and a Borough steering committee will oversee Media’s continued involvement with fair trade practices. State and national media covered the town’s new status, and on-line encyclopedias and discussion boards praised the Borough’s national leadership on the fair trade issue.⁹ Media also attracted two new merchants known for their Fair Trade practices – Trader Joe’s Neighborhood Grocery Store and Ten Thousand Villages.

Media also gave itself a new image as “the solar capital of Pennsylvania.” Solar panels installed on the roof of Media’s Armory building, site of a veteran’s museum and grocery store, were the first Energy Harvest Project in Southeastern Pennsylvania. The \$340,000 Energy Harvest funding came from the PA Department of Environmental Protection. Media also has placed solar panels on top of the public library, the downtown elementary school, a downtown theater, and the Borough Hall; the firehouse will receive panels soon. The group of panels will produce over 33,000 kilowatt hours of electricity annually, with an annual savings for the Borough of at least \$4,500. Use of solar panels significantly reduces emissions of greenhouse gases such as carbon dioxide and sulfur oxide, thus addressing both global warming and local air pollution. Media’s solar panels offer an environmental benefit equivalent to planting ten acres of trees per year. The Borough plans to continue adding solar panels to save money and enhance its image as the solar capital of the state.[†]



>> footnotes: step one

Notes:

- 57 Some of the suggested contents of a marketing kit are taken from the Borough of Media’s Action Plan titled “Downtown Media Strategy: A Plan for the Business Core” prepared by Urban Engineers, Inc. and The Atlantic Group (February 1999).
- 58 Soule, Fitzgerald and Bluestone, *The Rebirth of Older Industrial Cities: Exciting Opportunities for Private Sector Investment* (2004).
- 59 Information on how to rent a booth to market a brownfield site at the U.S. Environmental Protection Agency’s (EPA) annual Brownfields conference, go to <http://www.brownfields2006.org>.

Case Studies:

- q John Roman, *Media, PA is first fair trade town in U.S.* Delco Times, July 10, 2006. http://www.organicconsumers.org/2006/article_1061.cfm.
- Susan Serbin, *Media Takes Step Towards Becoming 'Fair Trade Town'*, June 20, 2006, <http://www.zwire.com/site/news.cfm?newsid=16812667&BRD=2549&PAG=461&dept>.
- http://en.wikipedia.org/wiki/Media,_Pennsylvania.

step two: present responsive, reliable local government

Development dollars are like water; they flow to the path of least resistance. Making your municipality an easier place for new development to happen will help to drive the market to you.

– Michael O’Neill, Preferred Real Estate Investments, Inc.
Founder and Chairman

Developers across the state were interviewed about what actions local government can take that will make a city or borough more attractive for investment. Their answers formed the basis for this section.

Developers want to invest in a trustworthy environment.

Developers stated unanimously that they will avoid a community with dishonest officials. Trustworthy public officials provide predictability to the process. When the Mayor or City Council President makes a commitment, the developer can rely upon it and so can the lenders, contractors, tenants and others who depend upon a project being done on time. No developer wants to put themselves in the position of investing in a town and having the rug pulled out from under them when someone with better political connections shows up.

Developers seek a supportive public partner. Private sector real estate developers need an effective public sector partner in every deal. A local government partner must speak with one voice and not allow egos and disagreements that have existed in a municipality for years to endanger a project. Local government partners should also be willing to go to bat for the development when opposition inevitably rears its head. Just as municipality leaders check the developer’s references and past projects to make sure they can get things done, they will be looking to see what the municipality has accomplished.

Developers need to make a profit. After years of hard work from local government and business leaders, it can be disconcerting to have a developer walk off with the profit. This profit, however, proves the market and is critical to attracting further private investment. As a result, local government needs to carefully consider the potential consequences before introducing interventions in the market place such as requirements for private investors to pick up the cost of activities, programs, facilities, or services that are not part of the universally recognized investment fundamentals. These additional requirements may cause developer dollars to flow elsewhere—to a

“ Leadership is the act of disappointing your supporters at a rate they can absorb.”

– HARVARD’S JOHN F. KENNEDY SCHOOL OF GOVERNMENT CURRICULUM FOR ELECTED OFFICIALS

neighboring city that does not have such requirements, or to another state that has a proven profitable investment climate.

No one trains people to be Mayor.

– Mayor of Lancaster Rick Grey

Developers rely on Mayors to lead. Even in cities with a ‘weak mayor’ system, where day-to-day city management powers reside formally with the City Council or an appointed city manager, developers look to the mayor to play the essential role of visionary and consensus builder. Attracting private investment is an effort to provoke change and change is often met by resistance. It is therefore essential to have a leader who can work with community, business and civic leaders to embrace the decisions required to stimulate the local economy.

Civic Strategies, a national firm that designs and implements public policies for local governments, interviewed successful Mayors across the country and arrived at seven rules for creating and implementing successful city revitalization plans:

- 1. Borrow from everyone:** The most successful mayors are magpies who pick up ideas that are already floating around the community.
- 2. Start with small conversations but expand quickly:** The best ideas often emerge from small gatherings in which thinkers and leaders trade ideas with elected officials. But town hall meetings and neighborhood forums do play a critical role as early proving grounds for ideas.
- 3. Build from existing strengths:** Plans succeed because they “feel right” to people, and that’s generally because they build on an existing asset in the community. The asset may not be readily apparent to all, but once it is pointed out, it becomes obvious.
- 4. Don’t go public with visionary programs too soon:** Once municipality leaders have settled on a plan, they need to spend time figuring out its implementation. In particular, it is necessary to identify the four to five greatest obstacles the visionary program will likely face and work hard to reduce them in order to prevent the plan from becoming a political football. Also, this time can be used to get “buy-in” from other leaders, including city administrators, city council members and business leaders. Their support will be necessary later on.
- 5. Show how to pay for it:** One obstacle all ambitious plans face is skepticism about paying for them. Deal with this obstacle first.
- 6. Begin with the parts of the plan people can most easily relate to:** Make sure the plan is marketed on a human scale, with many opportunities for residents and business interests to see how it will improve their lives and livelihoods.
- 7. Stay focused:** Most elected officials are remembered for only a handful of things. Leaders need to make sure their administration is remembered for its successes, not its failures. The best way to do that is to identify the two or three things that will be lasting accomplishments, pour time and energy into them – and don’t fail.⁶⁰

Developers want all potential funders at the table as early as possible. Revitalization projects need multiple sources of funding and many people at different levels troubleshooting and making sure things move forward. Once a tangible project is proposed, it is time to involve the State, County, private foundations, major employers, and any other important players. Bringing these key players to the table early will ensure that the municipality will have the money, skill and political capital needed to get the project done.

SEE CASE STUDY FIFTEEN

Developers may want to build something that does not meet community vision. The town that is desperate enough to accept any kind of investment will not be well served. If the development reduces the beauty and the unique character of the location, that will harm

future efforts to attract investment. It is up to government to make sure that each project adds value and quality to the community. A community should not accept everything proposed. That said, municipal leaders must be flexible enough to accept projects that were not anticipated if they will benefit the community and help to achieve its goals and objectives.

Think Big Andrew Altman, a nationally renowned master planner for Lubert-Adler Management, one of the largest U.S. Real Estate Opportunity Funds, advises cities and towns to “think big again – to offer big ideas to mobilize around. . . . Mayors need to take a long-term view, a strategic and focused vision that extends beyond their term to make sure that their actions make sense for their city.” There are no quick fixes to revitalization.⁶¹

Case Study 15

15. Bringing Private Resources to Government: Irwin In the 1 square-mile Borough of Irwin, in Westmoreland County, a local bank offered the time and energy of one of its top-level executives to help the borough plan and implement a revitalization strategy. Irwin Bank and Trust, Irwin’s largest employer, had traditionally steered clear of civic affairs but in 2004, after the Lincoln Highway Heritage Corridor commissioned Penn State landscape architecture students to study Irwin Borough and recommend revitalization approaches, the bank’s president asked Bob Michaud, the VP for Marketing, to join Irwin’s revitalization efforts full-time. Michaud brought his background in public relations, marketing, and advertising to the newly established “Irwin Project” and worked with Borough Council to assemble a committee of citizens to renew the downtown.

In only three years, the Committee for the Irwin Project and the Borough have successfully partnered with the State, other local governments, and local nonprofits, and have set Irwin on a progressive course. Michaud and the borough officials sought money to renovate their town theater to create a new destination downtown. Guided by the PA Downtown Center and working with CAT, Irwin was awarded over \$3 million in state and federal grants. Having recognized the progress Irwin was making, the State provided a \$210,000 grant to renovate Irwin’s Lamp Theatre. It is scheduled to reopen in 2007 and offer both live and film performances. The CAT team working with Irwin also provided a Main Street Grant to allow Irwin to hire Main Street Manager Donn Henderson, who was eager to work with Irwin because “Irwin realizes where they want to be in 10 to 20 years.”⁶⁰ The Irwin Project has made substantial Main Street improvements, including installing new curbs and sidewalks, improving the sewer and stormwater systems, changing traffic patterns to increase access and lower congestion, and increasing parking and signs. In 2005 Irwin Borough Council hired a consulting company to create a Comprehensive Plan for the Borough, and also participated in the State’s Blueprint Communities Revitalization Initiative.

Although Bob Michaud moved on to another job outside of Irwin in early 2007, his legacy of leadership is being upheld by a new director, Jerry O’Brien, who previously served for over a year on the Steering Committee for the Comprehensive Plan. The task ahead for the Project, the Borough, and the Main Street is to continue to focus its resources on downtown and to continue its successful partnership with the private sector to attract private investment to the borough.



>> footnotes: step two

Notes:

⁶⁰ http://www.civic-strategies.com/library/visionary_mayors.pdf

⁶¹ Comments of Andrew Altman, Principal, Altman Development; Reinventing Older Communities: People, Places, Markets, Federal Reserve Bank of Philadelphia Conference (March 2006).

Case Studies:

J Marjorie Wertz, Irwin Project, Main Street program get new leadership, Pittsburgh Tribune-Review, January 12, 2007, http://www.pittsburghlive.com/x/tribunereview/news/westmoreland/s_487837.html.

step three: update development review process and zoning

Out of date zoning and complicated, unpredictable approval processes can severely hinder a redevelopment project. By streamlining the development review process and updating zoning, a municipality can decrease the risk and cost of production for developers who are considering the market.

Streamline development review process. Then create one point of contact to deal with development inquiries and shepherd the project through the process. A development review process should be consistent, predictable and transparent. Each step should be spelled out so that developers unfamiliar with the locality know what is expected. Where the 1960's development regulation model was to place employees behind a series of windows and ask the developer to move from window to window submitting plans and forms, today's model is to facilitate development by bringing all relevant departments together in a conference room for a coordinated review. With everyone in the room, conflicts and problems can be resolved in a comprehensive manner and everyone can see how a change in materials or technology will impact the other departments' requirements. This coordinated and focused agency review can significantly expedite project approval and

remove future roadblocks. Assigning one person within government who understands the system and can be a developer's single point of contact is essential.

The diagram on the next page shows the maze of steps developers are forced to walk through in Philadelphia. This kind of process does not encourage development.

Rezone redevelopment sites to encourage the desired uses.

Developers prefer to develop on land that is already zoned for the community's preferred use. When a site is zoned improperly to reflect a use that is no longer appropriate, such as a parcel zoned industrial in a residential neighborhood, developers see an additional risk. By updating zoning to reflect community plans and market realities, a town allows a developer to build without taking on the cost and delay of applying for rezoning or a variance.

A more efficient permit process increases local development activity and government tax revenues and can attract investment from other areas. Even small improvements in permitting processes lead to more investment and more rapid economic growth. In contrast, permitting delays increase costs, reduce returns on investment and cause investors to seek other opportunities.⁶²

Define historic districts and buildings so requirements are clear.

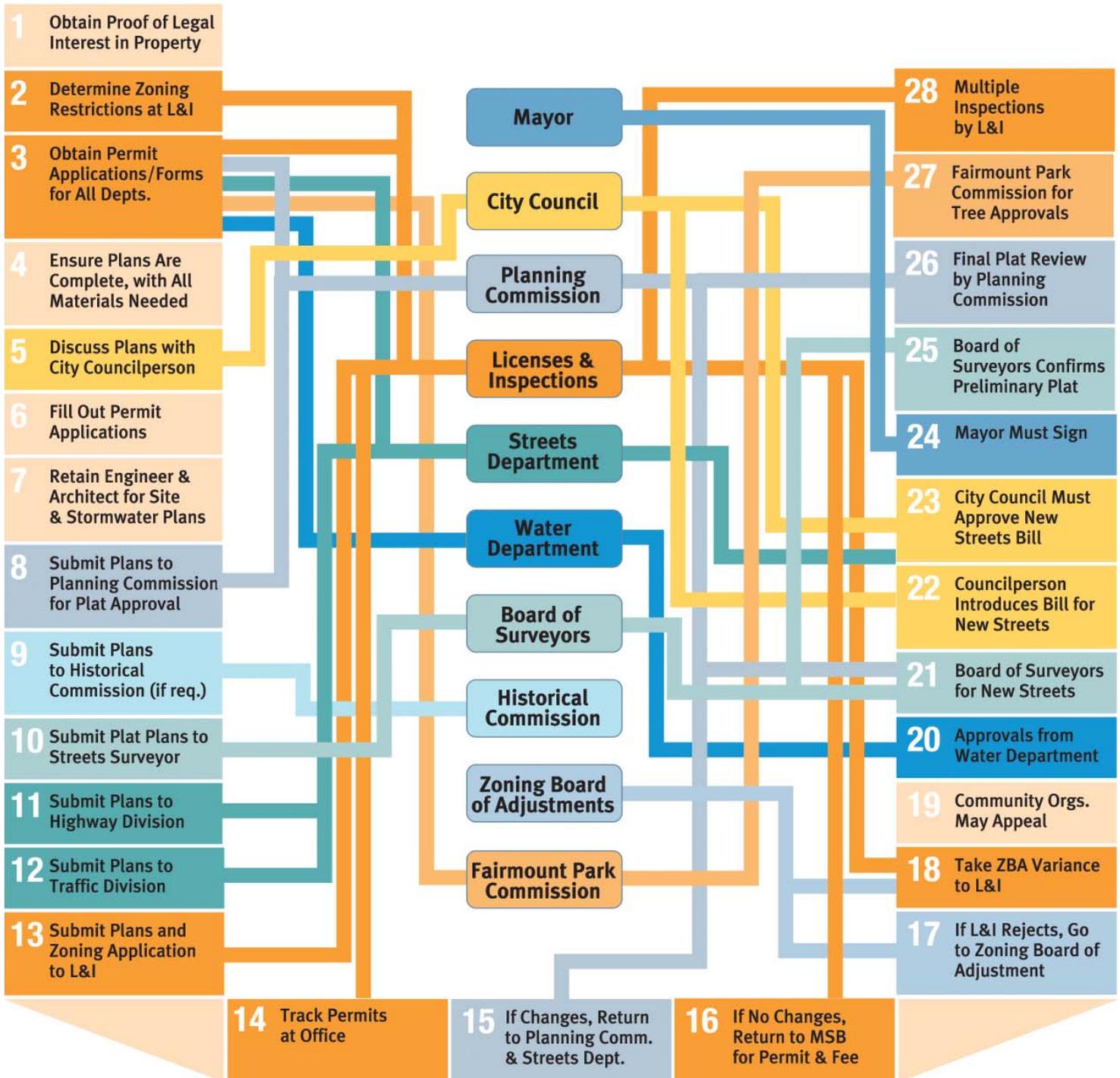
Designate significant historic buildings and sites as historic to protect this community asset and to inform developers that they will be expected to conscientiously preserve historic features of the buildings. This will ensure that developers understand the rules from the start.



>> footnotes: step three

Notes:
62 Ibid.

START HERE



Source: Karen Black, *If We Fix It, They Will Come*, Building Industry Association of Philadelphia (2004).

step four: partner with nonprofits to improve redevelopment area

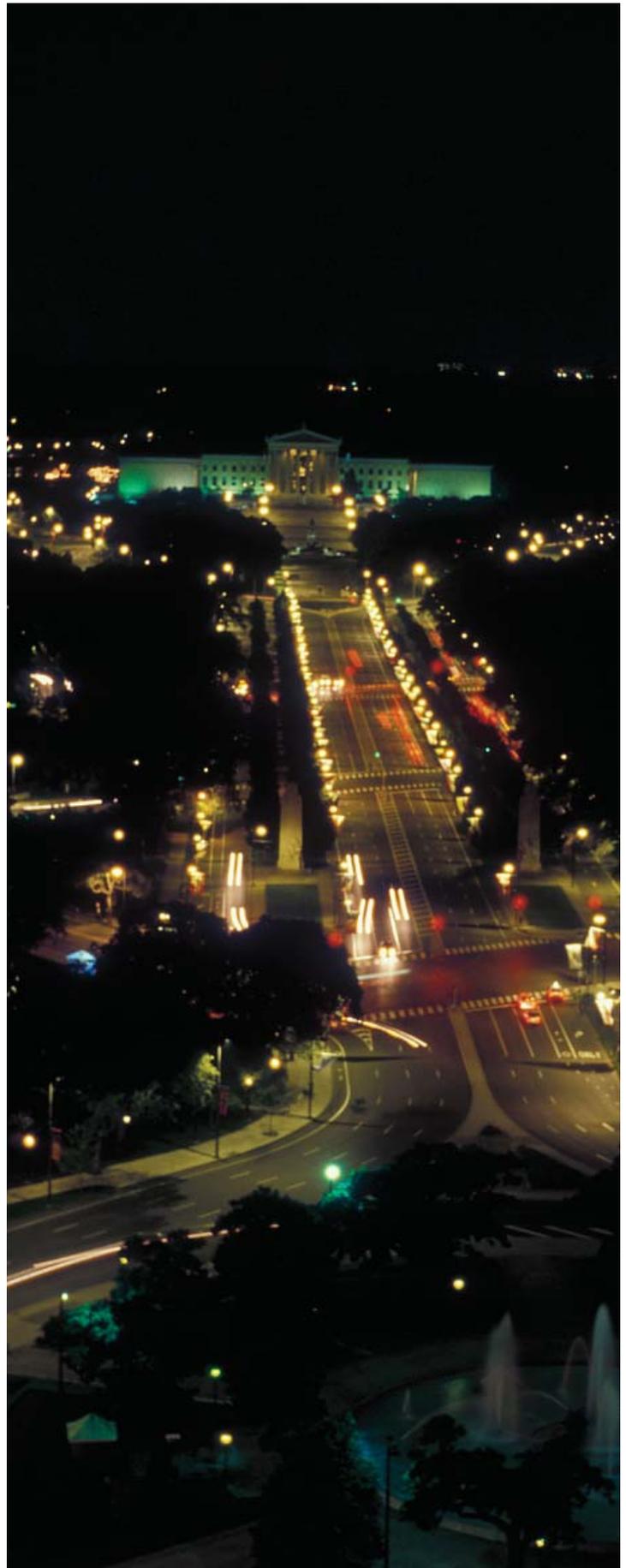
Establish a Main Street Program or a Business Improvement District (BID) nonprofit to improve the redevelopment area. The Main Street Program is a revitalization strategy, developed by the National Trust for Historic Preservation in 1980, that leverages private dollars to improve Main Street. The well-respected approach emphasizes design, promotion, organization and economic restructuring to improve Main Streets and has successfully rejuvenated downtown districts in core communities. The Department of Community and Economic Development provides five-year grants to municipalities to help create a Main Street organization with a full-time professional downtown coordinator.

A Business Improvement District or BID is a self-sustaining nonprofit organization that provides many of the services recommended under the Main Street approach and more to an area of town, most commonly downtown. BID's are typically financed through fees assessed on local businesses. BID's have been very successful at making areas appealing to private investors by making them clean, safe and attractive. Properties located within Business Improvement Districts increase in value by up to 30%.⁶³ Two examples of BID's, one that remained viable in the long term and one that did not, appear here. [SEE CASE STUDY SIXTEEN](#)

Create or expand effective community development corporations in the redevelopment area. In many cities and boroughs, community development corporations (CDC's) were the sole brick and mortar investors for decades. CDC's built new affordable housing, rehabilitated older units, and brought new retail into neighborhoods at a time when no private developers were interested in investing in urban Pennsylvania. By nurturing their growth so CDC's can build to scale or helping to form CDC's where none exist, local government can bring some capital into the redevelopment area and perhaps even prove the market for private development. [SEE CASE STUDY SEVENTEEN](#)

A 2006 University of Pennsylvania study⁶⁴ found that public improvement strategies such as adding green infrastructure, streetscaping, establishing a Business Improvement District and improving the quality of a commercial corridor dramatically increase the value and market for surrounding properties. Professors Susan Wachter and Kevin Gillen found that the value of surrounding properties increased dramatically when the public improvement strategies below were implemented.

- Properties adjacent to stabilized and greened lot:
Increased in value 17%
- Properties near a new tree planting: Increased in value 9%
- Properties near an excellent commercial corridor:
Increased in value 23%
- Properties near streetscape improvements:
Increased in value 28%
- Properties located within Business Improvement District (BID):
Increased in value 30%



16. Business Improvement Districts: West Chester and Downingtown

West Chester’s Business Improvement District (BID) has moved the city’s downtown from dismal to dynamic. Once a struggling small city, in 2006 West Chester was rated among the top 100 locations in the U.S. by Frommer’s Best Places to Raise a Family. West Chester’s downtown offers a charming and energetic array of 79 retail stores, 55 restaurants, and historical buildings, and is now praised locally and nationally as a walkable destination town. Property values tripled during the BID’s first 5-year term, from 2001-2006.

West Chester’s efforts at downtown revival began in the 1980’s with a state-supported Main Street Program, and continued in the late 1990’s with establishment of a Department of Commerce. When that Department’s Director left for a new job, downtown property owners saw the opportunity for a new level of development in the form of a BID. The initial BID effort in the late 1990’s failed because a 2/3 majority vote was required by state law, and more than 1/3 of property owners objected. However, after the BID’s boundaries were re-drawn to focus more narrowly on the downtown proper, the BID proposal succeeded in 2000. Its goals were to attract more customers to the downtown, retain and expand viable businesses, and advocate for the interests of downtown businesses. After conducting a national search, the BID hired Malcolm Johnstone as its Executive Director. Mr. Johnstone had over fifteen years of experience leading downtown programs in Oregon and Idaho and was certified in Professional Downtown Management by the National Main Street Center.



The Westchester BID is governed by a 15-member Board of Directors and receives its funding primarily from an annual assessment paid by commercial properties within the BID, which make median individual payments of \$259 annually; nonprofit organizations are asked for voluntary donations. The BID also receives \$85,000 annually from parking revenues in the Borough, available because the BID replaced the Department of Commerce. After fulfilling its initial five-year term, the West Chester BID was renewed in 2005 with a 98% approval rating among the 244 property owners. The budget grew from \$99,000 in 2001 to \$284,000 in 2006.

The BID provides unique services to downtown businesses. In its first term, the BID accomplished installation of new streetscapes, façades, signage, and parking. (Façade improvements were funded in part by the Pennsylvania Department of Community and Economic Development.)

The BID maintains a website featuring lists of downtown retailers and restaurants, professional services, events, and maps. It sponsors activities such as Ghost Tours of West Chester, outdoor music on summer evenings, an annual fashion show, and holiday shopping promotions. Publications of the BID include “Your Guide to Doing Business in West Chester” and a colorful map of downtown restaurants and retailers. The BID handles advertising and public relations for district businesses. A “Clean and Green Program” removes litter from downtown public spaces, maintains landscaping, and reports repair needs.

The West Chester BID allows the downtown business district to develop and thrive economically. Malcolm Johnstone, the Executive Director, attributes the BID’s success to constant partnership among property owners, the borough, the county, and business organizations, all working toward the common goal of downtown vitality. Since the BID was established in 2000, more than \$14 million has been invested within downtown West Chester.^u

The Downingtown Main Street Association grew out of the Borough of Downingtown Citizens Core Group, twenty-five residents and business people selected by the Borough in 1992 to discuss revitalization possibilities. Problems at the time included a failing business district and illicit drug use in town. The Core Group’s report recommended improvement of the central downtown shopping district, Route 30 and its business districts, traffic and parking issues, and parks and recreation. From these recommendations, the Borough wrote a Vision for Downingtown, and worked with the State to obtain funding for a Main Street Program, which formed in 1993.

Downtown revitalization became the first priority of the Program, which received \$1.7 million in State assistance in 1997. The majority of that funding enabled environmental remediation of an industrial site on the edge of downtown, making it suitable for commercial and residential development. The Main Street also secured a Growing Greener grant to substantially improve a stream that flows through the remediated industrial site, now a townhouse community. In 2001 a new park was constructed on the site of an industrial parking lot. Additional development included streetscape improvements such as new lighting, a new town square, façade improvements, pedestrian-friendly intersections, planters, benches, trees, and new signage.

Despite these early successes, the Main Street Program stopped operations in January of 2006 citing lack of funds due to a deteriorated relationship with the Borough and disinterest on the part of local business owners and residents. Its closing report described personal conflicts between members of the Main Street Board and members of Borough Council, and the Main Street’s and Council’s mutual failure to agree on a unified vision of whether revitalization of Downingtown is necessary, and what types of revitalization are desirable. The demise of Downingtown’s Main Street attests to the vital importance of cooperation between a Main Street and local government, and of long-term nurturing of good relationships between Main Street Board members and other civic leaders. Downingtown’s experience also shows the necessity for a Main Street to serve and communicate with business owners and residents in ways that persuade them of the Main Street’s importance in the economic future of the community.^v



17. Effective community development corporation provides base investment in community: Lancaster's SACA

Since 1984, the Spanish American Civic Association (SACA) in Lancaster and its Development Corporation Homeownership Program have revitalized neighborhoods and the economy in southeast City of Lancaster. SACA DC uses funding from local, state and federal government, the private sector, foundation grants, and Lancaster County financial institutions to transform sections of deteriorated and crime-ridden rental properties into homeowner neighborhoods. SACA DC has rehabilitated 110 homes in a target neighborhood, 80 of them single-family properties owned by their inhabitants, and 30 of them rental units. SACA works with a coalition of banks to finance construction costs. Home ownership in the neighborhood has increased from 15 percent to 40 percent. Pre-existing homeowners in the areas where SACA has worked have responded by fixing up their properties, new landlords have invested in the neighborhoods, and new homeowners have moved in. Private developers, however, have not yet initiated their own projects in the areas where SACA is working—it's too hard to make a profit on rehabbing derelict row homes.

SACA DC also has established a park and a Neighborhood Association, and achieved an 85% decrease in crime in its targeted homeowner zone, as well as reduction of graffiti and trash problems. In partnership with a local lending institution and the City, SACA DC turned an empty storefront into a vibrant community center, and later established three additional community centers and a youth program. In 2000, SACA DC spent over \$4 million to renovate the abandoned General Cigar Building, turning the historic, centrally located 4-storey brick building into 30 low-income and moderate-income apartments, along with professional office space and a daycare center on the ground level. SACA is currently in the middle of rehabilitating more than 40 vacant, condemned, or blighted townhome units on four adjacent streets.

SACA works in partnership with three African-American organizations in order to avoid counter-productive competition for funds. The Partnership has a development corporation, Inner City Group, that works on housing, employment training, business growth, crime, and improvement of infrastructure. The Partnership also established a Charter School in 1998 to address the city's high dropout rate. The accomplishments of SACA and The Partnership were major factors in the City of Lancaster's 1999 selection by the National Civic League as an All America City.^w



>> footnotes: step four

Notes:

⁶³ Susan M. Wachter and Kevin C. Gillen, *Public Investment Strategies: How They Matter for Neighborhoods in Philadelphia*, The Wharton School (2006).
⁶⁴ Ibid.

Case Studies:

^t Interview with Malcolm Johnstone, Executive Director, West Chester BID, September 15, 2006. www.westchesterbid.com; www.DowntownWestChester.com

^u Interview with Jeffrey Valocchi, Esquire, former Chairman, Downingtown Main Street, October 3, 2006. Downingtown Main Street Association Final Report. Downingtown Main Street, Inc. 2005.

Interview with Steve Sullins, Downingtown Borough Manager, September 22, 2006. <http://www.downingtowntownmainstreet.com/about.html>.

^w Interview with Carlos Graupera, Executive Director, SACA, January 8, 2006. L.S. Kadaba, *Crime and Gangs Retreat as Homeowners Take Over Neighborhood*, Philadelphia Inquirer, January 13, 2000. <http://www.berkshirerepublishing.com/ans/HTMLView.asp?parItem=S031000299A>. Lancaster Wins All-America City Award, <http://www.cityoflancasterpa.com/lancastercity/cwp/browse.asp?a=671&bc=0&c=42769>; <http://www.sacapa.org/SACA%20Development%20Corporation.htm>

interviews with developers who have invested in Pennsylvania cities and towns

Developer Joe Duckworth, Arcadia Land

Joe Duckworth is a New Urbanist developer – he builds walkable neighborhoods with housing, shops and businesses in Pennsylvania boroughs and townships. A little less than a decade ago, Duckworth was the President and CEO of Realan Homes, one of the largest builders of suburban residential homes in Philadelphia, and in 1992 was elected “National Builder of the Year” by Professional Builder Magazine. But Duckworth, convinced there was an unsatisfied market for higher density, walkable neighborhoods, began a new firm called Arcadia Land. In addition to several smaller communities, Duckworth is leading a partnership redeveloping 3200 acres in New Morgan Borough in Southern Berks County.

Duckworth believes that Pennsylvania towns have a great deal to offer developers who value town living. To attract development, he explains, Pennsylvania’s older communities should take a number of steps.

First, of course, there has to be some attractiveness to the place to create market demand, but many communities in Pennsylvania have that. The key for me is to make certain that there is a reason to live there. My experience is that many people want to live in small towns rather than anonymous suburbs, but wherever they live, they need to be able to commute to their job. As a result, a community that is part of a larger metropolitan region that has ongoing economic activity is key. In New Morgan’s case, the borough is right off the Pennsylvania Turnpike and this makes it just 10 to 30 minutes away from Chester and Montgomery County job markets.

Second, developers want to work with high integrity local leadership. The last thing I want to do is build in a place whose Mayor has been indicted or a town that has a reputation as a “pay to play” culture. I do not want the unpredictability or risk that such a relationship brings. Almost as important, I want to work with a stable government that has proven they can get things done together. No developer wants to risk their money over the outcome of a series of arguments between two local governmental leaders.

Third, all developers want the least risk and ambiguity possible. If you can do one thing, create a consensus around a vision for your town and record it through coherent, logical zoning. This vision can not be simply that you want it to stay the exact same but with more people living and shopping in your town, because there must be some new housing or retail products to attract those people. Once you have a vision and a comprehensive plan, then rezone each area to permit what you would like to be built there. If I see an article that a borough has written a comprehensive plan and is rezoning, that is enough to get my attention.

Some towns say that once you tell us what you want to build, if we agree, then we will rezone. This is not good enough. Let’s say that I think that a downtown would be a great place for condominiums with retail on the first floor, but the downtown is zoned for commercial use only. If I have to wait for a rezoning, I must negotiate with the seller of the land to wait around until the land is rezoned before I can complete the deal. Many sellers are not interested in waiting. Developers want to get from Point A to Point B as quickly as possible.

In addition, once your community is clear on what they want their future selves to look like, go to the county and state and see if they will support your plan and work with you to encourage growth in the areas you chose. When the Governor comes down and says this is a place the State is targeting for growth - that makes a difference.

Fourth, you need to send an economic message that you want development. A tax abatement or taking the lead in land assembly or environmental remediation - these actions say that you welcome development and we will be working as a team. Be proactive; don’t leave the developer scratching their head trying to figure out how to make something happen.

Fifth, get some new construction or conversion in the ground. Prior development at whatever scale helps to reduce the risk and give us a feeling that we have a greater chance of success. Work to help make some private market investment happen even if you have to fill the gaps with state or federal dollars.

Sixth, when building for the residential family market, a functional school district is essential. It doesn’t have to be the best in the state but it must be a district where most of the community’s parents feel comfortable sending their kids.

Seventh, reach out to regional developers who have built in surrounding areas. Developers, aside from the huge national companies, don’t like to stray too far from home. We are proud partners in our regions and like everyone else, we want to be able to have meetings with City Council and still be able to be home for dinner. For me, based in Wayne, Pennsylvania, that means I would go as far as Harrisburg or the Poconos, but not much farther.

As local officials, the most important thing you can do is to let developers know you are a straightforward place to do business. By knowing up front what the rules are, developers can save months, if not years, of time. And for a developer, time and money are one in the same.

Developer Lou Pektor, Ashley Development

Louis Pektor, the founder and president of Ashley Development Corporation and a lifetime resident of the Lehigh Valley, founded his company in 1989. Ashley Development Corporation has completed more than 100 projects with a total market value exceeding \$700 million. In recent years, an increasing number of these projects have been located in Pennsylvania’s small historic cities and surrounding communities. Recent projects in the Lehigh Valley have included medical facilities and offices, historic redevelopment, and niche housing products.

We started to develop in urban areas because we saw new demand for niche office, housing and retail.

There are some developers who only want to build in places that are growing fast, where there are new subdivisions going up every day. I am not one of them. I believe in our quaint cities and towns with strong downtowns and Main Streets. They have character and unique community aspects. If a town can build enough synergy to create a dynamic downtown environment, I think almost everyone would choose to shop there rather than at some generic suburban strip mall. We are also seeing a lot of interest in urban niche housing products. When empty nesters are downsizing or young professionals are starting out, they would rather have an urban condo or loft with upscale sizzle and appeal than a suburban townhouse with few nearby amenities.

I am attracted to places where the Mayor and the administration support economic growth.

Every town has programs to encourage investment but that isn't what I look for. I look for a real working partnership, to share the vision for the property, review our plans and communicate honestly about the changes that would make a product more viable for the city, the end user and the owners.

For developers, time is a component of risk and a project that has a lot of risk is not considered a favorable opportunity. If we don't think we are going to be dealt with fairly and that the deal can come apart even if we do everything we can to meet the needs of the municipality and make the numbers work, we aren't going to spend our time there. Perhaps the worst experience a developer can have, and we have had this happen to us, is to have a Mayor take you in one direction and then decide at the last minute that they want to go in another direction because of some political favor they owe or because they didn't think it out in the first place.

When we research potential communities for future development, we seek out places with good quality existing infrastructure, financial stability, safety and adequately performing schools.

Many Pennsylvania cities and towns have sewers and roads with extra capacity in the ground. These are things that suburbs can't offer. This is a key asset for cities because they can save developers substantial infrastructure costs that can make or break a project.

Just as important as transportation and water and sewer infrastructure, however, are the more intangible assets that developers cannot build if they do not exist in a community. The most important selling point that a community can offer is safety. It is incredibly difficult to energize markets and push them to the next level without safety. Where the area has had no activity for years, you may need extra police patrols until enough activity in the area creates a safe environment, but there must be some way to assure new buyers that they will be safe living in your community. A financially stable government and performing school district are also important amenities to offer. Every good developer knows that it is the community that provides the greatest amenity to a project; an unsafe city is a hard sell. A questionable school district or an unstable tax base with a government in deficit that makes higher taxes inevitable, also makes it more difficult to sell a new product.

We do not expect a city or town to become a developer or acquire the land for us, but we do need your help.

We understand that a municipality doesn't want to take on the liability of owning a

blighted parcel or a parcel that has serious environmental hazards. That is our job. We have the experience to do it. But we also can not take on the task of assembling 14 parcels with 14 different owners into a developable site. In fact, the moment we show interest, land prices start to rise far beyond their actual market value. So we need the city or RDA to gain rights to the land and do basic assembly so we have a site to work with. And we need the local government to be flexible about rezoning the land for the highest and best use agreed upon through active dialogue between the city and the developer.

Until Pennsylvania's older communities develop reliably profitable markets, we need local leadership to help us fill the financial gaps.

Before developers can create and implement a project on a piece of land, we have to make the numbers work. We have thresholds that we need to meet and if the economics aren't there on the revenue side or the expenses to buy and remediate the property are too high, we need public money to finance the difference, to make taking the risk worthwhile. Over time, as the market increases, rents and sale prices will be sufficiently high to support new construction and development on their own.

We need good information about development opportunities and the more information you provide, the easier it is for us to assess the opportunities in your community.

A website that includes an inventory of available land allows us to understand what developable sites you have and whether there is a fit. Clearly delineating what you have to offer – your infrastructure capacity, parking, past investments and other key facts – helps us understand why developing in your community makes good sense. An RFP is a more specific starting point that allows us to understand the ground rules for the project and the details of what you want to see on the site. Of course the RFP must be well done. A poorly constructed RFP that confuses everyone is worse than none at all.

Finally, be open to new markets and development possibilities identified by a developer.

There are some major changes in industries going on right now and while we don't expect Mayors to research them, we do ask you to be open to them. For instance, we are seeing universities and hospitals expanding throughout the state and they are doing it in new ways. Facilities that were once part of major hospitals or university campuses are now becoming freestanding facilities. Hospitals are opening medical centers and outpatient centers in distant communities and universities are creating satellite campuses and specialty divisions. A town not open to new development opportunities will miss out on strong growing markets that benefit the community. We have faced opposition such as this before. In one instance a town believed a restaurant use, which has a high failure rate, was better than a medical facility and could not be convinced otherwise. From our point of view a medical facility will sign a 20-year lease and remain viable a far longer period of time and adds an invaluable component to a city.

Our goal at Ashley Development is to take an underdeveloped area and build a project that is the highest and best use for that site. By doing this, we create a rising tide for the entire community and its economy.

Michael O'Neill, Preferred Real Estate Investments

Michael O'Neill is the CEO and Founder of Preferred Real Estate Investments, Inc., based in Conshohocken, Pennsylvania about 10 miles outside of Philadelphia. Preferred is one of the largest private real estate investment and commercial property developers on the East Coast, having done projects in 10 states and the District of Columbia, valued at more than \$1.5 billion.

When first starting out, O'Neill was forced to consider properties that other developers ignored – old manufacturing sites and obsolete factories that required extensive renovation. He successfully transformed these structures into modern office spaces and created a niche business. Today, he has built a reputation as a developer who engages with communities to transform older manufacturing spaces into cutting edge commercial, industrial and mixed-use developments.

O'Neill's first property was the Lee Tire Factory in Conshohocken, PA, which was renamed the Spring Mill Corporate Center in 2002. Other signature properties include The Wharf at Rivertown, the former site of a circa 1916 Philadelphia Electric Company power plant in Chester, PA, and the Budd Commerce Center, the site of the former Edward G. Budd Manufacturing Company in Philadelphia. Each of these properties was a complex site with environmental challenges, existing infrastructure, direct access to major transportation arteries, and proximity to major urban centers.

Typically, we are interested in large tracts of land with 100 acres or more. These tend to be vacant industrial brownfields. While we develop in New York, Maryland or Massachusetts, we would much rather develop land close to home and be able to drive home at night and sleep in our own beds.

To develop, the first thing that we need is land. It seems obvious, but the most important thing a community can provide a developer with is site control of land. While they do not have to own it, it must be available. Half of the communities that contact us have a troubled site with no site control. Recently a Pennsylvania county asked us to look at a site. We really thought we could build something good there but the owner wasn't interested in selling it. A development opportunity means that the land is available.

Next, reach a consensus as to how you want the site redeveloped.

Once we identify available land, we try to determine whether the community has reached consensus around redevelopment of the site. If political, civic and business leaders are all in favor of redevelopment and want to see mixed use, office, industrial or retail on the site, then we know we have a much greater chance of success redeveloping the site. Of course, there are times when a town reaches consensus that they want what I call a "Disney World Carnival Plan" for the site and we know that such big plans require so much infrastructure to support them that they tend to collapse under their own weight. Knowing what you want is a strong selling point. If a town is confused about what it wants, we move on and find a different town.

A clear, compelling asset inventory helps us to understand the potential of your site. The goal of our first visit is to see whether there is land and consensus around future use and to complete an asset inventory to decide whether the site will appeal to our end users. We need to understand a site and determine if our customers would locate there. The community that can help us perform that asset inventory has an extraordinary leg up.

Recently we were in Albany, New York looking at a large brownfield site and we got a call from the economic development team in nearby Schenectady. They had an 80-acre site that they wanted us to look at. Now at first I didn't think I had any interest in Schenectady. But they were persistent and explained it would take us only an hour and it would truly be worth our time. We sent out a lower-level employee and they showered him with such enthusiasm and information that he recommended that we visit and we did. We ended up agreeing to redevelop the site that first day we walked into town.

Why? Because city and county officials were on their game from the moment we entered that town. They welcomed us as investors and they put together a presentation that persuaded us that this was an extraordinary opportunity. With renderings of projects the Redevelopment Authority has spearheaded covering every inch of wall space, they provided a detailed presentation that showed:

1. Strong regional economy within 15 minutes of site
2. Excellent transportation access to site
3. Millions of dollars of recent investment in downtown
4. Successful smaller redevelopment projects on site and in area
5. University campuses with plans to expand to downtown
6. State and federal financial tax credits, abatements and other incentives as well as the possibility of a local TIF to help make the numbers work
7. Community support for redevelopment of site and desire for mixed use
8. State, county and municipality assurances that they see no roadblocks to redevelopment

Their presentation is available at newPA.com/revitalize.

Welcome us as investors in your community. Remove burdens where you can to create a profitable environment.

The easier you make the process for business, the easier it will be to get the redevelopment of key sites done. When we come in, our goal is to be a good citizen and contribute to increasing the job base of your community. If you truly want development, then make an effort not to hold things up. Sometimes neighboring owners assume that we have a hidden pot of gold and they seek to hold the project up until they can get their hands in the pot. What they need to understand is that it is harder to make the numbers work to redevelop brownfields. They are neat projects, but with greater risks for the developer and for the customer, the homeowner or the business that will ultimately move in.

If you truly want economic development, then help facilitate the development. Almost all of the properties we have mentioned began

with investment to redevelop a property but also brought new tenants — employers with jobs to grow the local economy.

Provide a transparent, supportive process. Be straight with us. We need to know what you can make happen. False starts cost money. An environmental assessment alone is a couple hundred thousand dollars. Do not bring us in if you already have a developer with close political connections chosen for the project or if there is a major player in town who will oppose us for whatever reason.

Bristol Borough is a great example of a town that was open and helpful from the beginning. The town is a beautiful historic town. They had a wonderful old building, the old Dial Soap Factory, with high ceilings and river views. The process we went through was transparent. The Borough held open public meetings. They agreed to rezone the property. There were no political surprises. And when we found a potential tenant for the site, Lenox, a maker of quality dishes and giftware who would bring 400 employees to town, the Mayor called them up and said “we want you here and we will do whatever we can to help.” A call like that makes a difference about how a tenant feels about a project.

Promote your town. Towns that don't promote themselves probably won't be discovered by a developer. You need to treat your town or city as a product. Sketch out the four corners of the opportunity and promote yourself. There are many opportunities to attract interest; one possibility is to come to a conference like the statewide Brownfields Conference and make a clear, persuasive case for why your town would make a good investment. A town attracted us that way just last year. Also, partner with the region as a whole to advertise yourselves. Together you may be able to show the kind of economic opportunity we are looking for and can bring value to.

goal four: apply strategies that work

Strategy 1: Greensburg: Bringing a university and the arts downtown

Strategy 2: Pottstown: Transforming an eyesore at key intersection

Strategy 3: Washington: Attracting a native born developer

Strategy 4: Wilkes-Barre: Putting together multiple high impact projects on city-owned parcels

Greensburg, Pottstown, Washington, and Wilkes-Barre are just four of the older communities in the state that have achieved high-impact development projects. Their stories are detailed in this section to share what they have learned along the way. While each of these case studies is different, each of the four communities worked with the Community Action Team (CAT) to attract private investment to create a diverse set of high-impact redevelopment projects. Each has accepted the reality of changing economic conditions, found

new uses for formerly industrial land and fashioned new kinds of tourist, job or technology centers. They have identified key assets and established a public-private partnership to leverage existing assets and create new ones. In the face of natural disasters, shifts in the economy, and unforeseen social and political developments, these four Pennsylvania cities and boroughs can inform and inspire other communities with their resilience, self-confidence, creativity and ability to carve out a new destiny.

Greensburg

Third Class City | Westmoreland County | County Seat | Mayor: Part Time

Greensburg By the Numbers

Population (2000): 15,889

Population change in the 1990s: -2.6%

Racial Composition: 93% White Non-Hispanic; 4% African American

Median Household Income: \$30,324

Housing Stock Mix: 52% Owner Occupied; 48% rental

Median Value of Owner-Occupied Housing Units:

\$83,500

Percent of housing built before 1960: 65%

Industries: Educational, health and social services (25.3%), retail trade (11.9%), arts, entertainment, recreation, accommodation and food services (10.7%), manufacturing (10.5%)

Commuters: Daytime population change due to commuting: +15,181 (+95.5%)

Workers who live and work in this city: 2,819 (40.2%)

Revitalizing Downtown

Geographic Focus of Projects for Impact: Downtown

Strategic Plan: Expand cultural destinations

High Impact Project: \$23 Million Downtown University Performing Arts Center

Project Funders: Seton Hill University, Greensburg Redevelopment Authority, and State of Pennsylvania

Timeline: Land acquisition complete November 2006; Broke ground March 2007

Other Projects Proposed or Completed in Close Proximity to Leverage High Impact Project: New State Labor and Industry Building; New State Dept. of Health building, Economic Growth Connection's new addition to the Westmoreland County Courthouse

Assets Leveraged: Cultural destinations (museum, theatre, renovated train station) and university

A Performing Arts Center Comes to Downtown Greensburg

Background History – Retreat of Retail.

Greengate Mall opened just west of Greensburg in 1965. It replaced Greensburg's main street as the most popular shopping destination for Westmoreland County and the surrounding areas. Seton Hill University, located on a hill just above Greensburg's Main Street, provided its students with a free bus to the mall to go shopping.⁶⁵ In 1976, Westmoreland Mall opened on a formerly rural site to the east of Greensburg.⁶⁶ Greensburg was surrounded. Major stores closed in downtown throughout the 1980's and it was clear that Greensburg was no longer a shopping destination.⁶⁷ Retailers left behind a dozen vacant buildings. The question that faced Mayor Karl Eisaman when he came into office in 1996 was how to fill them.

Downtown Needs New Draw.

Under Mayor Eisaman's predecessor, Greensburg had completed a strategic planning process. Greensburg had a strong cultural base and the strategic plan recommended that the city expand its cultural offerings. The geography chosen was the downtown corridor that extended from the Westmoreland Museum of American Art to the Palace Theater and then on to the city's newly renovated historic train station. This would leverage recent restoration of the theater and the train station by the Westmoreland Trust and connect them with the Westmoreland Museum of American Art, with its well-respected American and Pennsylvania art collections.⁶⁸ Mayor Eisaman embraced the plan's finding. He and the Greensburg City Council recognized that they had to create another reason for people to come into Greensburg and that if visitors were attending a concert or art exhibit, they would be likely to eat and shop as part of their visit. The city's strategic plan never mentioned Seton Hill University.

As a first step, in 1999, the city built an outdoor amphitheater in St. Clair Park for summer concerts. Free summer concerts offered from the end of May to September on Friday nights and Sundays now attract an average of 1500 people per concert.

"We owe all the good work Seton Hill and the City of Greensburg are doing together to a building that fell down. That was the catalyst!"

**– President Joanne Boyle,
Seton Hill University**

University Asked To Help Revitalize Downtown.

In 2004, a state legislator was looking out his office window at a historic building that had been vacant for many years and he picked up the phone. Representative Thomas Tangretti called Joanne Boyle, President of Seton Hill University, and asked whether the college could move something into that building. Boyle's response was "maybe." She agreed to explore uses for the building. This was the first time anyone had made a specific request of Seton Hill to make a contribution to the revitalization of the town of Greensburg. During the weeks when President Boyle was discussing how they could use the building, the roof and two structural walls collapsed. Discussions ended.

Prior to that date, Seton Hill had been a benign neighbor to downtown Greensburg. The University had generously hosted events for Greensburg's Bicentennial, but little else. President Boyle, President for 18 years, admits that she inherited a viewpoint that was common

in education circles - that town and gown should stay separate. “We never thought of the synergies that could be created if we started to talk” said Boyle. Mayor Eisaman suggested that the University look at other sites. Again, President Boyle said there was no harm in looking but that she wanted a space contiguous to the campus.

Mayor Finds a location for Seton Hill

In the next few months the President rejected two existing buildings but the Mayor kept on looking. He had an idea. The property at the bottom of the half-mile hill up to Seton Hill was a large city-owned parking lot. The lot was in the very corridor where city leaders wanted to expand Greensburg’s cultural offerings. If Seton Hill was willing to construct its building on this lot, then it would inject new construction into the city and bring students back into the town. The concern that the city would lose tax dollars by selling or donating that land to a nonprofit institution that did not pay taxes was short-lived. Eisaman recognized that the revenue the new facility would bring in from sales taxes and increased surrounding property values far outweighed the small amount of tax revenue to be lost. An added insight was that there was a 400+ space parking garage across from the land. While County Courthouse employees and visitors used the lot and the garage during the day, by 4pm they were empty. If the newly constructed building could meet the needs for evening parking that the new Seton Hill building would create, the garage would be much better used.

After talking to City Council and other respected leaders, Mayor Eisaman broached the idea to President Boyle, who returned to campus and started chewing it over. Although Seton Hill had been thinking of a small entrepreneurial clinic or funky theatre space for the historic building, new construction and ample land meant they could start to explore other larger-scale opportunities. Given that there were no large developable lots left on campus (unless the University started bulldozing attractive campus green spaces) the city property offered a unique opportunity for the school to expand.

Seton Hill Contemplates a Lower Campus Downtown.

Boyle spoke to her Board and faculty. They began to discuss the idea of building a new performing arts center on the land the Mayor had identified. Seton Hill has well-respected music and theatre programs but these programs suffered from a lack of space on campus. In addition, the campus theatres and studio space were too old to offer students the modern professional theater environment they sought. Then Seton Hill began to think even bigger. What if music and theater programs moved down to the new downtown space along with a performing arts center? Seton Hill could double enrollment in those two departments. Also, they could attract larger audiences for student performances and move 200 or more weekly music lessons taught by faculty and students off campus, freeing up even more space.

The Mayor and City Council loved the idea. It would provide a new cultural venue and bring the whole corridor to life after 4pm.

Sharing the Idea and Gaining Public Support

With clear interest from Seton Hill, it was time to talk to local merchants and the community as a whole before the idea became public. The Mayor and President Boyle held a series of meetings. They followed these up with public hearings. The community was very positive about the Performing Arts Center being built downtown, first because the idea of a cultural corridor had been a goal shared by

city leadership long before this deal was discussed, and also because everyone could see its potential impact.

President Boyle and the Mayor also spoke to the merchants at their association meetings and at special meetings. Merchants had two concerns: first, that the Performing Arts Center would be busiest during nighttime hours and might not mean more business to them and second, that most retail is around the corner and would not be clearly visible from the Center. President Boyle suggested that some of the merchants might want to experiment with extending their hours and agreed to integrate into the design of the building and the streetscape a series of visual pathways and cues to guide Center users to the retail corridor around the corner. Also, President Boyle expressed her desire to ensure that the Center façade would look compatible with the historic nature of buildings in the area.

From Idea to Fully Funded Project Plan

With clear local support, the Mayor and President Boyle had to take several additional steps before the project could be a reality. The most pressing issue was to obtain funding to fill gaps between what the university and city could contribute and what was needed to complete the project. At this stage, the state’s Community Action Team (CAT) became involved. CAT talked to the county, the Mayor and the State legislators to make certain that there was a consensus that the Center was their highest redevelopment priority. All agreed that it was. The CAT team brought the project’s concept plan and evidence of its feasibility and high impact to the Governor. The Governor immediately recognized the potential of the project and agreed to provide a \$5 million grant from the Redevelopment Assistance Capital (RACP)



program, a state grants program for the acquisition and construction of regional economic, cultural, civic, and historical improvement projects that create economic growth.

CAT then worked with the city to leverage the project with additional investment in the immediate area. The city knew that the Commonwealth was planning to lease new space for its Labor and Industry department and that they were currently looking at space in the surrounding rural municipalities. CAT explained their goals to the Commonwealth's Department of General Services (DGS). DGS agreed to lease a building (first new construction on Main Street in the City of Greensburg in two decades) on a Main Street location just two blocks from the Center, even though it cost \$.25 more per square foot, because of the tremendous impact its almost 300 new employees could have on Greensburg's revitalization. CAT worked with other relevant state agencies to contract for a developer to build the new offices and identified funding sources to improve the streetscape on the site. The project now had at least two pieces in the targeted area that generate additional investment and foot traffic in the downtown.

Monthly planning meetings began between Seton Hill University, the City of Greensburg, the County of Westmoreland, the Redevelopment Authority of the County of Westmoreland, the Greensburg Salem School District, local legislators, and the Westmoreland Trust. As originally designed, the Center would cost \$10 million and would include all essential rehearsal and performance spaces. The Governor's CAT team entreated the Mayor and President Boyle to think even bigger, to add plazas and greenspaces, to update the streetscape and make sure this addition to downtown would have a significant positive impact. As a result, plans for the University Center for the Performing Arts include 73,000 square feet that will offer a music hall with a 400 seat auditorium, flexible theatre, recital hall and rehearsal spaces, set design and costume design rooms, classrooms and faculty offices. The \$23 million project (Seton Hill has raised \$18.5 M and is still actively seeking donors) will be constructed in three phases over three to four years. In addition to Seton Hill programs such as the Seton Hill Community Music Program (with more than 200 students currently enrolled), the Center will host the activities of the Westmoreland Symphonic Winds, a new dance program and some activities of the Westmoreland Symphony.

Project As High Impact Revitalization Tool

An Economic Impact Study for Seton Hill's project completed by Mullin & Lonergan Associates projects that the Center will generate 635 new jobs, permanent and temporary, over \$7 million in total wages, over \$350,000 in new state and local taxes, and \$1 million per year in visitor spending. It is expected that the construction project alone will add \$10.6 million to the region in direct spending, with an additional \$7.7 million in indirect spending.

The Commonwealth's CAT Team enthusiastically worked with the city

and university on the plan and provided funding through a variety of sources. In April, 2005, Governor Rendell provided \$5 million in Redevelopment Assistance Capital Program (RACP) funding for the Center for the Arts. Then the CAT team supplemented this amount by providing funds from key economic development programs. Specifically, the State provided \$529,000 in Home Town Streets funding for streetscape and lighting improvements, and \$300,000 for façade improvements and hiring a downtown manager under the Main Street program. An additional \$50,000 for construction of the Seton Hill University Center for the Arts from Lincoln Highway Heritage Corridor funds and new funding from the Elm Street funds will be used to boost housing in a neighborhood just a half a block from the site.

Obstacle of site acquisition must be overcome.

Due to the increased scope of the project, and to give the project street frontage on West Otterman Street, a/k/a Old Route 30/Lincoln Highway, three additional properties neighboring the parking lot needed to be acquired. Two of the property owners sold their properties to the Redevelopment Authority for market value; the third, a pizza shop, was taken via the eminent domain process, without appeal.

This high impact development project attracted private market investment.

Since Seton Hill announced plans for its University Center for the Performing Arts, many existing properties in the area have changed hands. New tenants in surrounding buildings include Stage Right—School for the Performing Arts and Professional Theatre Company, a new jazz club, and Turtle Tree Fine Foods, an upscale restaurant. The Mayor anticipates even more new investment once the Center opens.

Key Lessons Learned

- **PRIORITIZE your assets – in this case they were cultural.**
- **PARTNER with anchor employers. Ask them to help with the revitalization of their neighborhood or the city as a whole and then help create the opportunities for them to do so. Remember, Seton Hill had never before been asked to invest in the downtown.**
- **CREATE WIN/WIN OPPORTUNITIES – available land is an asset this town offered to the University to extend their campus. Both parties benefited from the deal.**
- **THINK BIG. A small program in a vacant historic building where the ideas started would not have had nearly the impact of two major university programs and a performance hall in downtown.**
- **DO NOT DELEGATE DISCUSSIONS WITH KEY PLAYERS. Local government elected officials should show a commitment from the start by being present at meetings.**
- **ONCE A PARTERSHIP IS FORMED, keep conversations going. Additional partnership opportunities will arise.**

>> footnotes: greensburg

Notes:

⁶⁵ Gary Nelson, Greengate Mall, Mall History Its All in the Name <http://www.mallhistory.com/greengate.html> downloaded on August 2, 2006.

⁶⁶ Zandy Dudiak, "Westmoreland Mall changed the face of Route 30 from country to commercial", The Times Express (May 12, 2004) <http://www.gatewaynewspapers.com/timesexpress/indepth/5021/>

⁶⁷ <http://www.city.greensburg.pa.us/html/about.html>

⁶⁸ In 1990, the Westmoreland Trust had bought and restored the 1300 seat Palace Theater and it had an extensive theater and concert schedule. The Trust also renovated the city's historic train station.

Pottstown

Borough | Montgomery County | City Manager Form of Government with a Mayor and 7 Member Borough Council

Pottstown by the Numbers

Population (2000): 21,859

Population Change in the 1990's: .1%

Racial Composition: 78% White Non-Hispanic; 15% Black, 5% Hispanic

Median household income: \$35,785

Housing

56% Owner Occupied Units; 44% Rental units

Median house value: \$87,600

Percent of housing built before 1960: 78%

Industries: Manufacturing (20.3%), educational, health and social services (18.3%), retail trade (12.7%), professional, scientific, management, administrative and waste management services (10.5%)

Commuters: Daytime population change due to commuting: +1,453 (+6.6%)

Workers who live and work in this city: 2,888 (28.0%)

Revitalizing Downtown

Geographic Focus of Projects for Impact: Downtown

Strategic Plan: Redevelop Key Downtown Area around Vacant Historic Building

High Impact Project: \$3.5 Million Redevelopment of Security Trust Building

Project Funders: Wolfington Development Company, Commonwealth of Pennsylvania, and Borough of Pottstown, Montgomery County

Timeline: Building Completed

Other Projects Proposed or Completed in Close Proximity to Leverage High Impact Project:

Redevelopment of 13.5 Acre Mrs. Smith's Pies Site

Assets Leveraged: Downtown, New Pottstown Town Center

Pottstown is a Borough in Montgomery County, located 35 miles northwest of Philadelphia. In 1975 Pottstown's Bethlehem Steel plant closed. In 1980, Firestone's tire factory closed. 3,000 workers in a Borough of 9,000 households were thrown out of work.

Since 1986, Pottstown has commissioned a series of plans and studies to advise the Borough on how to attract jobs and people. In fact, the Borough has spent over \$500,000 on 15 revitalization plans by outside consultants, including:

- Development Strategies Plan, 1989, Urban Land Institute
- Downtown Comprehensive Plan, 1994, Urban Partners, consultant
- Pottstown Open Space Plan, 1996, Robert Bartmann, AICP, consultant
- College Park District Plan, 1998, Urban Research & Development Corp., consultant
- Community & Economic Development Plan, 2000, Urban Partners, consultant

The plans would make "a little splash" and then be forgotten, said Tom Hylton, chairman of the Borough Planning Commission and a Pulitzer prize winning author. "You do a study and then everybody wants to do another study," he said. "They don't want to pay attention to the study that was done."⁶⁹

In 2000, 40 Pottstown community and business leaders joined together to create a strategic plan they named "Pottstown Community and Economic Development Priorities." The planning process was funded by a regional bank foundation, a boarding school located in Pottstown, the County and the Borough. Looking at their assets, the group identified the Montgomery County Community College West Campus, the Hill School, an affluent boarding school, and the Pottstown Memorial Medical Center. The Medical Center was bought by a private company in July 2003 and the purchase price endowed an \$80 million foundation to fund better access to health and an improved physical and social environment in the Tri-County area. The leaders identified Pottstown's weaknesses as its vacant and underutilized properties, high number of rental units and stagnant market with few sales over the past two decades.

At the end of the planning process, which included intensive community input, a plan was formed that contained 30 specific initiatives, eleven of which were given a high priority. One of these 11 high priority initiatives was the redevelopment of the Security Trust Building – an old five-story bank building that for more than 20 years had sat vacant at the corner of High Street (Pottstown's Main Street) and Hanover, the main downtown. A second was the reuse of Mrs. Smith's Pies Property. When Mrs. Smith's left in 2001, the company left 11 buildings on 13.5 acres right on Hanover Street one block away from the Security Trust Building. Three others were the rehabilitation of the Hanover Street Bridge, off of Route 422; the continued improvement to the Schuylkill River greenway adjacent to recently created KOZ property (currently home to 84 Lumber's distribution center); and the construction of a pedestrian tunnel connecting Montgomery County Community College's Pottstown campus with Pottstown's downtown.

Because of the breadth of Pottstown's planned redevelopment activities and the potential for genuine impact, the Community Action Team

mobilized to offer assistance. The diverse aspects of this redevelopment plan, including transportation, housing, and recreational and commercial uses, as well as the intent of the Borough to target its redevelopment efforts, made this a perfect opportunity for CAT involvement.

Borough improves area surrounding Security Trust Building

The Borough decided to focus first on the Security Trust building because it was located in the heart of downtown. Developers had purchased the former bank building for redevelopment years ago and had not taken any action to invest in the site. The Borough decided to buy back the building so that they would have local control. Next the Borough decided to fix up the immediate area surrounding the building to increase its attractiveness to investors. After the immediate area was reclaimed, the town planned to list the Security Trust building with a realtor who specializes in developable sites and see if they could attract some interest.

In order to attract investment, the group decided that several investments must be made in the area around the Security Trust building. First, the land adjacent to the building on High Street had sat vacant since 1973 when a failed urban renewal plan called for razing six stores, a gas station and the Shuler House Hotel. The Borough decided to build a new Borough Hall and park on the land. The effort would be initially financed through a \$5 million County economic development fund.

The Borough Hall was completed in 2000 for \$4 million. It features a new 28,000-square-foot, three story Borough Hall that accommodates governmental offices, the police department, and council chambers. The Borough also built a .75-acre park in the lot located between the new Borough Hall and the Security Trust Building. The Smith Family Plaza was funded by the Smith Family as well as state and federal Transportation Enhancement Project monies used to create a pedestrian-friendly environment for transit-oriented development connecting the High Street corridor and a proposed commuter rail line – the Schuylkill Valley Metro. The park includes a formal lawn area for picnicking and relaxing, ample seating and a fountain that is its focal point.

Borough attracts private developer to redevelop Security Trust Building

Now Pottstown felt it had something to show a developer – a historic property in the middle of a revitalized section of downtown. So the Borough hired a professional real estate agent and talked to the head of the Montgomery County Redevelopment Authority and they began to ask developers to come take a look. One of these developers was John Wolfington, a former employee of Brian O’Neill – a well-known developer in the region. Wolfington was looking for his first big redevelopment project. He visited the site and understood its potential immediately. In the heart of downtown, next to a brand new park and Borough Hall, this building had real possibilities.

Wolfington was willing to buy the property from the Borough but he needed public money to make the project work. When he did his financial projections based upon Pottstown’s historically low office rents, he needed about \$1 million in public dollars to make the redevelopment viable. Pottstown officials were unsure as to whether they could raise that kind of public money. They had no idea how to go about it but they very much wanted to take advantage of this opportunity so they called Larry Segal and Jerry Nugent, the Chair of the Montgomery County RDA, and asked for their help. For the first

time, the State, County and Borough created an effective partnership, mending fences that stood in their way.

The Governor’s CAT team agreed to work with the developer and the Borough to fill in the funding gaps and to make the project work. The state provided two \$250,000 grants. The County agreed to contribute \$300,000 in federal CDBG funds. CAT also educated the Borough about how they could use tax increment financing (TIF) to provide the remainder of the needed funding. As a result, Jim Fairchild, Pottstown’s Economic Development Director said Pottstown was able to put in place the first TIF in Montgomery County. Fairchild says “it was fairly easy to convince Borough Council and the School District to agree to dedicate new taxes from the property to financing the redevelopment because the property had been vacant for so long and its assessed value of \$200,000 was so low.” The Borough agreed to a 75% TIF so that one quarter of the increase in tax revenues would be paid to the Borough and school district. When the project was completed, it was assessed at \$2.4 million. The 25% of the increase in taxes that were paid to the Borough and School District were significant. The other \$350,000-400,000 the TIF generated was invested in the project. Finally, the Borough agreed to provide 100 parking spaces in a municipal lot for a low cost lease rate that helped to make the numbers work.

Once it penciled out and Wolfington knew he had the financing he needed, in November 2003, he bought the property from the Borough and began to invest \$2.5 million of his own money in the redevelopment of the Security Trust building. The plan was to redevelop the existing building with an upscale restaurant on the street level and offices above. There was not a bit of community opposition to the Security Trust deal. Everyone agreed it needed to be redeveloped. In addition, the TriCounty Area Chamber of Commerce agreed to move its offices into the building and to sign a ten-year lease prior to the building purchase. The Chamber wanted to make a statement about its confidence in Pottstown’s future. The building was completed in 2005.

“ The successful redevelopment of the Security Trust Building enlivened community spirit and pride. By fixing up the main intersection, all of downtown looks better. By doing one project that everyone says can never be done – it changed the local perception and raised interest from others outside to see if they missed anything in Pottstown. After the Security Trust Building reopened, Pottstown knew it could be more than just an old steel town.”

– JERRY NUGENT, MONTGOMERY COUNTY REDEVELOPMENT AUTHORITY CHAIR

In 2006, the upper floors of the building were fully leased out. The Borough obtained a liquor license for the downstairs level (when it put

a nuisance bar out of business) and is offering the space to regional restaurateurs for a fine dining restaurant. While several retailers have asked about the space, the town is following the advice of urban planners and holding out for a destination restaurant that will revive downtown after work hours. In another sign of the Security Trust Building's impact, several new businesses have moved in across the street.

Leveraging the successful redevelopment project, the borough and the developer discuss redeveloping a nearby brownfield, the Mrs. Smith's Pies Site.

While the Security Trust project was being completed, Mrs. Smith's Pies site went on the market. Although Mrs. Smith's did not officially close down until 2001, much of the site had sat vacant for nearly 10 years. The site is located on Hanover Street, just one block south of the Security Trust Building, and it forms Pottstown's gateway to visitors who arrive off of Route 422. To ensure that this key downtown site would not attract new industrial uses, the Borough rezoned the site as a gateway district permitting mixed use office, retail and housing.

While in town finishing up the Security Trust Building, Wolfington discovered that the Mrs. Smith's Pie site was up for private sale. The developer had proven that he could make a profit on redevelopment in Pottstown and was able to secure more private funds for the redevelopment, but he still needed public dollars to make it work. In 2005, Wolfington asked the Governor's CAT team, the County RDA, and the Borough to meet with him to discuss the Mrs. Smith's project.

Confident that he had the state and local officials behind him, Wolfington and his investors – together known as the Pottstown Redevelopment Corp.- bought the property for \$5.65 million. At first, Wolfington and his partners were considering a retail outlet center with restaurants and office space. Over time it became clear that there was demand for new residential products on the 422 corridor because of its proximity to some major suburban job clusters.

Wolfington and his investors, the Borough, the county, and the state met regularly to devise a plan that would work for the site. The town's residents wanted the site to create a community gateway for Pottstown and provide office and retail. The market demand for the site, however, favored new housing, light industrial and highway-oriented retail. The question was how to merge the town's visions with market realities to create a development the town could support and the developer could sell.

A key step in forming a plan everyone could support was to alleviate the concern of Pottstown residents that proposed residential units would bring in so many new families with children that it would overwhelm the Pottstown School District. Wolfington commissioned an economic analysis that showed that the new development would generate few new students because the majority of units would be unattractive to large families. Another point of contention was the fact that the Borough had extended the Keystone Opportunity Zone (KOZ) to include the Mrs. Smith's site. Residents felt it was unfair that new residents would not pay taxes that prior residents paid. To resolve this conflict, the Borough cut the area that would be used for residences out of the KOZ. The commercial, office and light industrial areas would continue to offer the tax-free benefits of a KOZ.

After over a year of discussions, the town and the developer arrived at a proposal that included a mix of features that respected the

town vision and market forces. A new housing development of 120 townhomes would help meet existing markets. Balanced residential and commercial would offer the town the retail and office space that they sought, and maximizing development on the site would help Pottstown to boost its tax rate. The result was an ambitious \$40 million mixed-use redevelopment plan that called for the construction of new commercial office and retail space as phase one, and the development of downtown market-rate housing as the phase two. The plan also included a gateway off of Route 422, an attractive building with a clock tower that will include 25,000 square feet of retail, and 25,000 square feet of professional offices.

The Commonwealth agreed to provide capital assistance. In December 2004, Governor Rendell offered \$2.6 million in aid in the form of Housing and Redevelopment grants as well as Main Street program funding. The Borough and county did not invest funding in this project.

On April 10, 2006 the Borough approved the Conditional Use Application of the Pottstown Redevelopment Group to permit the development of 120 attached single-family dwelling units at the former Mrs. Smith's Pies Plant. A couple of months later the Mrs. Smith's Land Development Plan was approved as well. Unfortunately, with the flattening housing market, construction scheduled to begin at the end of 2006 has stalled. The Borough and the State are committed to making this project happen and are talking to Wolfington to discuss when and how construction can get jumpstarted. Even though the Mrs. Smith's Pies site redevelopment is still on paper, developers referencing the Mrs. Smith's development and its creation of a new customer base within walking distance of downtown have expressed interest in investing in Pottstown.

Completing the complementary projects involving Hanover Street Bridge, Schuylkill River Greenway and Montgomery County Community College pedestrian tunnel became the next priority.

In addition to the joint efforts of CAT and the Borough, the CAT engaged in efforts to facilitate the complementary projects of the Hanover Street Bridge restoration, improvements to the recreational greenway space adjacent to the riverfront, and the construction of a pedestrian tunnel connecting the community college with Pottstown's downtown commercial district.

CAT worked with PennDOT to provide funding from PennDOT's Hometown Streets Program for bridge repairs. Although this project may not have "ranked" well as a stand-alone project, its relationship with the other features of the Pottstown redevelopment effort, as well as the advocacy of the Departments of Community and Economic Development (DCED) and Conservation and Natural Resources (DCNR), justified PennDOT investment.

Similarly, based on the overall project perspective and CAT's advocacy, DCNR agreed to fund riverfront improvements from its Growing Greener program. CAT had equal success in providing \$265,000 of Housing and Redevelopment Assistance funding from DCED for the construction of a pedestrian tunnel to link the college and downtown. In addition to providing funding, CAT personnel were instrumental in accelerating the design and funding processes to expedite the construction process. A process that may well have taken 2 years was completed in 9 months as a result of CAT's oversight and involvement.

Key Lessons Learned

- **INVOLVE STAKEHOLDERS IN PLANNING EFFORTS:** The Borough had commissioned 15 outside studies by consultants and not one had the power of the simple prioritization plan prepared by borough leadership.
- **PRIORITIZE AND FOCUS YOUR RESOURCES:** The borough had never before raised \$1 million to make a private development deal work but by approaching the county and state and saying ‘this is our top priority,’ they were able to elicit funding.

- **ACQUIRE LAND TO PRESERVE LOCAL CONTROL:**

Developers had purchased the Security Trust building but had failed to invest in it. By buying the property, the Borough was able to choose the developer to sell it to and assure its redevelopment in the short term.

- **MAKE KEY PROPERTIES ATTRACTIVE TO DEVELOPERS:**

The Security Trust building was next to vacant lots. By moving Borough hall and a park to the adjacent sites, Pottstown proved its commitment and allowed a developer to see its potential.

- **SUCCESS BREEDS SUCCESS:**

The developer saw the town’s potential and invested in other sites as well.

>> footnotes: pottstown

Notes:

69 Mastrull, Kerkstra and Wood, Crisis on Main Street, Philadelphia Inquirer (Nov 23, 2003).

Washington

Washington County | Third Class City | County Seat | Mayor: Part Time

Washington By the Numbers

Population (2000): 15,268

Population change in the 1990s: - 4%

Racial Composition: 82% White Non-Hispanic; 15% Black; 1% Hispanic

Median household income: \$25,764

Housing

66% Owner Occupied; 34% Rental

Median house value: \$64,500

Industries: Educational, health and social services (24.2%), retail trade (14.7%), manufacturing (13.4%), arts, entertainment, recreation, accommodation and food services (10.8%)

Commuters: Daytime population change due to commuting: +7,251 (+47.5%)

Workers who live and work in this city: 2,663 (42.3%)

Revitalizing Downtown

Geographic Focus of Projects for Impact: Downtown

Strategic Plan: \$17 million Streetscape Improvement Plan to Attract Private Investment

High Impact Project: \$100 Million Downtown Mixed-Use Crossroads Development

Project Funders: Millcraft Development Company, Commonwealth of Pennsylvania

Timeline: Phase One Complete, Land Acquisition for Phase 2 in Progress

Other Projects Proposed or Completed in Close Proximity to Leverage High Impact Project:

Amphitheatre, New housing over retail

Assets Leveraged: Location at crossroads of state highways, vacant land

In the past forty years, Washington lost ten thousand residents along with steel mills, factories and large downtown department stores. As a result of its shrinking tax base, this third class city has met its budget with difficulty.

City Proactively Implements \$17 Million Streetscaping Effort

In 1999, the City formed an economic development group made

up of city leaders to recommend actions to bring more people into downtown. The group proposed two projects - a streetscape improvement effort and a façade improvement program. After weeks of discussion, the group agreed to pursue the streetscape initiative first because streetscape improvements would provide the infrastructure needed to support new development and large-scale renovations.

Once city leaders decided to beautify and modernize its streetscape, the town needed to identify the funding to make it happen. Washington put together a complex financial package from multiple sources including: \$600,000 from the State Department of Community and Economic Development ; \$7.1 million from PennDOT out of its Twelve Year Plan Fund; \$4.5 million from a city bond to be repaid from CDBG allocation over twenty years; \$1 million from a county bond pool; and \$1.2 million from a Capital Improvement Assessment District they established, which charged Central Business District owners based on business square footage. The assessment was put to a vote of the city's 130 downtown business merchants and passed when 40% or more of businesses failed to object.

In 2002, The City of Washington completed its first phase of the fourteen-block Downtown District Revitalization Project, including new historic-style street lights, mast-arm traffic signals, removal of overhead wires, sidewalks and crosswalks with decorative paving, curbs and ramps, utility modifications, landscape treatments and furnishings. While there was support for the improvements, there was also tremendous skepticism as to whether the town was prettying itself up for a date with investment that would never happen.

Developer approaches the city with a proposal for a \$100 million project.

Enter Jack Piatt Sr., of Millcraft Industries, in 2004. Piatt grew up in Washington and was a successful developer. He wanted his hometown to prosper again and he believed it had tremendous locational assets that made developing in Washington good business. Piatt called a meeting with city and county officials at City Hall. He praised them for taking the initiative to clean up and improve the downtown, and proposed to build a \$100 million project encompassing 14 blocks in Washington's downtown.

"The Crossroads" would be the first major commercial development in that city's central business district since the mid-1970s. Washington is a crossroads," Piatt said of the city's strategic location near interstate highways 70 and 79 and Route 19.⁷⁰

Crossroads, as proposed by Piatt, would be a significant mixed-use development that would include townhouses and loft apartments, an 84-room "boutique" hotel, an office building, two parking garages, an outdoor park with amphitheater, and 120,000 square feet of retail. Community support was immediate. The scale of the investment and the location promised a significant impact on the revitalization of downtown. The plan was to obtain tenants and buyers for each phase of the product before building.

"We are home grown to Washington. I grew up there and have a strong emotional tie to the city. The primary goal of Crossroads was to help Washington redevelop and to take advantage of the migration of people back to urban centers that we are seeing across the country. I believe Crossroads is a model for the revitalization of third class cities – because of what we achieved and how the city, county and state all worked together with us to achieve a high impact project.

The first phase of Crossroads increased employment in the city by 20% and we still have two phases to go.”

**– Lucas Piatt, Vice President
Millcraft Industries, Inc.**

Two major sticking points to the project existed. The first was overcome by the Governor’s Community Action Team. The second continues to pose an obstacle to development. The first difficulty Piatt faced was his need for public funding to finance about 25% of the project to make it work. Unlike during the streetscaping project, when it was up to city leaders to put a complex package of financing together on their own while “guessing what to apply for,” says Rich Cleveland, former Director of the Washington County Redevelopment Authority, “the state Community Action team came in, discussed the goals, refined the plan and created a package of \$9 million in state funding to meet the city’s needs.” The second obstacle involved the need to acquire parcels of land. While Millcraft Industries owned the properties that Phase One, an office building, would be constructed on, adjacent occupied properties would have to be obtained through negotiation or eminent domain in order to complete the project. Mayor Westcott began to negotiate with owners to buy their properties, telling them that eminent domain would only be used as a last resort. Unfortunately, he has been unable to acquire them in spite of ongoing efforts because the owners refuse to accept current value and want thousands more based on their personal estimation of future value.

Crossroads first phase – office building completed.

The first phase of development was the construction of a seven-story, 140,000-square-foot office building. Nationwide Appraisal Services had agreed to lease 100,000 square feet of the office space and employ up to 1,000 people in the building. Nationwide Appraisal, formerly based at Southpointe in Cecil, Pennsylvania, had been bought the year before by a national firm that planned to take Nationwide and its jobs out of state. Piatt informed the Governor and local Washington officials about the opportunity to retain these jobs and find Nationwide a new headquarters in Washington. Governor Rendell called Nationwide and offered \$1.9 million in relocation money. Nationwide accepted and the Nationwide Centre office building at the corner of Beau and Franklin streets opened February 15, 2007. The rest of the building was fully leased out prior to opening.

As partners in the development, the city and redevelopment authority began the process of declaring some of the area blighted. In the meantime, the city worked with the CAT team to find a site and resources to build a \$15 million, 850-space parking garage between Chestnut and Beau streets to accommodate the office building. The \$9 million dollar RCAP grant, a parking authority bond providing \$2.5 million, and \$3.9 million borrowed from a TIF the city established in the block area for \$3.9 million, provided the funding needed. Piatt donated the land. The Redevelopment Authority is building the parking garage and the city will own the garage. Construction began in May 2006 and the lot opened in March 2007.

Crossroads Phase Two – Housing and Entertainment

Phase Two for Crossroads will tap into demand for downtown loft apartments and townhomes. These two housing choices were new to Washington but Piatt predicted high demand based on a survey of new employees they had brought to town in Phase One. A large number of Nationwide employees said that they would be interested in buying

new housing downtown. Given that the average Nationwide employees earn \$10 per hour, Piatt has attracted a homebuilder who will build homes in the \$100-120,000 range to meet this new demand.

With several hundred more people working downtown everyday, the amphitheatre that Piatt had originally proposed as a new open-air venue for concerts and entertainment had a potential core audience. Understanding that new entertainment destinations were key to Washington’s renewal, the Governor’s CAT Team called Mayor Westcott and suggested that he apply for a \$500,000 matching grant with Pennsylvania Department of Conservation and Natural Resources to build the amphitheatre. The amphitheater is in its final design phase. The city will match the grant through its tax increment financing.

Finally, Washington and Jefferson College, a successful liberal arts college located in Washington, changed its longstanding rule prohibiting students from living off campus because the College was running out of dormitory space. The College has said that Juniors and Seniors meeting certain criteria could move downtown in existing or new housing. As a result, not only is there another potential market for Crossroads housing units, but merchants are making plans to renovate their upper floors as student apartments. The college estimates that students will lease around one hundred units per year. To help owners remodel, the city created a low interest loan program with state help. The city obtained permission from DCED to use 2% of loan payments on a major state loan to an anchor building to set up a revolving loan fund. In addition, regional banks each agreed to provide a half million-dollar revolving loan fund at 4% interest.

Crossroads has been a catalyst for new development in Washington. According to Mayor Westcott, other developers have expressed interested in Washington and local building industry firms are looking to develop parcels themselves.

Key Lessons Learned

- **PROACTIVELY IMPROVE YOUR ASSETS:**
While the streetscaping project was not the sole reason Millcraft brought a proposal for development to Washington, it showed a commitment to improving downtown.
- **LEVERAGE FORMER RESIDENTS’ STRONG TIES TO COMMUNITY:**
Jack Piatt came back to Washington because he wanted it to succeed as a community and he thought he could make a profit. Do not underestimate the strength of past ties to your community.
- **BUILD IN PHASES AND LET EACH PHASE’S SUCCESS HELP DRIVE THE NEXT PHASE:**
The Nationwide Centre brought in 1000 new workers. These workers provide a customer base for downtown retail and potential new homeowners and renters for new housing products.

> > footnotes: washington

Notes:

⁷⁰ Janice Crompton, Sweeping development plan would remake downtown Washington, Post-Gazette (September 21, 2003). <http://www.post-gazette.com/neighborhood/washington/20030921wacity3.asp>

⁷¹ Interview with Lucas Piatt December 22, 2006.

Wilkes-Barre

Third Class City | Luzerne County | County Seat | Mayor: Full time

Wilkes-Barre By the Numbers

Population (2000): 43,123

Population change in the 1990s: -9%

Racial Composition: 91% White Non-Hispanic; 5%

African American; 2% Hispanic

Median Household Income: \$26,711

Housing Stock Mix: 54% Owner Occupied; 46% rental

Median Value of Owner-Occupied Housing Units: \$64,700

Percent of housing built before 1960: 76%

Industries: Educational, health and social services (24%), Retail trade (14%), Arts, entertainment, recreation, accommodation and food services (10.7%), Manufacturing (13%)

Commuters: Daytime population change due to

commuting: +12,462 (+29%)

Workers who live and work in this city: 7,568 (43%)

Revitalizing Downtown

Geographic Focus of Projects for Impact: Downtown

Strategic Plan: Use vacant land to promote greatest catalytic impact on revitalization of city

High Impact Project: \$31 Million Downtown Multiplex Theater in Mixed Use Development, \$18 Million Intermodal Hub and Barnes & Noble Bookstore without Public Subsidy

Project Funders: State of Pennsylvania, Federal Government, Luzerne County, City, and Local Bank Financing

Timeline: 2003 to 2006

Other Projects Proposed or Completed in Close Proximity to Leverage High Impact Project: New State Labor and Industry Building

Assets Leveraged: Available land, downtown university and college, large downtown residential population, strong business leadership



Reconstruction After 1972 Flood Provides a 10-Year Pacemaker to Keep City Thriving.

Wilkes-Barre's economy took a major blow from Tropical Storm Agnes in 1972. The storm pushed the Susquehanna River to nearly 41 feet, four feet above the city's levees, and flooded the downtown with nine feet of water. Six people were killed, 25,000 homes and businesses were either damaged or destroyed, and damages were estimated to be \$1 billion, with President Richard Nixon sending aid to the area. The post-flood reconstruction included the complete demolition and rebuilding of the commercial core of the city to 1973 design standards. This new downtown allowed Wilkes-Barre to retain a stable office base throughout the 1980's and attract new businesses to the city, including a large downtown Boscov's. This reconstruction pacemaker, which had kept the city's heart beating for over a decade, crashed in the early 1990's.

Wilkes-Barre geared up in the 1990's to revitalize the sagging downtown but had little success. Stores continued to close or move out of town. King's College and Wilkes University, whose campuses bookend the downtown retail core, both retreated inward, trying to separate themselves from downtown's decline. By 2000, Mayor Tom McGroarty had earned the city a less than dubious reputation with his handling of the city's fiscal affairs and his confrontational style towards the local business community, downtown's colleges, and several state and federal officials. Governor Mark Schweiker went so far as to call him "inept." Rather than unify residents and businesses towards a single vision, Mayor McGroarty seemingly exacerbated divisions. In his most symbolic move, the Mayor, frustrated with older street lights malfunctioning, ripped them all out and left downtown in the dark.

City makes poor developer and defaults on bonds.

Mayor McGroarty began to demolish vacant older buildings downtown in the belief that their removal was a powerful symbol of change. After demolition, the Mayor proposed that the city redevelop the parcels, acting as both developer and general contractor. This turned out to be a gross misjudgment that would threaten the city and come close to throwing it into bankruptcy. The City acted as developer and general contractor for two projects. The first project called for an 80,000-square-foot call center to be built to suit and leased to a company, Corporate Express Call Center Services, which had been recruited to Wilkes-Barre. The City built the call center as its own independent island within the city, providing a pedestrian bridge to a parking lot across the street and a company cafeteria. Employees never had to walk the downtown streets and they did not. In addition, the inexperienced City failed to prohibit the lease from being assigned to other companies, which is just what occurred. In December 2001, the newly assigned company shuttered the facility and laid off several hundred workers. Without lease payments coming in, the City defaulted on its general obligation bonds.

The second project also ended poorly. The President of Boscov's, Al Boscov, kindly connected the city with R/C Theaters, a theater company from suburban Baltimore that was looking to expand in Pennsylvania. The Mayor negotiated a deal to build a multiplex downtown with the City as developer and R/C as tenant. The City identified a site and planned to build a parking garage with the theater on the ground floor on a secondary street without other retail or amenities. The City acquired and demolished buildings on the site and started construction. Unfortunately, the City never obtained the necessary approvals and

permits or checked to make sure they owned the entire site. When the owner of part of the site sued, construction stopped, leaving a big hole in the ground with concrete footers. The City defaulted on a \$5 million lease with R/C and ended up with mechanics' liens from suppliers and vendors. By the time Mayor McGroarty lost the mayoral primary in 2003, Wilkes-Barre was nearly \$11 million in debt.

2001 Perceptions	2010 Visions
Organizationally Stagnant Unfocused	Unified Focused
Physically Deteriorated Depressed Unattractive	Renewed/Restored Historic Attractive
Promotionally Dead Boring	Active Exciting Vibrant
Economically Empty	Busy Prosperous Diverse
Quality of Life Dirty Dangerous	Clean Safe Bright
Attitudes Sad Hopeless	Proud Progressive Friendly

“ Wilkes-Barre remains the single biggest employment center in the region, but office workers are not a magic bullet for saving downtown. You need to utilize all of your assets.”

– GREATER WILKES-BARRE CHAMBER OF BUSINESS & INDUSTRY VICE-PRESIDENT OF ECONOMIC & COMMUNITY DEVELOPMENT LARRY NEWMAN

Independent Visioning Process in 2001 Leads to Action Plan.

During this period, divisions between City Hall and the downtown business and institutional communities had widened into a chasm; argument and angry confrontation ruled the day. Finally, the Chamber of Business & Industry and two other organizations decided to reframe the debate about downtown's future, initiating a series of public visioning sessions to reach consensus on a revitalization strategy for downtown. The Chamber hired Bill Fontana, director of

the Pennsylvania Downtown Center, to run four sessions starting in January and ending in March 2001. The response was overwhelming: organizers anticipated a maximum of 100 people at the first meeting, but 350 people attended and shared their perception of the downtown district and how they would like to see it change by 2010. By the end of the four sessions, over 1,000 residents and business owners had contributed to the visioning process and they had established a nonprofit, the Diamond City Partnership, to implement six strategies:

- 1. Create a formal downtown-driven development plan to keep downtown clean and safe**
- 2. Provide downtown with professional, ongoing management through a voluntary Business Improvement District**
- 3. Hire a downtown manager and facilitate business development and promotion**
- 4. Mend the rift between town and gown**
- 5. Create a downtown residents association to organize residents around neighborhood issues**
- 6. Preserve and protect older buildings and historic urban fabric**

The first tangible outcome from the visioning session was to create a virtual BID by soliciting contributions from business leaders to provide supplementary cleaning to clean up the mess and dirt that had become part of the downtown experience. The group also obtained a state Land Use Planning and Technical Assistance Program (LUPTAP) grant for a market study and business plan so that every deal to redevelop the downtown would be grounded in the realities of this plan.

In 2003, Mayor Tom Leighton takes office and Adopts Action Plan.

Mayor Leighton, who had participated in the visioning process, adopted the Diamond City Partnership approach and an “I Believe” campaign to counter skepticism that things could really improve. He vowed to stop speculative demolition and to put working streetlights back on downtown streets. He began by building bridges and meeting with the city’s two downtown universities, which had seemingly experienced a negative relationship with the last Mayor.

Plan B – Building a Movie Theater on a Better Site with a Professional Developer.

In November of 2003, the Mayor-elect called a meeting with the Chamber and other downtown leadership groups. He asked for help solving his inherited downtown challenges: the vacant call center building, the large hole in the ground, and the defaulted lease with R/C Theaters. The Chamber contacted R/C Theaters and asked if they would be willing to renegotiate the defaulted lease and participate in a revised development if the city were not the developer. R/C agreed, but only on the condition that the movie theater not be an isolated development, but part of a larger plan allowing the theater to benefit from synergies with its neighbors. As a result, the Chamber and City came up with what would become known as “Plan B,” and they called in the State CAT team to help them make it a reality. CAT was already providing the City with guidance on its financial recovery plan so the relationship was already in place. The CAT team, the City and the Chamber began working as a single team.

The plan for this development, known as Northampton & Main, grew directly from the findings of the Diamond City Partnership’s 2003 market study and downtown design visioning sessions. The goal was to create an “extroverted” project that stimulated pedestrian activity and

ancillary development in the surrounding area. The site for the theater was moved around the corner to a vacant lot on a block that was once a busy retail cross street. Five vacant buildings were restored rather than demolished and were incorporated into a mixed-use infill development anchored by the theater. Plan B ended up as a 145,000 square foot urban mixed-use entertainment-based commercial and residential development located in the heart of Downtown Wilkes-Barre. In addition to the 14-screen multiplex, the project includes approximately 30,000 square feet of commercial space and over 20 residential loft units in a mix of new construction and historic buildings, along with streetscape and infrastructure improvements and 85 parking spaces under the theater. The new movie theater opened in June 2006 and has exceeded its sales goals since that time.

Project development and construction costs were \$31 million. R/C Theatre agreed to pay a market rent, together with Common Area Maintenance (“CAM”) reimbursements. The Greater Wilkes-Barre Development Corporation provided an equity contribution of \$10.5 million. The State contributed \$7.87 million, Luzerne County provided \$2.5 million and the City of Wilkes-Barre provided \$695,000. Local banks privately financed \$9 million. CAT’s ability to secure a \$1 million grant from PHFA for the housing component of this project made the project a reality.

Filling in the Hole.

The Mayor-elect and Chamber met with the Governor and the CAT team not only to discuss the movie theater deal but also to talk about the hole in the ground that was the original site of the movie theater. The Governor had passed a Downtown Location Law and the CAT team had heard that the suburban office space lease of the Office of Disability Determination within the region’s Labor and Industry Offices would expire in May 2005. The CAT team contacted State General Services Secretary Donald T. Cunningham Jr. and, although the square footage costs were higher in town, he agreed – based on the economic development justification provided by CAT and by DCED Secretary Dennis Yablonsky – to relocate the state leases to the new downtown building in June 2004. This plan would remove an embarrassing eyesore and bring 250 new workers downtown each day. The new office opened in June 2005 and had a tremendous psychological impact when downtown merchants and residents saw 250 more people going out to lunch and running errands downtown.

The L&I employees identified parking as a requirement for their relocation. The State brought \$5.3 million in Redevelopment Assistance Capital Program money to the table and accepted as a match Labor and Industry’s lease of 250 parking spaces. Rather than building a standard parking lot, the city plans to build an Intermodal Center that provides parking, a bus terminal and taxi hub. The hub will centralize all of the city’s transportation, clearing buses and taxis from Public Square, making it safer for pedestrians, and creating more room for public parking near businesses on the Square.

Two Colleges / One Barnes & Noble Bookstore.

In 2004, the Diamond City Partnership and the City launched the Downtown/Collegietown Initiative. The goal was to work in partnership with King’s College and Wilkes University to bridge the town/gown divide and discover how the city could work with the University and College to improve quality of life on campus and in downtown. By February of 2006, the process resulted in a proposal for the two colleges

to combine their separate campus bookstores, which attracted little if any general trade, into a single large downtown bookstore. The site would be the ground floor of the former Woolworth's building that the Chamber had previously rehabilitated as the Innovation Center @ Wilkes-Barre – a technology incubator. The Chamber had specifically delayed leasing this prime retail space, instead waiting to attract the highest and best possible future use. That use emerged when the colleges put out a joint proposal to college bookstore operators that included lease of this space. Barnes & Noble came forward seeking to leverage the captive college market for textbooks from two schools and agreed to include a major general trade section and put their name on the store. The bookstore opened in November, 2006. No public money was needed to finance the deal other than a county loan to fit out the Chamber-owned space.

Vacant Call Center becomes University Center.

The former call center building is now occupied by Wilkes University's University Center on Main and the \$14 million in debt obligations has been eliminated. The University was able to turn the office portion into its new administration facility and a one-stop-shop for registrar, admissions and other administrative offices. In a unique conversion, the call center floor became an indoor campus recreational facility. CAT was instrumental in convincing DCED to significantly compromise its debt and lien on the property (down to \$200,000 from \$2 million) in order to allow for this conveyance and the resulting relief to the city from its suffocating debt obligations.

Lights On.

A \$7 million streetlight and streetscape enhancement project has returned the lights to downtown Wilkes-Barre. Notwithstanding the policy of PennDOT to award its Hometown Streets grants to streetscape projects focusing on beautification enhancement, CAT convinced PennDOT that replacement of the streetlights in downtown was a more important priority. As a result of CAT's engagement, PennDOT agreed to provide a \$1 million Hometown Streets grant to the city for much needed new streetlights. This grant was followed by federal grants from Senators Specter and Santorum and from Congressman Kanjorski.

Talk to anyone involved in these projects and they will tell you that the difference in Wilkes-Barre's downtown is startling. The Barnes & Noble and R/C Wilkes-Barre Movies 14 create an 18-hour downtown. Several restaurants and nightclubs have opened up in the last few months and the downtown residential and commercial markets have attracted new interest. The pledge-based supplementary cleaning program has now been followed by a successful drive, overwhelmingly supported by downtown's property owners, to create a permanent business improvement district for Downtown Wilkes-Barre. After some devastating mistakes, Wilkes-Barre has made extraordinary progress towards achieving a thriving downtown.

Key Lessons Learned

- **BE CAREFUL that local government plays an appropriate role and does not take on the role of private developer.**
- **PARTNER with universities and business community. The Chamber's visioning sessions provided the strategies for moving ahead. The college and university had needs that ended up attracting a Barnes & Noble to town and filling a vacant building.**

- **PROJECTS ARE NOT SILVER BULLETS.**

Simply putting a building up doesn't guarantee that there will be a benefit beyond the walls of the building. It is important to proactively ensure there will be a positive impact on the surrounding area.

- **STICK TO THE PLAY BOOK AND STRIKE WHEN OPPORTUNITIES ARISE.**

It would have been foolish to pursue a national bookstore chain at the beginning of this process. By pursuing its strategy, an opportunity arose and the city was able to leverage it.

- **SUCCESS BREEDS SUCCESS.**

Each successful project helped to attract interest in other projects.

conclusion

The stories we see in the press about Pennsylvania's cities and boroughs are too often about bad things happening to good places. It is true that sweeping economic change has put enormous strain on our cities and boroughs, but there are also extraordinary stories of how leadership, commitment and innovation are propelling older communities toward a bright future.

Across the Commonwealth, core communities are strategically revitalizing their downtowns, waterfronts and brownfields. By leveraging their assets and taking advantage of changes in consumer preferences for working, shopping and living, they have accomplished high-impact projects and placed others in the pipeline. The work is far from complete and the possibilities are exciting. We need to keep the momentum going and we need to set our sights high.

documents worth sharing

Go to newPA.com/revitalize to access important supplemental documents:

Municipal Self-Assessment Tool for Economic Growth and Development from the Center for Urban and Regional Policy.

Presentation made by Schenectady Metroplex Development Authority to Developer Michael O'Neill on August 16, 2006 that convinced O'Neill to invest.

Downtown Media Strategy: A Plan for the Business Core, Prepared by Urban Engineers, Inc. Planning Group for the Borough of Media, Pennsylvania (February 1999).

Wilkes Barre RFP

credits

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