

**Testimony**  
**Senate of Pennsylvania**  
**Urban Affairs and Housing Committee**  
**May 16, 2013**

**Ed Geiger**  
**Director, Center for Community Financing**  
**Department of Community and Economic Development (DCED)**

### **History of Programs**

- Main Street Program began in 1980 and in more than 30 years since it began, 168 community organizations have been designated as Main Street communities in PA. The program is based on what has become a national model known as the Four-Point Approach to revitalize central business districts and commercial corridors:

**Design:** Improvement and enhancement of the physical environment of the central business district.

**Promotion:** Creation and implementation of a unified and consistent plan for marketing the downtown area, including consideration of the general image of the central business district, the calendar of special events for downtown and retail promotions that encourages people to shop and use downtown businesses.

**Organization:** Development of a strong, well-trained local agency to serve downtown. Preferably, this agency is a nonprofit organization whose sole responsibility is enhancement of the skills necessary to implement the Four-Point Approach.

**Economic Restructuring:** Preparation of the studies necessary to fully understand the social and economic characteristics of the downtown and its trade area.

Ultimately, this work implements a strategy to retain existing businesses and help strong businesses and business clusters to develop, recruiting new businesses that align with the vision and trade area demographics of the respective downtown.

- In 1987, the Department of Community Affairs, one of the predecessor agencies that was reorganized to form DCED, helped establish the PA Downtown Center. DCED continues to use that organization to provide training and technical assistance for designated communities. That guidance helps communities develop revitalization strategies and implement the programs established by DCED.
- In 2004, the General Assembly followed the leadership of Representative Freeman and Senator Argall in recognizing the need to revitalize the residential neighborhoods surrounding and entering into downtown areas. Over the past 9 years, 43 community organizations have been designated with Elm Street status. Building off the Main Street

Four-Point approach, DCED established a five-point approach for Elm Street that essentially parallels the Main Street approach.

**Safe, Clean & Green:** Preparation of a safe and pleasant residential area, and that local perception is arguably the most important factor in the neighborhood's health. Perception and reality sometimes differ, and a neighborhood with relatively little crime but an unsafe image will experience problems with attracting new residents and in motivating current residents to stay, buy homes, and invest long-term.

**Design:** Enhancement of the visual character and overall feel of a neighborhood and its streets are often what make it special and set it apart. The familiar appearance of its houses can signal the unique atmosphere of the community, not only to its own residents but also to citizens in the larger region. Elm Street efforts work to maintain the traditional design in rebuilding and revitalizing a neighborhood.

**Image & Identity:** Promotion of the image of a neighborhood focuses upon perceptions of the neighborhood by non-residents: Main Street/downtown business owners, regional citizens, city employees and local officials, and residents of adjacent or nearby neighborhoods. Identity describes how residents view or feel about their own neighborhood; for example, whether they view it as safe, friendly, and attractive. Efforts to market and promote the neighborhood occur within and beyond that neighborhood.

**Sustainable Organization:** Establishment of the local organization is critical to the long-term, effective neighborhood revitalization. Coordinating activities and programs that can identify and address problems across a diverse spectrum calls for an organization with capacity to operate efficiently and to partner with other groups and public agencies.

**Neighbors & Economy:** Support for economic factors, such as employment rates and homeownership levels, heavily influences neighborhood health. Obviously, low income and high unemployment can lead to lower homeownership rates and to negligible property upkeep.

## **Assistance Provided**

Beginning in 2011, DCED established the Keystone Communities Program which is currently the funding source for Main Street and Elm Street. Keystone Communities also funds other community development and housing projects as well.

This program initiated a new approach to how DCED designates and funds communities for Main Street and Elm Street activities. The previously designated communities were grandfathered and have not been affected by this change.

The Keystone Communities Program provides support to Main Street and Elm Street communities, including:

- Planning
- Implementation Projects
- Façade Improvements
- Public Improvements
- Anchor Buildings
- Redevelopment Grant-to-Loans

Additionally, DCED continues to provide training and technical assistance through the PA Downtown Center, which receives Keystone Communities funding for those services.

One of the biggest changes in 2011 with the establishment of the Keystone Communities Program, DCED began to require that designated communities must demonstrate a financial sustainability strategy for the local organization in order to receive designation as a Main Street, Elm Street, or Keystone Community.

With 30 plus years of experience in the Main Street Program, DCED examined the track record of communities once DCED funding stopped. DCED found that after the DCED funding halted:

- only about 17% of the communities continued the Four-Point Model approach that DCED funded
- counting other part-time and voluntary efforts, only about 45% of the programs continued some level of assistance after DCED funding stopped

Consequently, DCED no longer provides operational funding that supports the costs of a manager's salary and other operational funding for the organization. Designated communities must demonstrate that the program has developed such support prior to receiving designation.

### **Current Status of Programs**

For the current fiscal year, 2012-13, DCED has

- 27 Main Streets (grandfathered)
- 18 Elm Streets (grandfathered)
- 2 Elm Streets (Keystone Community approach)

Additionally, DCED is aware of 65 communities that are interested in pursuing designation and are in various stages of the process, everything from just expressing interest to having submitted an application.

Over the years, the Main Street and Elm Street Programs generally have been funded through a state budget appropriation that funds more than just those activities. Prior to 2009, DCED

allocated roughly \$14 million for these programs.

Currently, funding for these programs is allocated through the Keystone Communities appropriation. Based on fiscal year 2011-12, the most recent complete year of data, DCED allocated:

- \$5.7 million for Main Street and Elm Street activities
- Assisting 47 projects across the state

### **Asset-Based Strategy**

Over the past seven years, DCED developed a strategy for selection that uses asset-based criteria. Those criteria encourage the designation of communities that are:

- County Seats
- College/University Towns
- Tourism Destinations
- Connected to Key Industries (such as Health Care Facilities, Pharmaceuticals or Marcellus Shale)

### **Example of Success**

Downtown West Chester reflects the small-town charm and potential that a community can derive from the Main Street and Elm Street programs:

- West Chester operated a DCED Main Street Program from 1988-1991
- The borough draws strength from its community assets that include serving as a county seat, home to West Chester University, and growing its tourism base as a convenient site for many local attractions.
- The entire downtown district, including its Greek Revival architecture along High Street, is listed on the National Register of Historic Places. Within the Borough limits, there are over 4,200 structures dating back to the colonial period.
- Local efforts became truly sustainable in 2000 when the West Chester Business Improvement District (BID) was established in 2000 (renewed in 2005 and 2010) to fund and implement Main Street activities.
- In 2004, West Chester became one of earliest designated Elm Street communities, building off the success of its Main Street Program. This effort has allowed the neighborhood to be vastly improved even after the Elm Street Program concluded.
- In 2012, the organization
  - continued its national accreditation as a Main Street organization,
  - added one more staff member to focus on business recruitment,
  - saw Hotel Warner open, the first hotel to open downtown in over 100 years,

- conducted a feasibility and sustainability study (with DCED funding) for a new public swimming pool in the Elm Street area, with a fund-raising program underway to complete this project.

These are just a few highlights of this success story for the Main Street and Elm Street programs.

### **Challenges for the Future:**

Looking ahead, DCED sees the following challenges for the Main Street and Elm Street Programs:

- Assuring adequate funding for the state appropriation to support the program
- Maintaining the financial sustainability requirements, and assisting communities to find local partners and resources to initiate the local Main Street or Elm Street organizations
- Continuing to refine and adhere to asset-based strategies
- Establishing new assessment tools of progress
- Creating new measures of results that show a Return on Investment