

TESTIMONY OF
WILLIAM S. FONTANA, EXECUTIVE DIRECTOR OF THE PENNSYLVANIA DOWNTOWN CENTER
BEFORE THE SENATE URBAN AFFAIRS & HOUSING COMMITTEE
THURSDAY, MAY 16, 2013

Chairman Argall, Vice-Chairman Yaw, Minority Chairman Brewster and Committee Members, My name is Bill Fontana, and I am the Executive Director of the Pennsylvania Downtown Center. On behalf of the membership, board and staff of the Pennsylvania Downtown Center (PDC), I would like to take to this opportunity to thank you for this opportunity to testify on what we believe is an important issue, the revitalization of Pennsylvania's traditional downtowns, business districts and their nearby neighborhoods.

For those of you who may not be familiar with the Pennsylvania Downtown Center, we are a statewide non-profit agency. We are governed by a 19 member board consisting of individuals from around the Commonwealth who share an interest in this important work. Our small staff of 4 full time and four part time people has the task of fulfilling our mission of supporting revitalization efforts in hundreds of communities throughout the state. As you might expect, it is both a terribly daunting and incredibly rewarding job.

You have chosen to hold this hearing at an interesting time in the evolution of the both the Main Street and Elm Street Programs. At the national level, the National Main Street Center has recently reorganized as a separate, subsidiary corporation of, and no longer a division within, the National Trust for Historic Preservation. It is widely hoped that that this change will advance the concept of Main Street revitalization in the more than 2000 communities nationally where it has been implemented. And while there is not yet a National Elm Street Center, we in Pennsylvania have developed a similar methodology that is now being looked at states around the country. I have provided you with a diagram of the both the Main Street Approach[©] and the Elm Street Approach, so that you might gain a better insight in to what the current work scope of a typical Main Street or Elm Street program might look like.

Consider if you will, the challenge that a local organization faces in implementing either of these programs. Take a typical Pennsylvania community, such as Tamaqua, or Williamsport, Ridgway or Lebanon, Meadville or Beaver Falls, York or Jenkintown, or neighborhoods such as Brookline in the City of Pittsburgh or Roxborough in the City of Philadelphia. All of these places as have been Main Street Programs, Elm Street Programs or both in my tenure as Executive Director of PDC, since May of 2000.

You all know these places. Think of the challenges that many of them have had to deal with. Twenty, thirty or perhaps more, years of disinvestment. Merchants that have left for the shopping center down the road or worse, have been put out business by the big box retail developments that all too often have received some form of governmental assistance. Neighborhoods that seen families leave for the suburbs, where infrastructure is not in the best of condition and where the housing stock suffers from the inability of residents to invest in needed code improvements, let alone take the steps to maintain the historic architectural integrity of the home.

What is left behind is often times vacant storefronts or residential units, abandoned, blighted and deteriorated properties, a loss of jobs, higher than acceptable crime rates, lots strewn with trash and graffiti on walls. Sidewalks that may be crumbling, street lighting that is old, outdated and perhaps inoperable. And most debilitating of all, a lack of hope in any kind of future by either residents or business owners that things are going to get better.

But then someone says that they have heard about the Commonwealth's Main Street or Elm Street Program. And so a small dedicated group of volunteers begins to take the steps necessary to initiate a local revitalization effort. A pot of money is cobbled together, and a manager is hired, usually for about \$40,000 a year. This salary is of course higher in Pittsburgh and Philadelphia and lower, and sometimes much lower, in more rural communities. The typical new Main Street or Elm Street manager may be recently out of college, with a degree in marketing or journalism. Occasionally they will have a formal education in historic preservation or planning. They are hired by the local organization and given the marching orders to fix the past thirty years of disinvestment, help implement a historic façade renovation programs, reduce crime, fill the vacant storefronts, convert renters into homeowners, plant community gardens, help businesses with e-commerce, organize the Halloween parade, and find the money necessary to do all of that.

What is remarkable about all of this is not that they don't walk out the door on the second day, but that so many of them have a significant positive impact on the business district or neighborhoods that they serve. There are few more jobs that are more thankless than that of a revitalization manager. The pay is not great, the benefits are meager, the hours are long, the pressure is tremendous and the gratitude is underwhelming. And still they come to work, day in and day out.

So what kind of impact do these programs have on their communities? PDC has only been collecting the data on statewide basis since 2005. Prior to that time, the data was collected manually by DCED. PDC is working diligently this summer to integrate the DCED data into our new on-line data collection system,

back to the program inceptions in 1980. That being said since 2005, we can report the following numbers for the Main Street Program:

- 4,067 NET new businesses in Main Street Communities
- 16,158 NET Full Time Equivalent Jobs Created
- 2,890 Building Projects
- \$500,344,801 in building project investment
- Private to Public Investment Ratio of \$3.95 to 1
- \$232,456,404 in Public Space Projects
- \$732,801,206 in total investment
- 625,563 volunteer hours = 50 full time employees annually
- Approximate Commonwealth Investment = \$35 Million in Main Street
- Almost \$20.00 in non-commonwealth investment for every dollar put into this program, not counting volunteers hours.

We are still revisiting some of our Elm Street numbers from the early years of the program. Over the last two years however, I can tell you that we have seen:

- 217 Rehabilitation Projects
- 37 New Construction Projects
- 27 Public Improvement Projects
- 75 New Housing Units Created
- \$8,073,721 in Total Building Investment
- \$3,743,444 in Public Space Projects
- \$11,817,165 in Total Investment

Please let me inject a word of caution about these numbers. We rely on the reporting of the local manager to generate these figures. We do our best to police the reporting, but we obviously don't catch every overstatement, understatement or completely missed bit of data. What I do believe is that these numbers present sufficient evidence to indicate that Main Street and Elm Street are a good investment by the Commonwealth.

So where do we go from here. I think there are several policy issues I would like to leave you to consider. These include:

- The need to get some level of funding back into the support of the administrative side of the programs as soon as the budget allows. Any re-establishment of support for local managers positions must, however, be predicated on a new paradigm. This paradigm must in the opinion of PDC, include:
 - A strict limit on the number of program designations to control costs.
 - A performance based system that rewards designated programs for meeting or exceeding certain predefined benchmarks.
 - A continuation of the policy that local programs should be able to demonstrate the ability to pay for their manager, should DCED performance based funding be unavailable or lost due to non-performance.
 - A clear requirement that failure to meet established benchmarks will result in a loss of funding.
 - Funding for this program element could come from either a modest increase in the New Communities Program budget or a dedicated pre-approved tax credit that would automatically be available to designated Main Street or Elm Street Programs.
 - Limit the amount of the performance based award to a level tied to the salary and fringe benefits paid to the local manager.
- The need to consider delivering the business development/ business retention side of Main Street and Elm Street at a different geographic level. The realities of dealing with the economic complexities of 21st century trade areas is, in many respects, beyond the skill sets of many local managers. I would like to see a system put in place that would allow PDC to fund up to three regional market coordinators, whose primary job it would be to assist local communities with understanding the regional economy of their area, providing information on the customer profiles of different market segments, help conduct market research and educate local businesses. I do not necessarily expect DCED to fund this. PDC has already included this approach in its 2013-2018 strategic plan and will seek foundation and private sector funding to provide this service.
- We need to “Green” the Main Street and Elm Street program in Pennsylvania. Many other states are ahead of us in this area.
- Elm Street needs to evolve. We have almost 10 years of this program under our belts. Many other states are interested in adopting the program. Maryland has a Maple Street program, Michigan is exploring MI-Street, Louisiana has a Magnolia Street program and later this month,

folks will be coming here from Oklahoma to explore how PA runs Elm Street. I would like to see the new National Main Street Center adopt Elm Street in much the same way they did Main Street. Before this can happen however, we need to take a critical look at what works and what doesn't so that we can revise the Elm Street concept. After ten years, I can assure that there are significant differences between Main Street and Elm Street revitalization efforts. In the latter half of 2013, PDC will convene a 'think-tank' to review the first decade of Elm Street operations and recommend changes to the methodology.