

Neighborhoods & Communities

A Midterm Evaluation



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Dr. Perry N. Wood
ECGRA, Executive Director
pwood@ecgra.org



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Executive Summary

In 2018, the Erie County Gaming Revenue Authority (ECGRA) designed three placemaking grant programs to address revitalization of commercial corridors, neighborhood housing, and preservation of historic structures with commercial value for the express purpose of stemming the tide of blight and reversing historic disinvestment. They are as follows:

- **Anchor Building**
- **Mission Main Street**
- **Renaissance Block**

This Midterm evaluation looks at each program in summary, capturing interim results. The purpose is to give the ECGRA board of directors an understanding of where funds have been invested, how the implementation is going, and illustrate interim outcomes. Some analysis is provided followed by staff recommendations.

“These strategic investments allow for the renewal of a marquee building, while supporting the communities they ‘anchor’,” Sen. Dan Laughlin

Introduction

Erie Refocused (2016) challenged the City of Erie to invest strategically in concentrated places that could yield the best multiplier effects. The plan refers to these places as “areas of work” and “strategy zones” to concentrate financial investment. The Neighborhoods and Communities impact area is a direct response to this plan. Two years of research -- focus groups, workshops, and benchmarking – led the ECGRA team to redesign the scale and flexibility of **Mission Main Street**, while creating the **Renaissance Block Program** in the image of the Pete Lombardi inspired program in Jamestown, NY. **Anchor Building** came in response to numerous plans to stabilize and preserve our rich architectural past. The three programs are complimentary in their approach, focus, and intended outcomes.

Plans like *Erie Refocused* lay out a wonderful strategy with principles, maps, data points, graphs, history, and findings all backed by interviews, public meetings and secondary data. What plans don't do: tell you exactly how to implement the revitalization process. Neighborhoods and Communities is **a tactical funding plan** to implement the wisdom behind *Erie Refocused*.

This midterm evaluation summarizes how these tactics have been funded all over Erie County.



Outcomes

The following outcomes summarize the impact of the Neighborhoods & Communities grantmaking and mission-related investments (MRI). These results are aggregated from anchor building, mission main street, renaissance block, and MRIs.

1. **Neighborhoods & Communities funding has served the whole of Erie County.** There are nine (9) neighborhoods in the City of Erie and six (6) communities in rural Erie County that are actively working with the ECGRA staff on developing long-term revitalization projects. Although the funds are dispersed throughout Erie County, they are focused in ways that create a greater impact, such as commercial centers and residential assets central to future development.
2. **To date, these programs have produced quantifiable results.** Homes have been restored, facades repaired, large historic structures with commercial value to small business have been preserved. ECGRA funds act as a catalyst in getting these projects to implementation phase. In some cases, these funds were the impetus to begin revitalization work. If we take a page from the Jamestown playbook, we will be able to compare housing values in RB neighborhoods before the grant and in five years to gauge success. Another form of success can be captured in photographs. As curb appeal programs, the visible transformation of these places speaks volumes.
3. **These grant and loan dollars have unlocked private capital, other funders, and the Commonwealth's NAP Tax Credit.** Leverage has always been an important part of the ECGRA funding formulas. These programs are designed to incentivize the property owner to invest. Closeout reports list private investment as the chief form of local match. In addition, some localized funders like the Corry Community Foundation, Union City Foundation, and North East Community Foundation have invested alongside ECGRA. The Commonwealth's Neighborhood Assistance Program (NAP), a tax credit, is designed to assist in economically distressed places. A recent analysis by ECGRA shows that NAP tax credits were the most frequently cited form of publicly funded leverage to ECGRA dollars. Specifically, \$1,358,200 of NAP tax credits were used as match in acquiring \$1,718,191 of ECGRA dollars.
4. **These programs provide both economic impact and equitable development.** There are economic development benefits to improving housing stock, changing the market dynamic of commercial corridors, and proactively preventing blight. In most cases, a home is the largest source of wealth that the average citizen masses in their lifetime. Small businesses grow

when their location attracts customers. Historic preservation has long been cited as a catalyst for the economy. Equitable development is a valuable tool in strengthening the social fabric of neighborhoods. Nonprofits that gather homeowners are assisting them in accessing funding that would not have possible to carry out a self-determined revitalization process.

Anchor Building

The Anchor Building grant program is an adaptive re-use funding program. The program provides resources to enable 501©3 non-profits, municipalities, and municipal authorities to strengthen a community, neighborhood, or commercial district by redeveloping, enhancing, and preserving an under-utilized or vacant building that has the potential to serve as a catalyst for greater investment, commercial, or cultural/social activity.

Anchor buildings are most often historic structures located in the heart of a community, and possess intrinsic historical, architectural, and/or cultural qualities that make places special or unique. Also, these buildings can be adaptively re-used due to the quality of original construction, location, and suitability for new uses. Unfortunately, communities find that these older buildings are difficult to re-use due to construction costs relative to modern building code requirements, lack of financial resources, or low appraisal values.

ECGRA funding has served as a vital part of the financing structure to bridge the gap, boost the real estate market, assist in developing equity, and enhance the quality of place. Examples include:

- Saint Mary's School Building now serves small businesses with an arts focus.
- PACA building now serves as a performing arts venue and hosts small businesses.
- Wayne School building is being converted to a center for arts & technology with a healthcare center that serves the neighborhood.

Chart 1. Summarizes the 2018 and 2019 recipients, requested funds, awarded funds, and an interim result as of December 2019. Recent recipients were not asked to respond for this report.

Chart 1. Anchor Buildings 2018-2019

Organization	Project Title	Request	Award	Interim Result
2018 Recipients				
City of Corry	Corry City Hall Improvements	26,125	26,125	Project halted after construction costs exceeded original estimate
Emmaus Ministries	St. Mary's School Building Renovations	100,000	100,000	Windows, Handicap bathroom installed
Grace Church	Leadership Development Center	100,000	100,000	Project delayed based on legal acquisition from Erie Insurance; on track now
Our West Bayfront	404-406 West 8th Street Rehabilitation	100,000	100,000	Design completed; construction in process
PACA	Building expansion, innovative repurposing	93,126	93,126	Project complete: additional studios completed on 4th floor; match from windows and façade (partially funded by the city)
2019 Recipients				
Benedictine Sisters of Erie	Steam Boiler Replacement	42,000	42,000	
Erie Center for Arts & Technology	Wayne School Reimagined	100,000	75,000	
Erie Masonic Temple Preservation Foundation	Masonic Temple Sidewalk Vault Rehabilitation	100,000	70,000	
HANDS	Boston Store Place North Wall Improvements	50,000	50,000	
Impact Corry	Rehabilitation of Railway Express Office	100,000	75,000	
Mercy Center for Women	Holy Rosary Building Development Project	100,000	100,000	

\$911,251 \$831,251

Mission Main Street

The Mission Main Street grant program is based on the nationally recognized main street model developed by the National Trust for Historic Preservation. The Trust model identifies investments in: organization, design, promotion, and economic restructuring as the central building blocks to main street renewal. ECGRA has adopted this model in our grantmaking and has held several workshops to build capacity with main street managers, borough managers, and public policymakers interested in commercial development and historic preservation. This includes assisting the Erie Downtown Partnership in bidding on and hosting the Pennsylvania Downtown Center statewide conference in 2019.



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Main Streets across the country have fallen into disrepair because of the diaspora of retail from business districts to malls. In communities where main streets are well-

maintained, there is a sense of vibrancy and civic pride. Mission Main Street grants improve Erie County's primary commercial corridors – geographically distinct “main streets” that serve to incubate and host small businesses, events, historic structures, and the community's central parks. Main street revitalization is an economic and community development strategy that creates jobs, promotes tourism, addresses real estate disinvestment, thereby stemming the tide of blight and improving the surrounding neighborhoods.

ECGRA funding has been building capacity with main street associations since 2013. In 2018, the Mission Main Street grant shifted from supporting small, capacity building projects to full-scale revitalization plans. Funding increased from a maximum grant of \$15,000 annually to \$250,000 over 3 years. Examples include:

- Sisters of Saint Joseph's efforts to revitalize Federal Hill district through façade improvements, banners, and planters.
- Union City's Historic District designation, diner restoration, and facade improvements.
- Edinboro Borough's comprehensive streetscape and façade improvements.

Chart 2. Summarizes three rounds of funding to twelve (12) applicants, includes project title, grant request, grant award and interim results as of December 2019.

Chart 2. Mission Main Street 2018-2020

Organization	Project Title	Request	Award	Interim Result
Round #1 Recipients				
Borough of North East	Clinton Street Business District	250,000	250,000	Marketing program; planning stages with PennDOT for underpass
Borough of Union City	Historic Preservation Plan and Designation	10,000	10,000	Historic preservation plan is complete
City of Erie	Downtown Streetscape Masterplan - State Street Improvements	250,000	250,000	In design phase
Erie Downtown Partnership	Placemaking & Elevation of Built Environment - Gateways & Public Art	250,000	250,000	In design phase
Round #2 Recipients				
Borough of Edinboro	Business Façade Revitalization	250,000	250,000	Small business training has begun; façade program is in outreach
Borough of Union City	Downtown Improvements	250,000	200,000	Upper floor assessments underway; 3 facades complete
Our West Bayfront	Re-store 8th Street Corridor	250,000	250,000	façade program is in outreach
Preservation Erie	Technical assistance to nacent main streets in rural communities	150,000	150,000	Work in Albion is underway
Sisters of Saint Joseph Neighborhood Network	Independence Hill Facades, 19th & Parade Street Intersection	250,000	250,000	6 facades in design phase; phase 2 begins in spring 2020
Round #3 Recipients				
Borough of Girard	Façade Matching Grant	170,000	170,000	façade program is in outreach
Impact Corry	Comprehensive Entrepreneurial Ecosystem & Business District Destination	202,400	202,400	façade program is in outreach
Waterford Borough	Façade Matching Grant	249,800	249,800	façade program is in outreach
		\$2,532,200	\$2,482,200	

Renaissance Block

The Renaissance Block program is a financial incentive-based grant designed to address and reverse housing blight in Erie County. Based on the Jamestown Renaissance Block program pioneered in the City of Jamestown, the grant goes toward curbside improvements visible from the street in order to incentivize visual transformation and address deferred maintenance. By utilizing an existing network of neighborhood revitalization groups, the ECGRA has been able to quickly and efficiently deploy funds to “areas of work” identified as core strengthening, stabilization, and middle markets.

The problems with deteriorating and code-deficient residential structures are well-documented and far-reaching. Properties in poor condition can reduce the market value of adjacent homes. This discourages nearby property owners from making investments themselves thus starting or continuing a cycle of disinvestment. *Erie Refocused* (2016) estimates that \$96 million in home improvements and routine maintenance are being withheld annually in the City of Erie due to poor market signals. The same can be said for Corry, Edinboro, Girard, North East Borough, and Union City. Simply put: Renaissance Block unlocks capital investment.

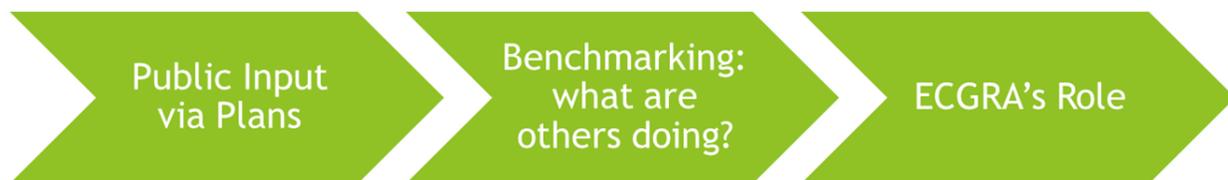
Chart 3. Renaissance Block

Organization	Project Title	Request	Award	Interim Result
Round #1 Recipients				
Academy Neighborhood Association	Revitalize East 28th Street	22,500	22,500	50% Complete
Borough of North East	Building Blocks	150,000	50,000	Completed
Borough of Union City	Renaissance Approach	50,000	50,000	Completed
Our West Bayfront	Renaissance Approach	150,000	100,000	90% Complete
Robins Blass Neighborhood Watch	Exterior Improvements, Beautification	6,000	6,000	Completed
Sisters of Saint Joseph Neighborhood Network	Renaissance Approach	70,000	70,000	Completed
Sisters of Mercy	Buffalo Road Corridor	25,000	25,000	Completed

Round #2 Recipients				
Bayfront Eastside Task Force	Renaissance Approach	50,000	50,000	25% Complete
Preservation Erie	West 21st Street Historic District	150,000	53,840	75% Complete
ServErie	East 6th Street Corridor	120,000	58,000	25% Complete
		\$793,500	\$485,340	

Studies & Public Involvement

The ECGRA process for designing tactical funding programs was implemented in order to create the Neighborhoods and Communities approach. Following a three-step process, the staff designed these programs utilizing A) public input via community plans, B) benchmarking; looking at what others are doing, and C) synthesizing these two components to draft grant guidelines.



Several recent community planning efforts have recommended reducing blight and incentivizing investment as an economic development strategy. Plans such as *Erie Refocused* (2016) take it a step further pointing out that concentrated investment is key to creating an economic multiplier effect. A list of studies and pilot projects used to inform the policies behind the Neighborhoods and Communities grant programs are as follow:

- *Emerge 2040* (2015)
- *Erie Refocused* (2016)
- Corry Neighborhood Initiative Pilot Project (2014)
- *Proposed Business Plan for Erie Land Bank* (2015)
- *A Citizen's Action Guide to Blight* (2016)
- *Erie County Cultural Heritage Plan* (2017)
- *Strategic Assessment of Blight in Erie County, PA* (2012)
- *Our West Bayfront Community Plan* (2016)

Placemaking

Currently working in nine (9) City of Erie neighborhoods/commercial districts and six (6) rural communities, the ECGRA is making or in the process of making grants and loans. Those places are listed in the chart below.

City of Erie Neighborhoods & Commercial Districts	Rural Communities
<ul style="list-style-type: none"> • Academy Neighborhood Association (Academy-Marvintown) • Bayfront Eastside Task Force (East Bayfront) • Central Business District (downtown) • Independence Hill (Little Italy) • Our West Bayfront (West Bayfront) • Preservation Erie (Greengarden & Little Italy historic districts) • Robbins Blass Neighborhood (Greengarden) • ServErie (East Bayfront) • Sisters of Mercy (Fairmont-McClelland) 	<ul style="list-style-type: none"> • Corry • Edinboro • Girard • North East • Union City • Waterford

Leverage

The ECGRA requires a 1:1 match for all grant programs. This leverage requirement, at a minimum, doubles the impact of the ECGRA dollar. The following are estimates for budgeting and cash flow purposes.

2020 Grantmaking

	ECGRA	Recipient	
Anchor Building	400,000	400,000	Leveraged Impact \$2,430,000
Mission Main Street	415,000	415,000	
Renaissance Block	400,000	400,000	
	\$1,215,000	\$1,215,000	

2021 Grantmaking

	ECGRA	Recipient	Leveraged Impact \$2,430,000
Anchor Building	400,000	400,000	
Mission Main Street	415,000	415,000	
Renaissance Block	400,000	400,000	
	\$1,215,000	\$1,215,000	

Mission-related Investing (MRIs)

In addition to grantmaking plans, the ECGRA will be vetting multiple revitalization funds designed to make loans that act as bridge financing in order to attract banks and other sources of private capital. The vetting process of an MRI is more extensive. Participation is required from other funding sources beyond a 1:1 match. The more diversified the funding streams, the less ECGRA must risk in the portfolio. The following examples are only hypothetical now. Each nonprofit is in the process of fundraising.

MRI Examples

	ECGRA	Affiliate and/or other Foundations	Bridgeway Capital or other CDFI	Banks and/or New Markets Tax Credit
Sustain North East Fund	400,000	100,000	300,000	100,000
Erie Center for Arts & Technology	500,000	1,000,000	3,000,000	3,152,000
	\$900,000	\$1,100,000	\$3,300,000	\$3,252,000

Addressing Blight & Revitalization

The Neighborhoods and Communities investment is a tactical approach that has yielded results, leveraged other sources of funding, and created momentum in the revitalization process. When we aligned the goals of the programs with community endorsed plans, we see them addressing the following:

- Root causes of blight
- Disinvestment in homes located within underinvested census tracts
- Unlocking private capital to invest in cities and boroughs
- Historic preservation

- Commercial corridor redevelopment
- Small business development

A decentralized model, the Neighborhoods and Communities approach utilizes a network of nonprofit and municipal partners across Erie County whose primary mission is to facilitate revitalization. Investments are a combination of grants and loans leveraging mostly private capital as match. The network, the size of the funding, and the support provided by the ECGRA allow issues central to Vital Signs, Erie Refocused, and Emerge 2040 to be addressed at scale. In other words, Neighborhoods and Communities addresses blight, disinvestment, historic preservation, and small business development countywide by strengthening previously unavailable capacity. By addressing the primary commercial corridors, surrounding neighborhoods, and historic structures that anchor these places, funding impacts core areas that create market changing effects on an entire community.

Recommendations

The team at ECGRA has successfully analyzed, implemented, and tweaked these three grant programs since 2018. Each requires a complex community coalition of residents, business owners, nonprofits, local government, and funders. These programs effect the built environment, public perception of market value, and they build capacity at the neighborhood level. In order to continue supporting these programs, we recommend the following:

- Based on the midterm information, **we recommend launching another round of Anchor Building and Renaissance Block in the new year** in order to give neighborhood champions enough time to secure contractors for the Spring 2020 construction season. We will continue to monitor Mission Main Street recipients and report back on their progress.
- **We propose utilizing a Neighborhoods & Communities Report format to communicate with local government officials.** These programs are being used as match for state level and foundation funding. Erie County's investments through the ECGRA's Neighborhoods and Communities program is the primary catalyst for accomplishing revitalization objectives set forth in county-funded plans like *Emerge 2040*, *Erie Refocused*, and the *Cultural Heritage Plan*. Local elected officials need to understand how ECGRA has aligned resources with their efforts.
- **We propose that ECGRA leverage its expertise in this area by collaborating with other funding agencies.** The ECGRA team would share their due diligence on applicants with other funding agencies and make awards based on criteria set forth in ECGRA's Guidelines. ECGRA

has an established workshop, application, and award process in place. In turn, we would provide other funders with documentation in the form of closeout reports, which include programmatic and financial data.

- Finally, **we recommend a research project** that looks at new approaches to financing corridors, policy goals aligned with a complete streets concept, and additional grants that offer financial support for placemaking. This research along with interim reporting may shape future iterations of Neighborhoods and Communities.

Conclusion

The ECGRA teams' background in local government, neighborhood renewal, main street management, planning, redevelopment, and construction activities makes us uniquely positioned to design and administer this trio of programs. In addition, our collective networks within the City of Erie and the rural parts of Erie County have been strengthened through these programs. The staff believes that a strong foundation has been laid to make Neighborhoods and Communities a signature thematic area for many years to come. As the Authority moves forward, we will continue to collect status reports and financial data to inform the board of directors. Should you have any specific requests or comments, do not hesitate to share with the staff.