

Welcome!



Lancaster City Economic Development Updates

Wednesday, October 10, 2018



Marshall Snively
President

Jeremy Young
Community & Economic Development Manager

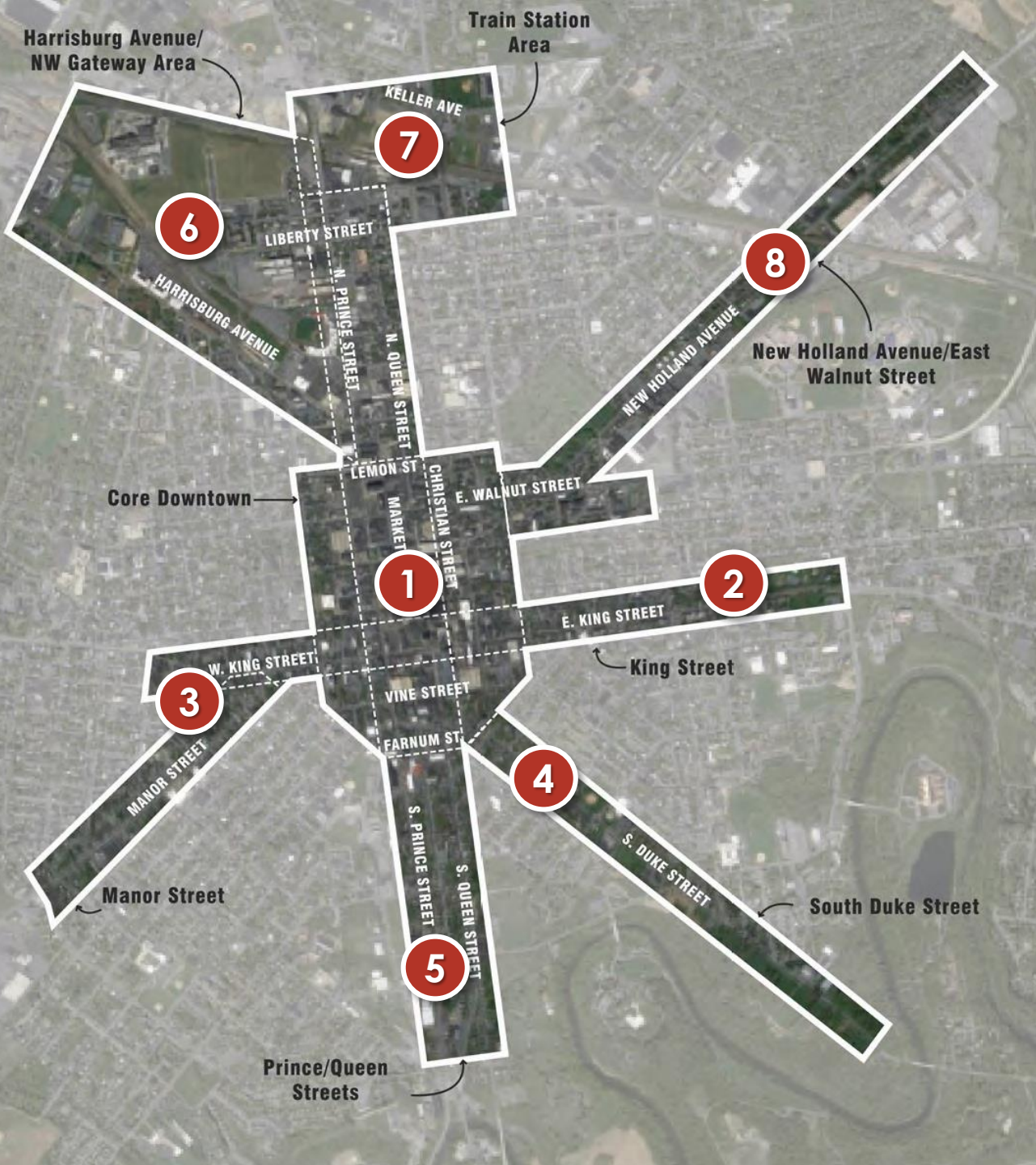


Randy Patterson
Director
Department of Economic Development & Neighborhood Revitalization



BUILDING ON STRENGTH

THE COMMUNITY-OWNED
ECONOMIC DEVELOPMENT STRATEGIC
PLAN FOR THE CITY OF LANCASTER



PLAN FOCUS AREAS

Includes the Downtown Core, in addition to the commercial corridors and gateways (the “**Commercial Hubs**”), that extend outward from the Downtown Core. These **Commercial Hubs** were grouped into eight geographies:

1. Downtown Core
2. East King Street
3. West King and Manor Streets
4. South Duke Street
5. South Prince and Queen Streets
6. Harrisburg Avenue/Northwest Gateway
7. Train Station Area
8. New Holland Avenue/East Walnut Street

These eight areas are important as significant hubs of commercial activity serving the City’s residents and businesses.

ASPIRATIONS

- Attract and retain talent to the City of Lancaster.
- Create jobs that provide a livable wage.
- Leverage educational institutions as partners in creating a skilled workforce.
- Provide equitable opportunities for all Lancastrians.
- Cultivate existing Lancaster businesses to grow with continued success.
- Encourage targeted economic development opportunities to strengthen neighborhoods and increase property values.
- Provide an environment where small businesses and entrepreneurs can thrive.
- Be a national model for urban economic development.

2030 OUTCOMES

- Increase in the **per capita income to 70% of that of Pennsylvania**
- Create **300 new hotel rooms** in the Downtown and Commercial Hubs
- See **2,500 new residential units** of all types and price points
- Achieve **100,000 square feet of new and renovated retail/restaurant space** in Downtown and Commercial Hubs
- Fill **300,000 square feet of office and flex space**
- Realize **\$1 billion in privately led investment**
- See ongoing private investment that will outweigh public investment in economic development

PLAN STRATEGIES

1. Expanding Success:
Traditional Economic Development Investment
2. Embracing the Collaborative Economy:
Cultivating Entrepreneurs
3. Leveraging the Brand:
Marketing Lancaster City
4. Quality of Life:
Reinforcing Commercial Hubs



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PLAN FOR THE CITY OF LANCASTER

Adjusting the Dial: Recalibrating at Year 4

Strategy 1 | Recommendations



- 1A | Investment Sites
- 1B | Market District
 - 1B1 | Physical Infrastructure Improvements Surrounding Central Market
 - 1B2 | Branding the District
 - 1B3 | Private Development Aligning with Goals for Compatible Uses
- 1C | Development Clearinghouse
- 1D | Business Registration Program

PROGRESS INDICATORS:



= Recommendation Advancing



= Limited Progress To Date



= Barriers Impeding Progress

Strategy 1 | Recommendations



- 1E | Building the Market
 - 1E1 | Façade Grant Program
 - 1E2 | Façade Master Plan
 - 1E3 | Building Infrastructure Grants
 - 1E4 | Lancaster High-Speed Internet
- 1F | Land Bank
- 1G | Community Land Trust Subsidiary
- 1H | Plan Funding Program
 - 1H1 | Affordable & Mixed-Income Housing
 - 1H2 | Funding For Strategies 2, 3, and 4

PROGRESS INDICATORS:



= Recommendation Advancing



= Limited Progress To Date



= Barriers Impeding Progress

Strategy 2 | Recommendations



The Candy Factory, co-working space for individuals and businesses

~~2A | Entrepreneurs Forum~~

~~2B~~ **2A** | Lancaster Creative Spaces Initiative: Developing Entrepreneurial Ecosystems

~~2B1~~ **2A1** | ~~Lancaster Innovation Centers~~

~~2B2~~ **2A2** | ~~Harvest Park Lancaster (Food Hub)~~ **Food Hubs**

~~2B3~~ **2A3** | ~~The Lancaster Arts Labs~~

2A4 | **Cultivate Lancaster Entrepreneurs Forums**

~~2C | Neighborhood Healthy Food Initiative~~

PROGRESS INDICATORS:



= Recommendation Advancing



= Limited Progress To Date



= Barriers Impeding Progress

Strategy 3 | Recommendations



- 3A | Locate Lancaster Residential Initiative (Resident-Focused)
- 3B | Locate Lancaster Economic Development Initiative
 - 3B1 | Marketing for Residential Development (All Types & Price Points)
 - 3B2 | Attracting Commercial Investment (All Types)
- 3C | Continue Building the City Brand for Tourism through the Lancaster Office of Promotion
- 3D | Continue Marketing the City to Local, Regional, and International Consumers

PROGRESS INDICATORS:



= Recommendation Advancing



= Limited Progress To Date



= Barriers Impeding Progress

Strategy 4 | Recommendations



- 4A | Foster Commercial Hubs within Neighborhoods (Economic Development)
- 4B | Street Network and Improved Accessibility
 - 4B1 | Two-Way Street Conversions
 - 4B2 | ~~Circulator~~ Efficient Transportation: Internal City Circulation
 - 4B3 | Efficient Transportation: Regional Connectivity
 - 4B34B4 | Bicycle Network
 - 4B44B5 | Gateways and Streetscapes
 - 4B6 | Comprehensive Parking Strategy
- 4C | Commercial Hub Partner Organizations
- 2C4D | Neighborhood Healthy Food Initiative:
 - 4D1 | Healthy Corner Stores
 - 4D2 | Expand Healthy Food Commercial Development

PROGRESS INDICATORS:



= Recommendation Advancing



= Limited Progress To Date



= Barriers Impeding Progress

BUILDING MOMENTUM



In just over 3 years, **25** (76%) of the plan's ~~25~~**33** recommendations are in progress. This is a 15-year plan.

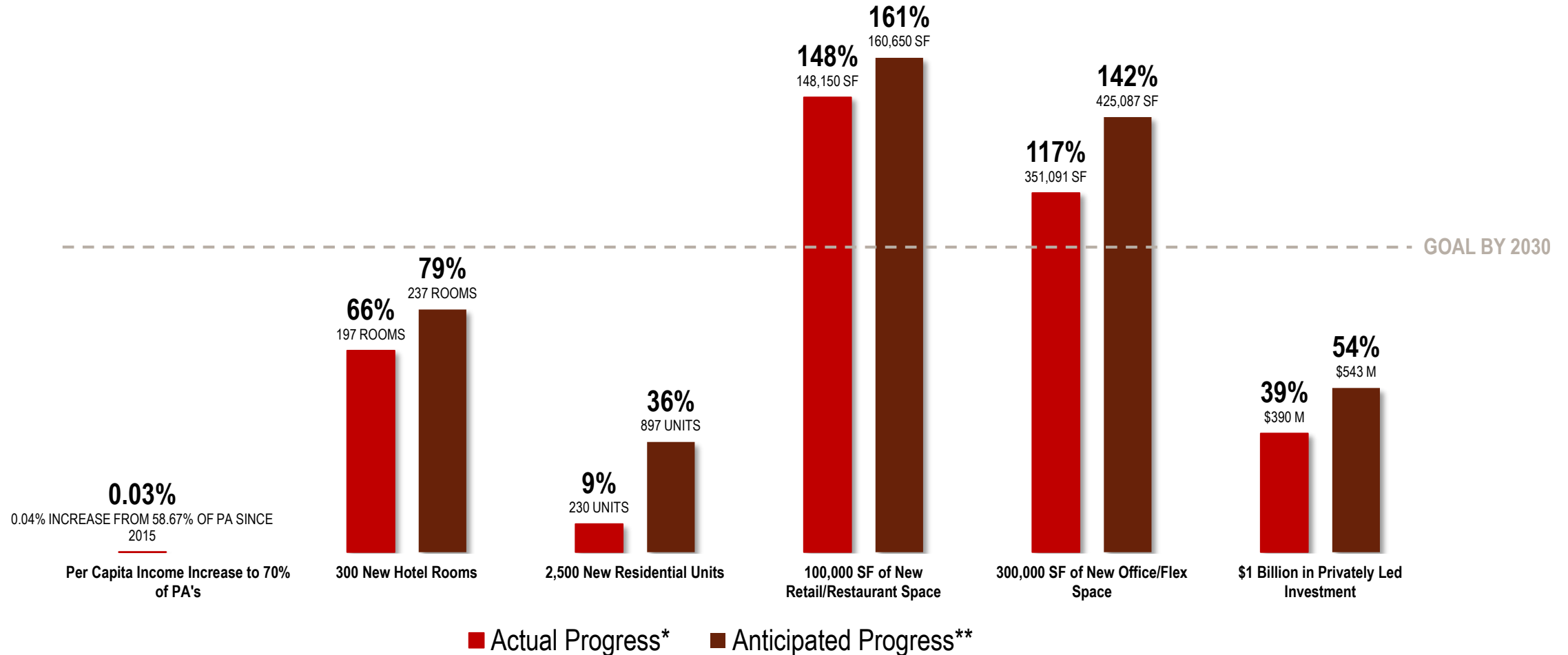
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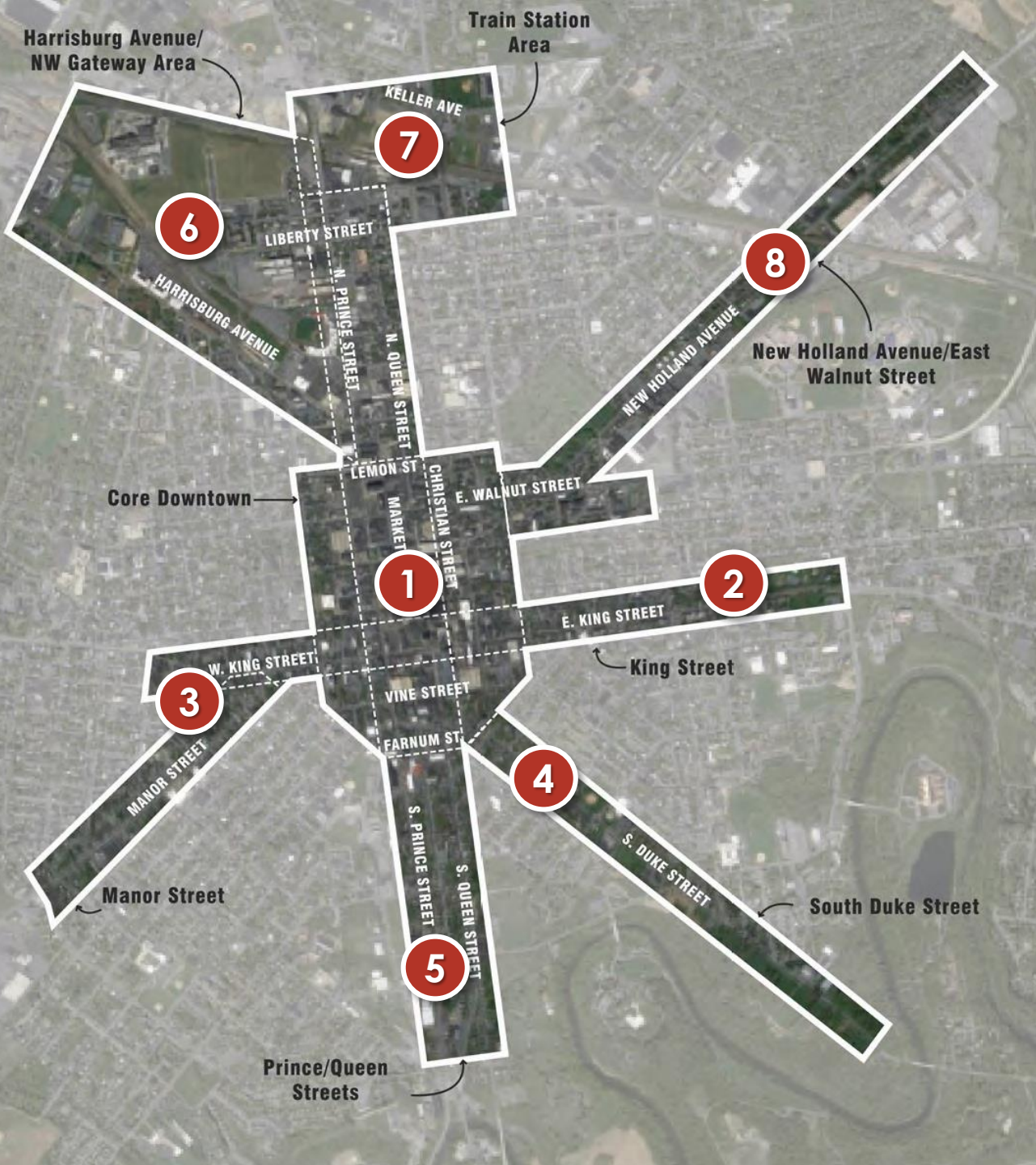
2030 OUTCOMES DASHBOARD

Progress Since June 2015 (as of October 2018)



*For development-related outcomes, "actual" reflects only projects recently completed and currently under construction.

**For development-related outcomes, "anticipated" reflects projects recently completed and currently under construction, and assumes planned and conceptual development projects will come to fruition.



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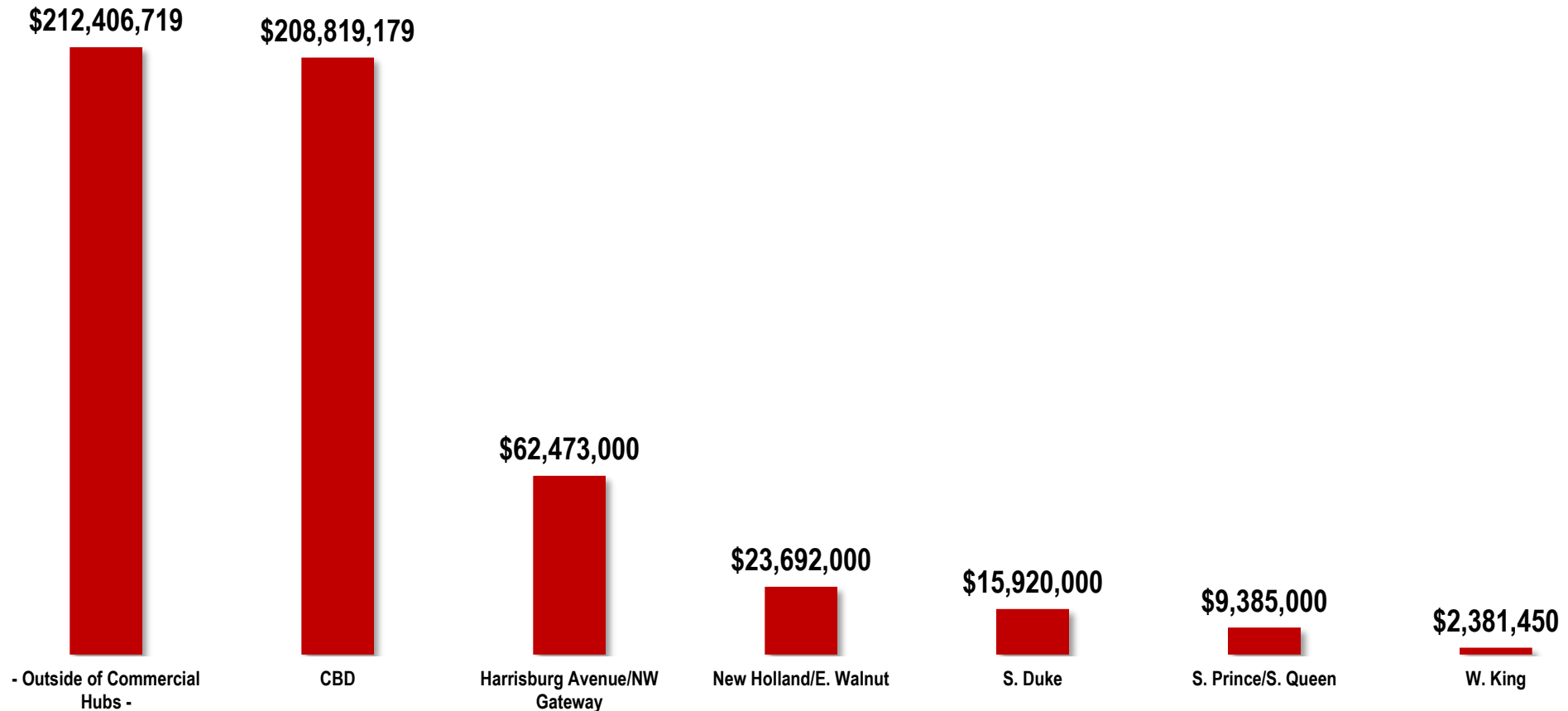
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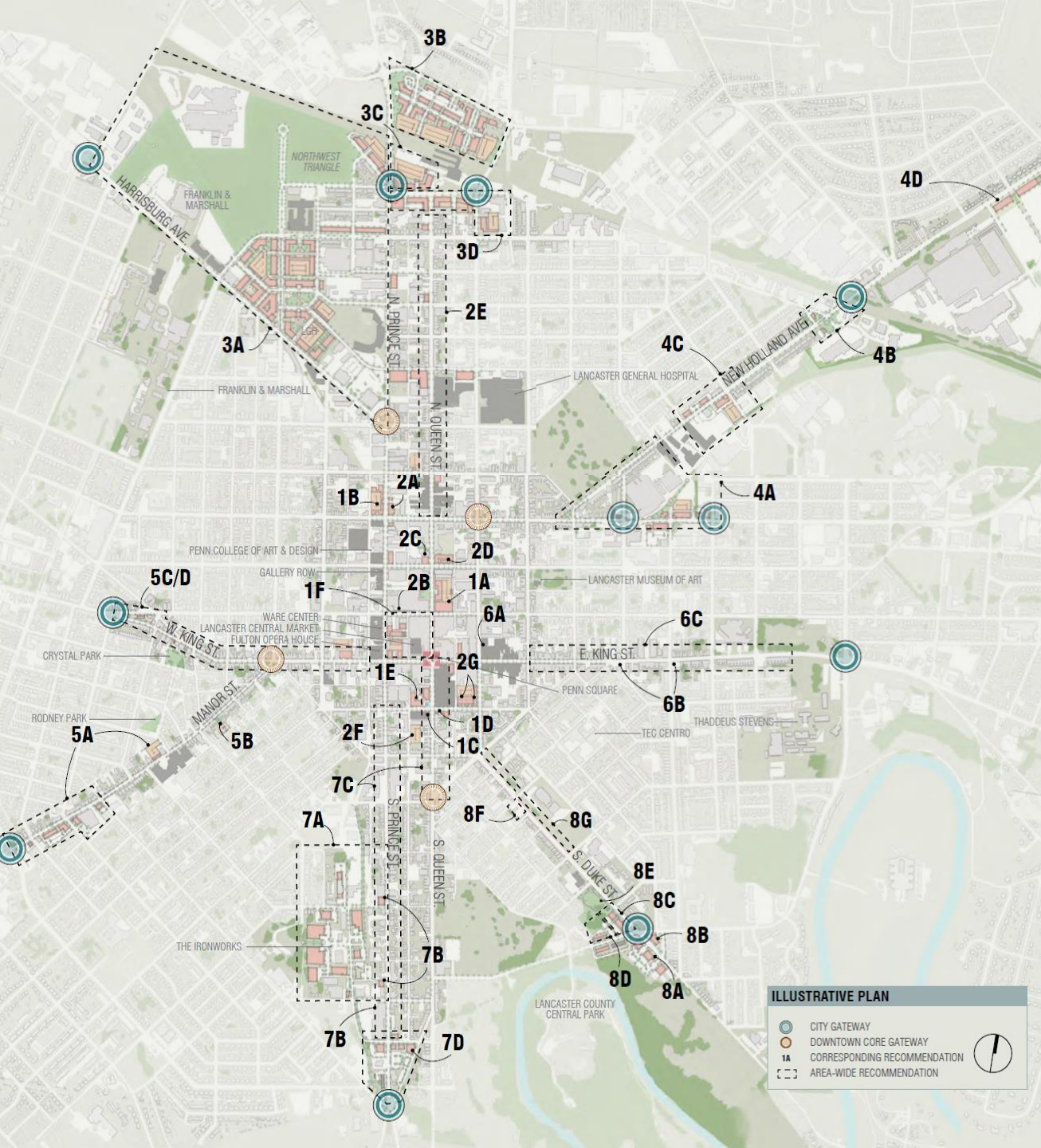
Privately Led Investment by Commercial Hub

Progress Since June 2015 (as of October 2018)





As of October 2018, **12** (30%) of the plan's **40** designated “investment opportunity sites” are either under development or newly developed.



ORIGINALLY DESIGNATED INVESTMENT OPPORTUNITY SITES

AREA 1: DOWNTOWN CORE-PRIMARY OPPORTUNITIES

- 1A: Bulova Site
- 1B: City Crossings Lot
- 1C: Southern Market
- 1D: Swan Hotel Corner
- 1E: Queen and Vine Site (LNP)
- 1F: Market District Sites
- 1G: Upper Floor Redevelopment (Throughout Downtown)

AREA 2: DOWNTOWN CORE – SECONDARY OPPORTUNITIES

- 2A: HDC Property Infill
- 2B: Prince Street Garage Site
- 2C: Queen and Chestnut Infill (NW Corner)
- 2D: RRTA Garage Air Rights
- 2E: North Queen Street Retail Commercial
- 2F: West Vine/West Farnum Site
- 2G: Penn Square Mixed-Use Opportunity

AREA 3: HARRISBURG AVENUE/TRAIN STATION AREA

- 3A: Northwest Triangle
- 3B: Train Station North (Keller Avenue Properties)
- 3C: Train Station West
- 3D: Train Station South (McGovern Avenue Properties)

AREA 4: NEW HOLLAND AVENUE

- 4A: Plum and Walnut Anchor
- 4B: Ross Street Gateway
- 4C: New Holland Avenue Infill
- 4D: Burle Office Park Infill Development

AREA 5: WEST KING STREET/MANOR STREET

- 5A: Manor Street Infill/Property Enhancements
- 5B: Consolidated Parking Resources (Typ.)
- 5C: West King Infill Development/Property Enhancements
- 5D: Upper Floor Redevelopment

AREA 6: EAST KING STREET

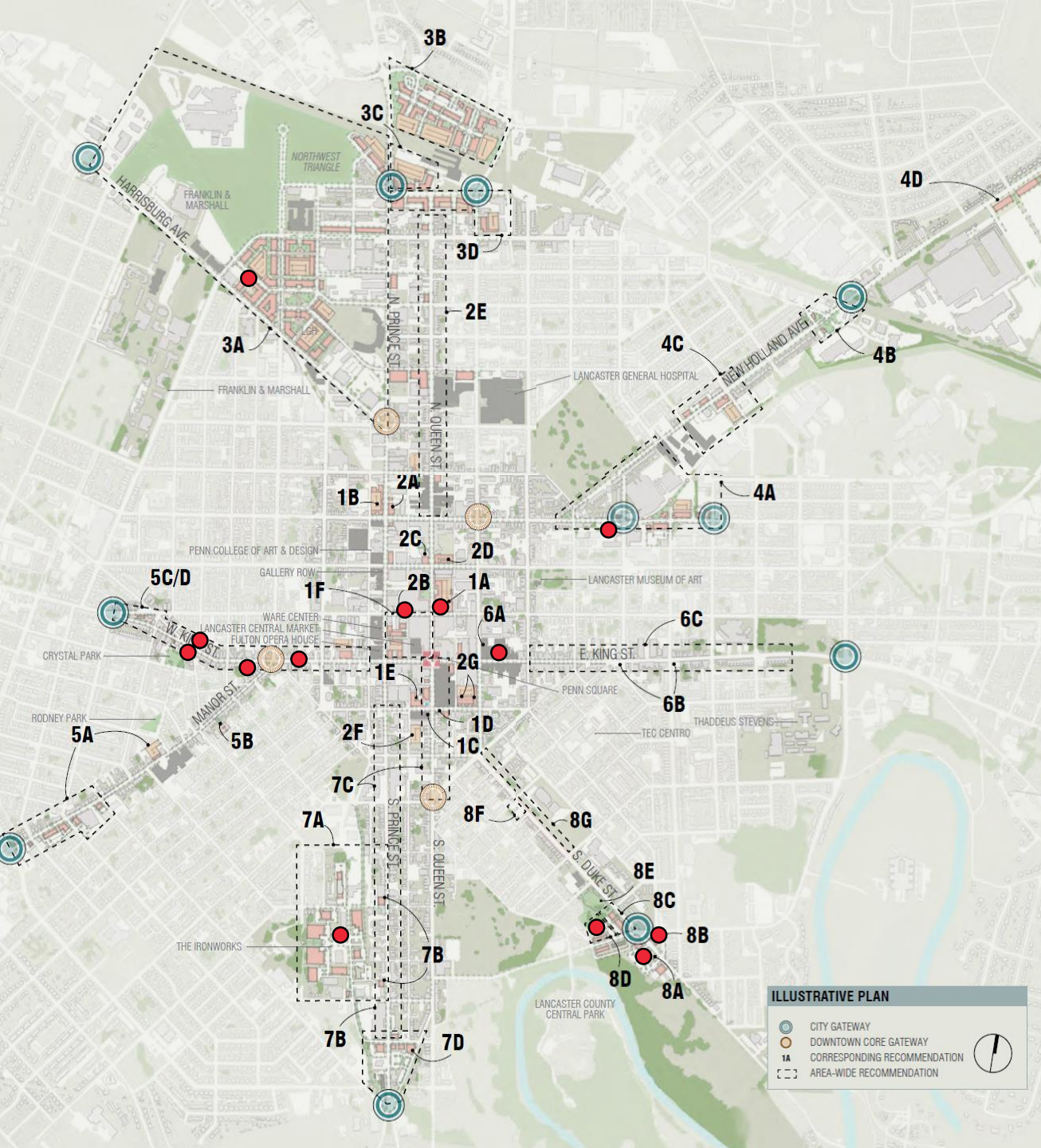
- 6A: Excelsior Building
- 6B: East King Infill Development
- 6C: Façade/Property Enhancements

AREA 7: SOUTH PRINCE/SOUTH QUEEN STREETS

- 7A: The Ironworks
- 7B: South Prince Infill Development
- 7C: Façade/Property Enhancements
- 7D: Rebman's Redevelopment

AREA 8: SOUTH DUKE STREET

- 8A: Conestoga Plaza
- 8B: Conestoga East
- 8C: Conestoga North
- 8D: Residential Infill Opportunity
- 8E: South Duke Square
- 8F: South Duke Infill Development
- 8G: Outdoor Market



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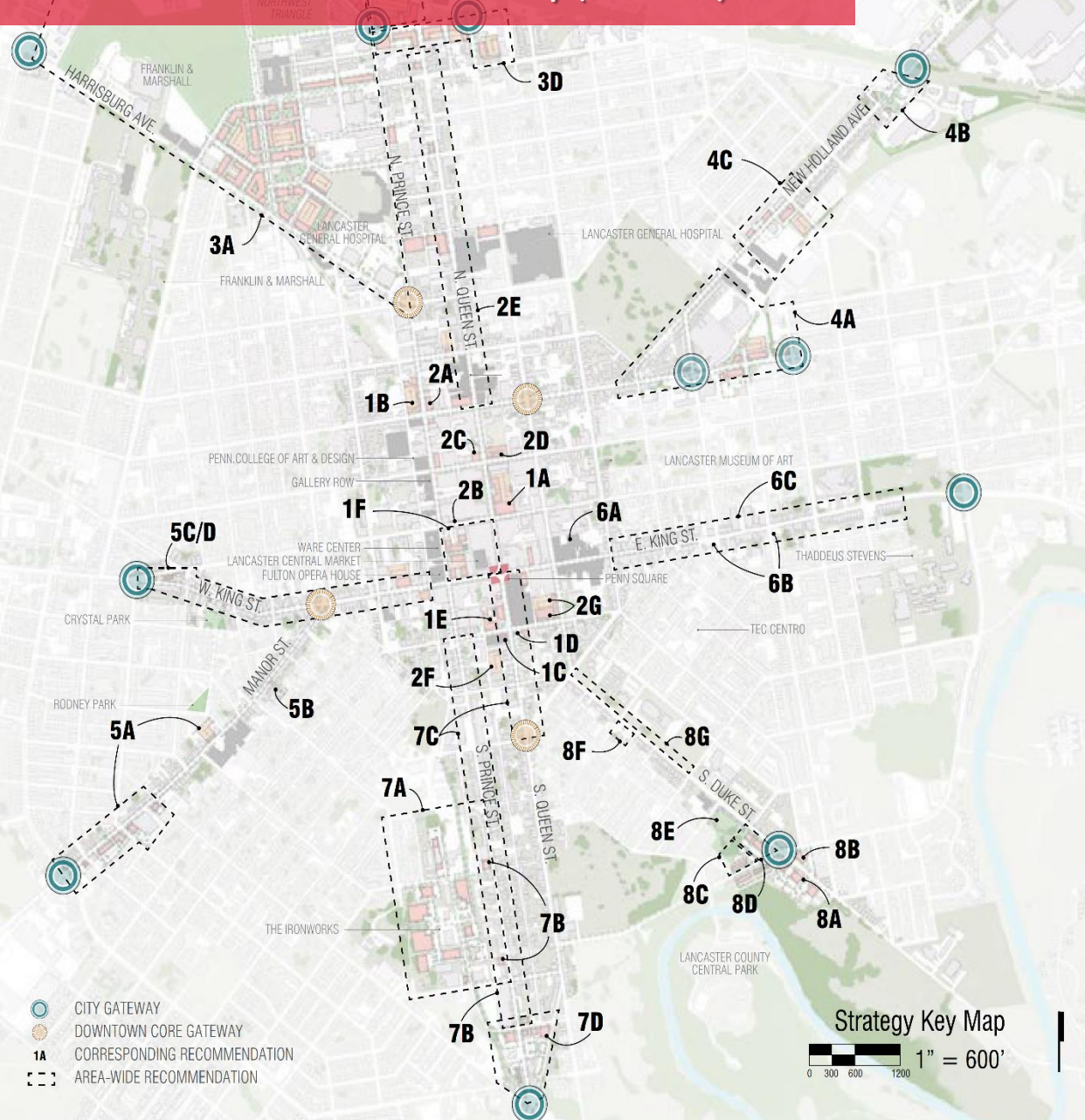
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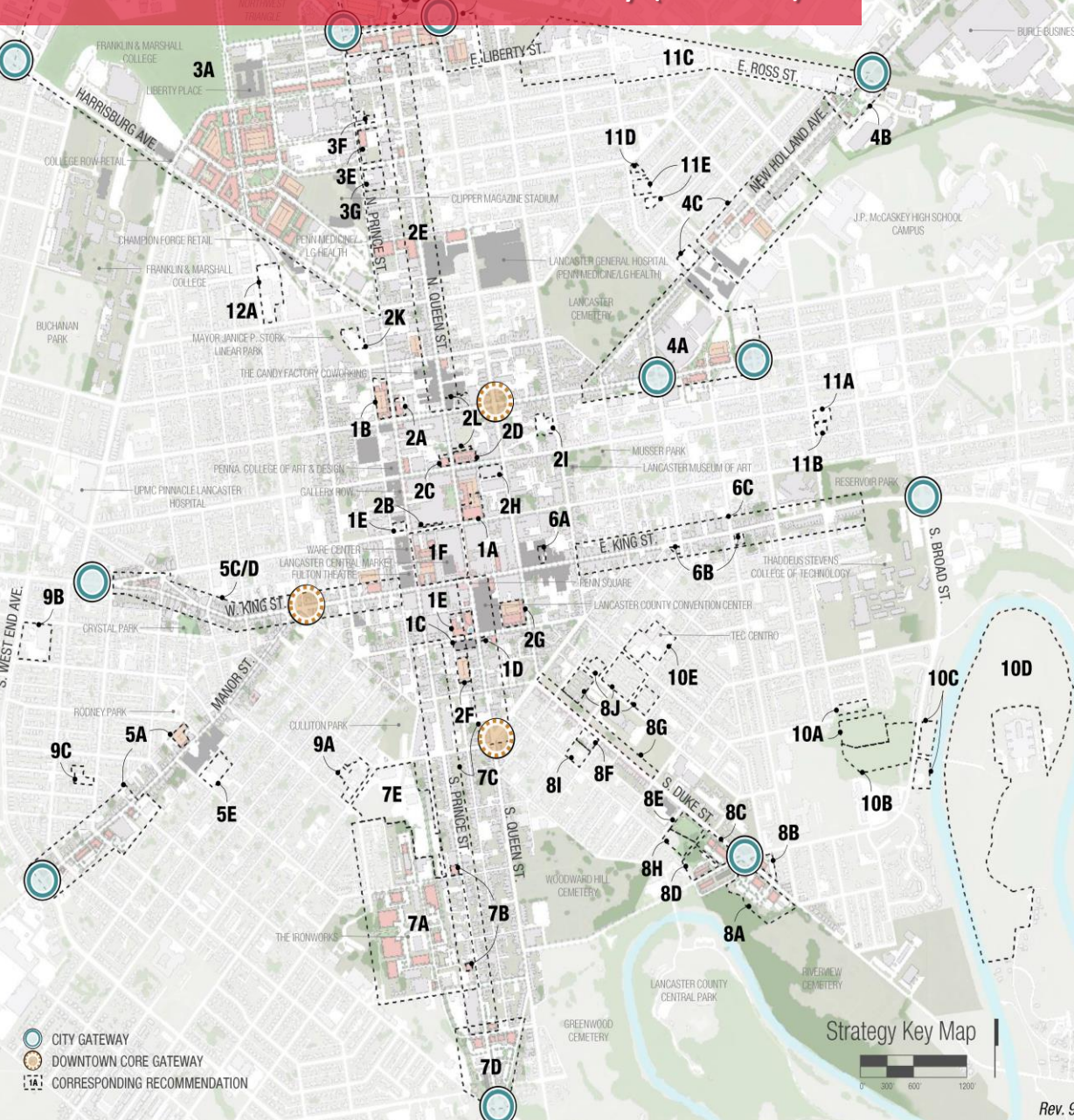
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Denotes Site Recently Developed or Under Development as of October 2018

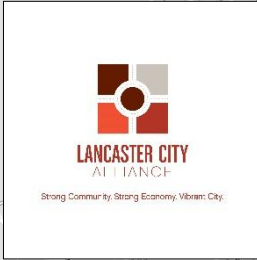
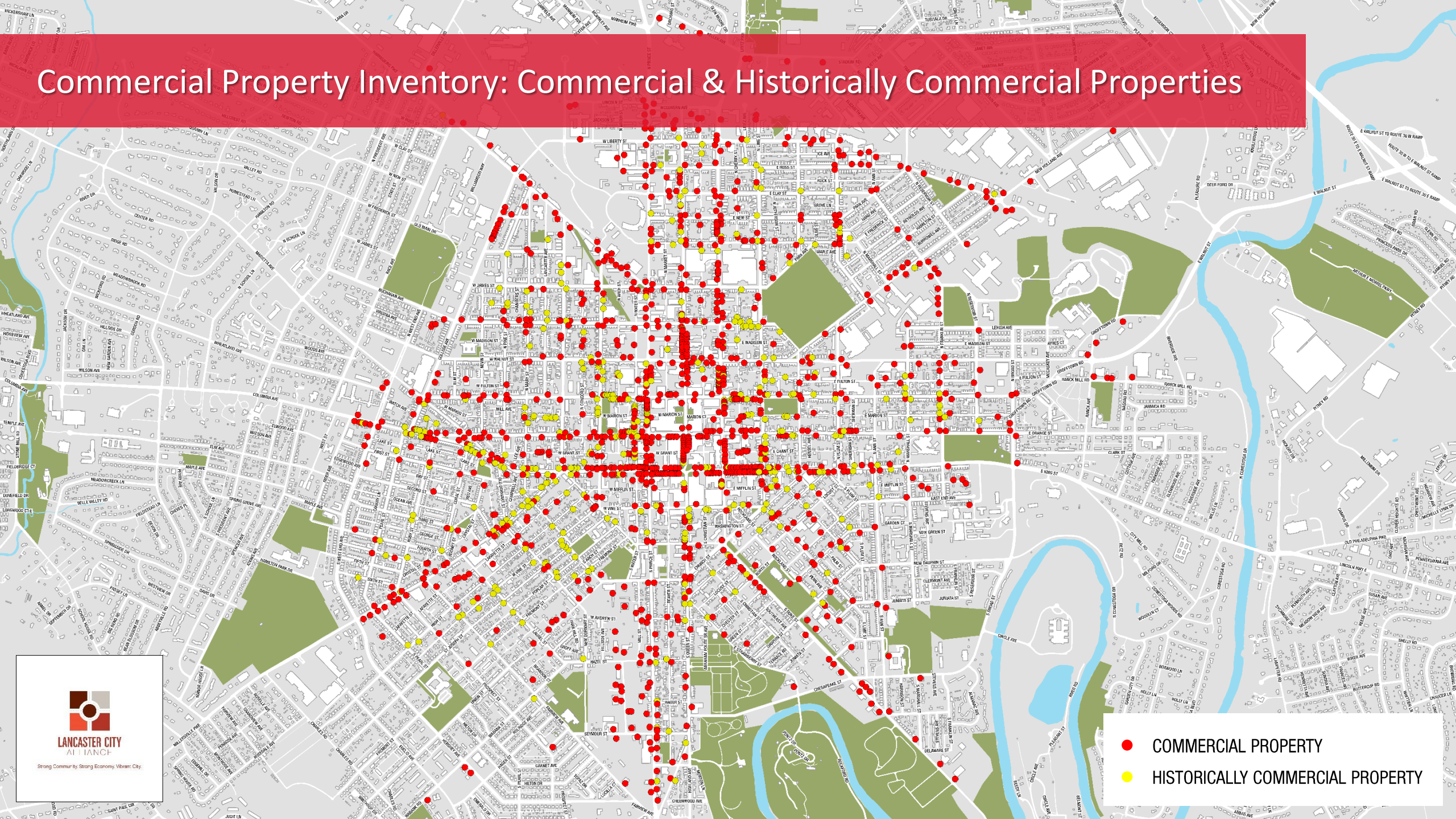
Initial Investment Sites Inventory (40 sites)



Amended Investment Sites Inventory (66 sites)



Commercial Property Inventory: Commercial & Historically Commercial Properties



- COMMERCIAL PROPERTY
- HISTORICALLY COMMERCIAL PROPERTY

Underutilized/Vacant Industrial



THE CITY OF LANCASTER, PA

SoWe (Southwest) Neighborhood Revitalization Area Commercial Property Inventory



122 SEYMOUR ST



PARCEL ID:	3347645900000	CURRENT LAND USE CLASSIFICATION:	COMMERCIAL AND RETAIL TRADE; OTHER RETAIL SERVICE - GENERAL MERCHANDISE
PROPERTY ADDRESS:	122 SEYMOUR ST	COMMERCIAL STATUS:	CURRENTLY COMMERCIAL
PARCEL AREA:	0.51 ACRES	VACANCY STATUS:	PARTIALLY VACANT
OWNER NAME:	B&D VENTURES INC	CONDEMNED?	NO
OWNER ADDRESS:	754 VILLAGE ROAD LANCASTER, PA 17602	EXISTING BUSINESS NAME(S):	RENTAL ZONE
DEED DATE:	2/3/2004	TOTAL EXISTING BUSINESSES:	1
LAST SALE PRICE:	\$355,000	TOTAL/POTENTIAL COMMERCIAL SF:	31,127
BUILDING ASSESSED VALUE:	\$127,300	OCCUPIED COMMERCIAL SF:	11,445
LAND ASSESSED VALUE:	\$53,100	VACANT COMMERCIAL SF:	19,682
TOTAL ASSESSED VALUE:	\$180,400	TOTAL BUILDING SF:	31,127
CURRENT LISTING STATUS:	OFF-MARKET	# STORIES:	3
IMPROVEMENT ZONE:	SoWe NEIGHBORHOOD REVITALIZATION AREA	# REGISTERED RENTAL HOUSING UNITS:	0
		POTENTIAL DEVELOPMENT INCENTIVES:	LERTA; KOZ; FEDERAL AND/OR STATE HISTORIC PRESERVATION TAX CREDITS
ZONING DISTRICT:	CM - MANUFACTURING/CENTRAL CITY	YEAR BUILT:	1890
HISTORIC DISTRICT NAME:	LANCASTER CITY NATIONAL HISTORIC DISTRICT/HERITAGE CONSERVATION DISTRICT (NRHP, PASHPO #103384)	HISTORICAL USE:	PENNSYLVANIA SOAP CO. (AS OF 1912)
NOTES:	UPPER FLOORS APPEAR VACANT	# OFF-STREET PARKING SPACES:	35

Underutilized/Vacant Downtown Mixed-Use



THE CITY OF LANCASTER, PA

SoWe (Southwest) Neighborhood Revitalization Area Commercial Property Inventory



240-242 W KING ST (1ST FL)



PARCEL ID: 3347855600000

PROPERTY ADDRESS: 240-242 W KING ST (1ST FL)

PARCEL AREA: 0.19 ACRES

OWNER NAME: VAKIOS PETER J & KOULA P

OWNER ADDRESS: 784 BARRICK LN
LANCASTER, PA 17603

DEED DATE: [NO DATA]

LAST SALE PRICE: \$0

BUILDING ASSESSED VALUE: \$100,800

LAND ASSESSED VALUE: \$34,400

TOTAL ASSESSED VALUE: \$135,200

CURRENT LISTING STATUS: FOR LEASE

IMPROVEMENT ZONE: SoWe NEIGHBORHOOD
REVITALIZATION AREA; BOS:
DOWNTOWN CORE COMMERCIAL HUB

CURRENT LAND USE CLASSIFICATION: COMMERCIAL AND RETAIL TRADE;
DOWNTOWN ROW TYPE,
DETACHED

COMMERCIAL STATUS: CURRENTLY COMMERCIAL

VACANCY STATUS: PARTIALLY VACANT

CONDEMNED? NO

EXISTING BUSINESS NAME(S): N/A; BOTANICA SHANGO DINA

TOTAL EXISTING BUSINESSES: 1

TOTAL/POTENTIAL COMMERCIAL SF: 2,166

OCCUPIED COMMERCIAL SF: 1,083

VACANT COMMERCIAL SF: 1,083

TOTAL BUILDING SF: 4,332

STORIES: 2

REGISTERED RENTAL HOUSING UNITS: 4

POTENTIAL DEVELOPMENT INCENTIVES: LERTA; CRIZ; FEDERAL AND/OR
STATE HISTORIC PRESERVATION
TAX CREDITS

ZONING DISTRICT: CB - COMMERCIAL CENTRAL
BUSINESS

HISTORIC DISTRICT NAME: LANCASTER CITY NATIONAL HISTORIC
DISTRICT/HERITAGE CONSERVATION
DISTRICT (NRHP, PASHPO #103384)

NOTES: 240 W. KING FOR LEASE; CALL 717-
393-9818

YEAR BUILT: 1870

HISTORICAL USE: CHURCH OF CHRIST (AS OF 1912);
P.J. BAR

OFF-STREET PARKING SPACES: 0

Underutilized Neighborhood Commercial



THE CITY OF LANCASTER, PA

SoWe (Southwest) Neighborhood Revitalization Area Commercial Property Inventory



503 MANOR ST (1ST FL)



PARCEL ID:	3384507300000	CURRENT LAND USE CLASSIFICATION:	RESIDENTIAL: THREE-FAMILY DWELLING
PROPERTY ADDRESS:	503 MANOR ST (1ST FL)	COMMERCIAL STATUS:	HISTORICALLY COMMERCIAL
PARCEL AREA:	0.06 ACRES	VACANCY STATUS:	OCCUPIED
OWNER NAME:	ESH NOAH JAY	CONDEMNED?	NO
OWNER ADDRESS:	21 POND RD STRASBURG, PA 17579	EXISTING BUSINESS NAME(S):	N/A
DEED DATE:	5/27/2009	TOTAL EXISTING BUSINESSES:	0
LAST SALE PRICE:	\$104,000	TOTAL/POTENTIAL COMMERCIAL SF:	975
BUILDING ASSESSED VALUE:	\$69,700	OCCUPIED COMMERCIAL SF:	975
LAND ASSESSED VALUE:	\$14,600	VACANT COMMERCIAL SF:	0
TOTAL ASSESSED VALUE:	\$84,300	TOTAL BUILDING SF:	3,026
CURRENT LISTING STATUS:	OFF-MARKET	# STORIES:	2.12
IMPROVEMENT ZONE:	SoWe NEIGHBORHOOD REVITALIZATION AREA; BOS: W. KING/MANOR COMMERCIAL HUB	# REGISTERED RENTAL HOUSING UNITS:	3
		POTENTIAL DEVELOPMENT INCENTIVES:	LERTA; FEDERAL AND/OR STATE HISTORIC PRESERVATION TAX CREDITS
ZONING DISTRICT:	R3 - RESIDENTIAL MEDIUM DENSITY	YEAR BUILT:	1930
HISTORIC DISTRICT NAME:	LANCASTER CITY NATIONAL HISTORIC DISTRICT/HERITAGE CONSERVATION DISTRICT (NRHP, PASHPO #103384)	HISTORICAL USE:	RETAIL STORE (AS OF 1912); NORMAN HUHN PAINTS (1930s- 40s)
NOTES:	CURRENTLY IN USE AS APARTMENT(S)	# OFF-STREET PARKING SPACES:	0

Bankers Briefings, Finance Squad



Building On Strength Plan Funding Matrix

Funding Option	Funding Source	Lead Organization	Local Administration	Mechanism	Target Market	Status	Program Brief	Qualifications	Existing Use	Future Opportunities
Traditional Bank Financing	Private	LCA BS/JMc/TD JV/DB	Banks	Loans, Technical Assistance	Developers	Existing	Loans to private sector enterprises.	Private businesses with individual credit worthiness in line with bank standards	Loans to private sector enterprises.	Explore options for broadened qualifications for local business
Community Reinvestment Act (CRA) Financing	Public (Federal Government)	LCA/CFF JMc/TD/JV	Local Banks	Loans, Tax Credits	Community Housing and Developers	Existing	Percentage of bank lending dedicated to reinvesting in local communities	Low to moderate income housing	Primarily used to fund housing tax credit products in Lancaster.	Potential to expand beyond housing tax credit projects over time
SBA 504 Loan Program	Public (Federal Government)	EDC/LG/EG	Economic Development Company of Lancaster County	Loans	Businesses seeking an enhanced loan structure for fixed assets	Existing	Second position loan at 40% of project value with 50% bank financed in a senior position and 10% equity	Private businesses with flexible needs not fully fundable through traditional financing.	Loans to private sector enterprise determined to be important to the economic health of Lancaster County.	Ongoing partnerships with local banks
SBA 7A Program	Public (Federal Government)	LCA/PS	Banks	Loan Guarantee	Businesses with some limited access to capital.	Existing	85% Guarantee	Same as 504	Same as 504	Learn which institutions prioritize the 7A Program
Community First Fund	Non-Profit Central Pennsylvania Regional Community Development Financial Institution (CDFI)	CFF DB/GJ	Community First Fund	Grants, Loans, Technical Assistance	Investors with limited access to traditional financing	Existing	Manages six loan programs to qualified projects and businesses. Has held New Market Tax Credits Training/Counseling	Various, depending on programs.NMTC (New Market Tax Credits) typically funds projects with a minimum investment of \$5 million.	Loans to businesses and projects not currently eligible for traditional bank financing. Array of tools deployed regionally.	Potential for future allocation of New Markets Tax Credits
New Markets Tax Credits	Public (Federal Government)	CFF DB/GJ	Community First Fund	Federal Income Tax Credit	Investors	Existing/Potential	Income tax credits for qualifying projects inside lower income census tracts.	Private sector development projects that benefit a qualifying census tract.	Have been used to fund projects in Lancaster in the past new allocation forthcoming.	Community First Fund is applying for a future allocation that could be used on qualifying projects in the study area.
ASSETS	Non Profit	ASSETS JK	ASSETS	SBA Microloans, Technical Assistance	Entrepreneurs; B Corps; Social Enterprises	Existing	Credit Building Microloans, Technical Assistance, Advocacy for Social Enterprise	Focus on social enterprise and economically disadvantaged populations	Training Programs; Loans	Emerging CDFI status; growing a loan fund to finance B Corps and Social Enterprises
Lancaster County Community Foundation	Non-Profit (Foundation Funds)	LCCF SB/WG	Lancaster County Community Foundation	Grants	Non-profits	Existing	Grants to local community benefit organizations (CBOs) meeting qualifications that serve Lancaster	Qualifications vary based on the funding source housed within the Foundation.	Funds/grants to organizations contributing to Lancaster's success and well being	Potential to explore impact investment as a way to place funds in local enterprises

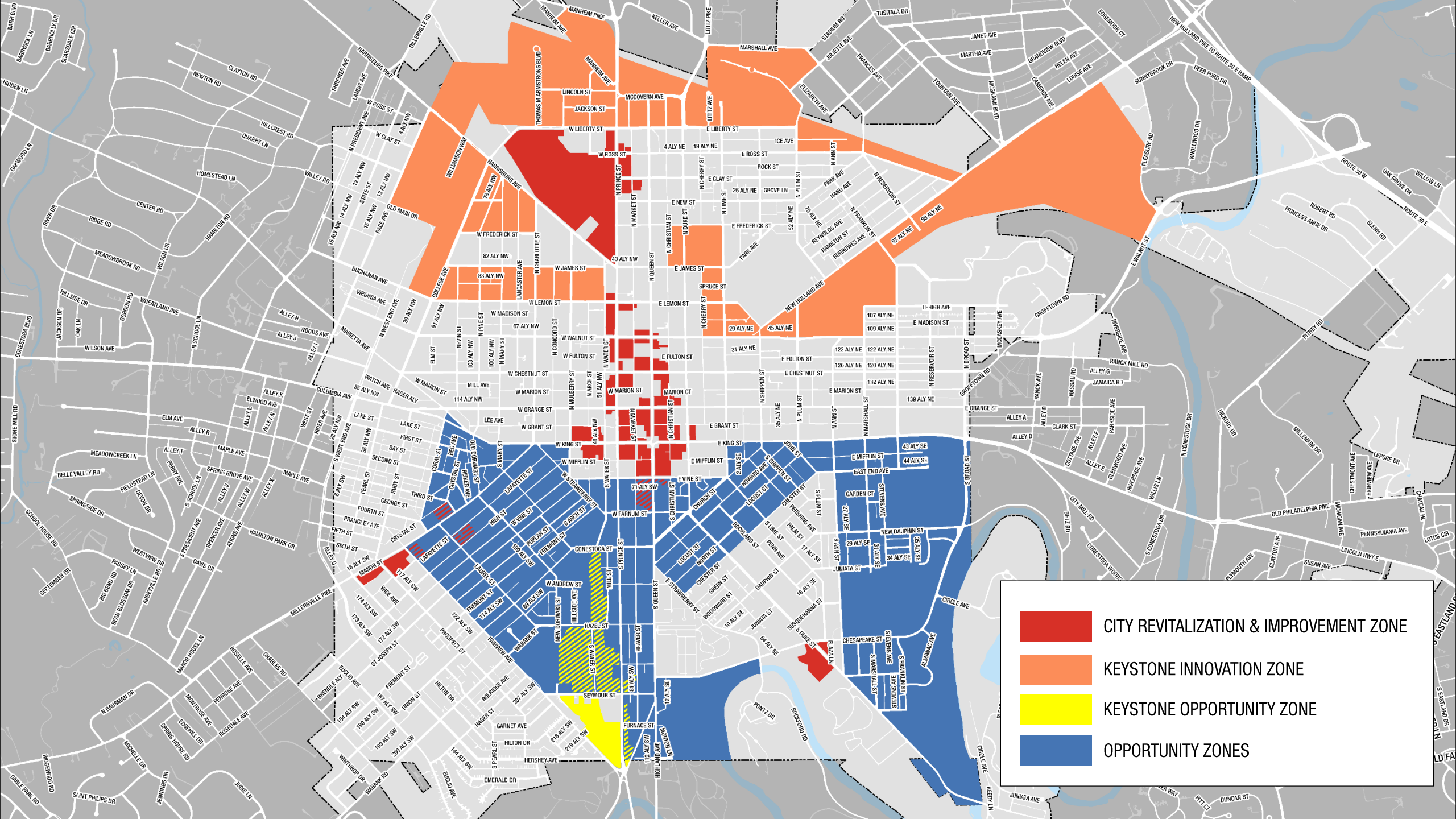
Building On Strength Plan Funding Matrix

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Private Foundations	Private	Steinman/High SZ/RS	Various	Grants, Loans	Non-profits, private sector and governments	Existing	Grants vary depending on foundation goals.	Vary	Vary	Potential partners in a well defined local investment fund. Potential to explore impact investing as well.
Redevelopment Assistance Capital Program (RACP)	Public (Commonwealth of Pennsylvania)	City/RP	City of Lancaster (Economic Development)	Grant	Local Governments	Existing	State grant funds for capital projects in municipalities in PA focusing on acquisition and construction of regional economic, cultural, civic, recreational, and historical improvement projects.	Current focus is on projects that create economic development and job creation	Has been used for major projects throughout Lancaster including Clipper Stadium, the Convention Center, parking decks, the Quilt Museum, and F&M	Potential focus is subject to change under new government administration.
Local Economic Revitalization Tax Assistance Act (LERTA)	Public (Commonwealth of Pennsylvania)	City/RP	City of Lancaster Economic Development	Tax Abatement	Private property	Existing	Tax abatement program for properties within a specified geography in a community.	Project must exist inside the geographic boundary and apply to the City of Lancaster.	Has been used on numerous projects throughout the core of Lancaster.	Potential future projects.
Tax Increment Financing (TIF)	Public (Commonwealth of Pennsylvania)	City RP	City of Lancaster Economic Development	Bond	Public infrastructure	Existing	Captures a portion of incremental investment within a designated geography to fund infrastructure within that geography.	Must be within a designated TIF district limited to 10% of geography of the city.	Currently designated in Lancaster, bonded debt issued for public infrastructure, existing revenue to going toward debt service.	Potential for future use of TIF funds on other projects with permission of taxing jurisdictions.
City Revitalization and Improvement Zones (CRIZ)	Public (Commonwealth of Pennsylvania)	City RP/RD/BS	City of Lancaster CRIZ Authority/ Economic Development Staff	Grant, Loan	Private investment	Existing	Captures selected state revenue increases from a baseline and allocates the increment to qualifying projects.	Project must be inside the CRIZ district, must create new jobs, and cannot transfer from within PA.	Currently several projects are pipelined to receive CRIZ funding with one project underway (Hotel Lancaster)	Potential for future projects that would qualify for CRIZ funding.
Keystone Innovation Zone (KIZ)	Public (Commonwealth of Pennsylvania)	City/LCA RP/MS	City of Lancaster Economic Development/Lancaster City Alliance	Tax Credit	Private Investment	Existing	Provides tax credit allocation for qualifying businesses within the zone boundaries that transfer higher education benefits to the private sector.	Qualifying businesses are limited to technology businesses that grow from intellectual and educational sources.	Zone established in Lancaster.	Potential future businesses may qualify if program is active.



Economic Development and Planning Executive Leadership Team

Economic Development Incentive Program Updates:
CRIZ, Opportunity Zones, KIZ



CITY REVITALIZATION & IMPROVEMENT ZONE

KEYSTONE INNOVATION ZONE

KEYSTONE OPPORTUNITY ZONE

OPPORTUNITY ZONES

City Revitalization & Improvement Zone (“CRIZ”) Updates



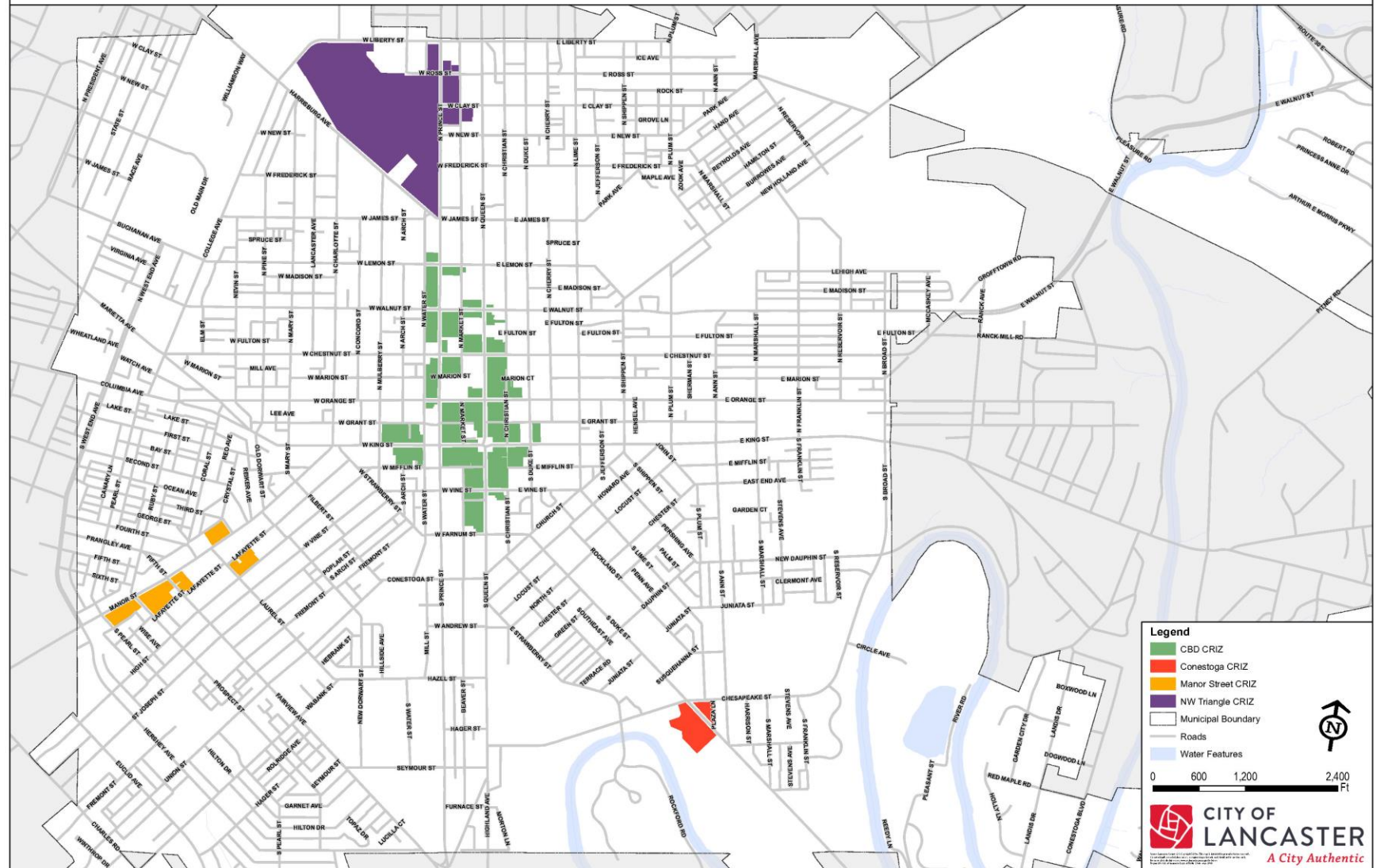
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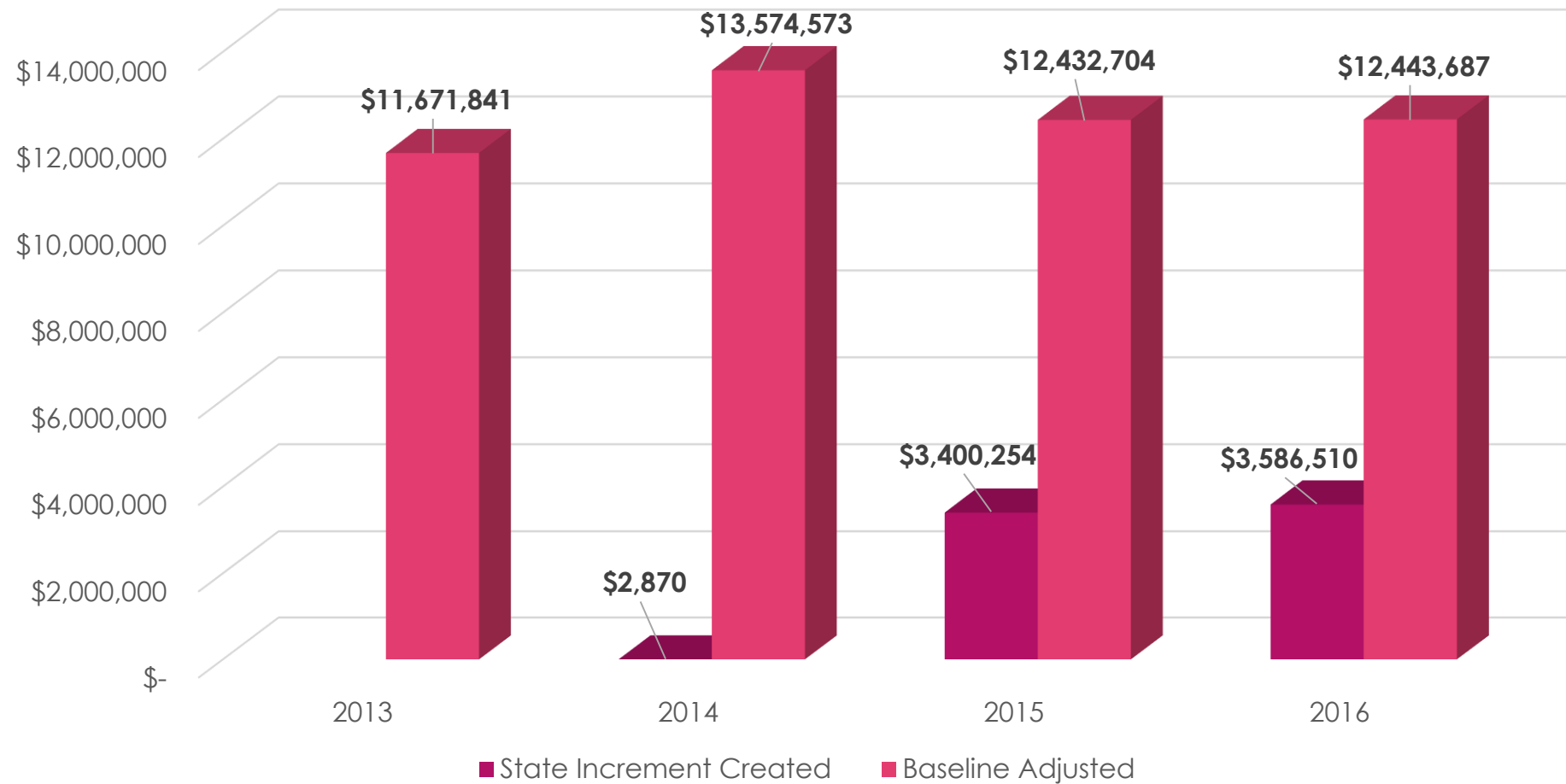
CRIZ in Lancaster

- ▶ Began in 2013 as one of two selected CRIZ Programs
- ▶ Bi-Partisan Leadership on the Board of Directors
- ▶ Board of Directors includes residents, business owners, property owners, nonprofits and local government

CRIZ



Increment Generated



What CRIZ does:

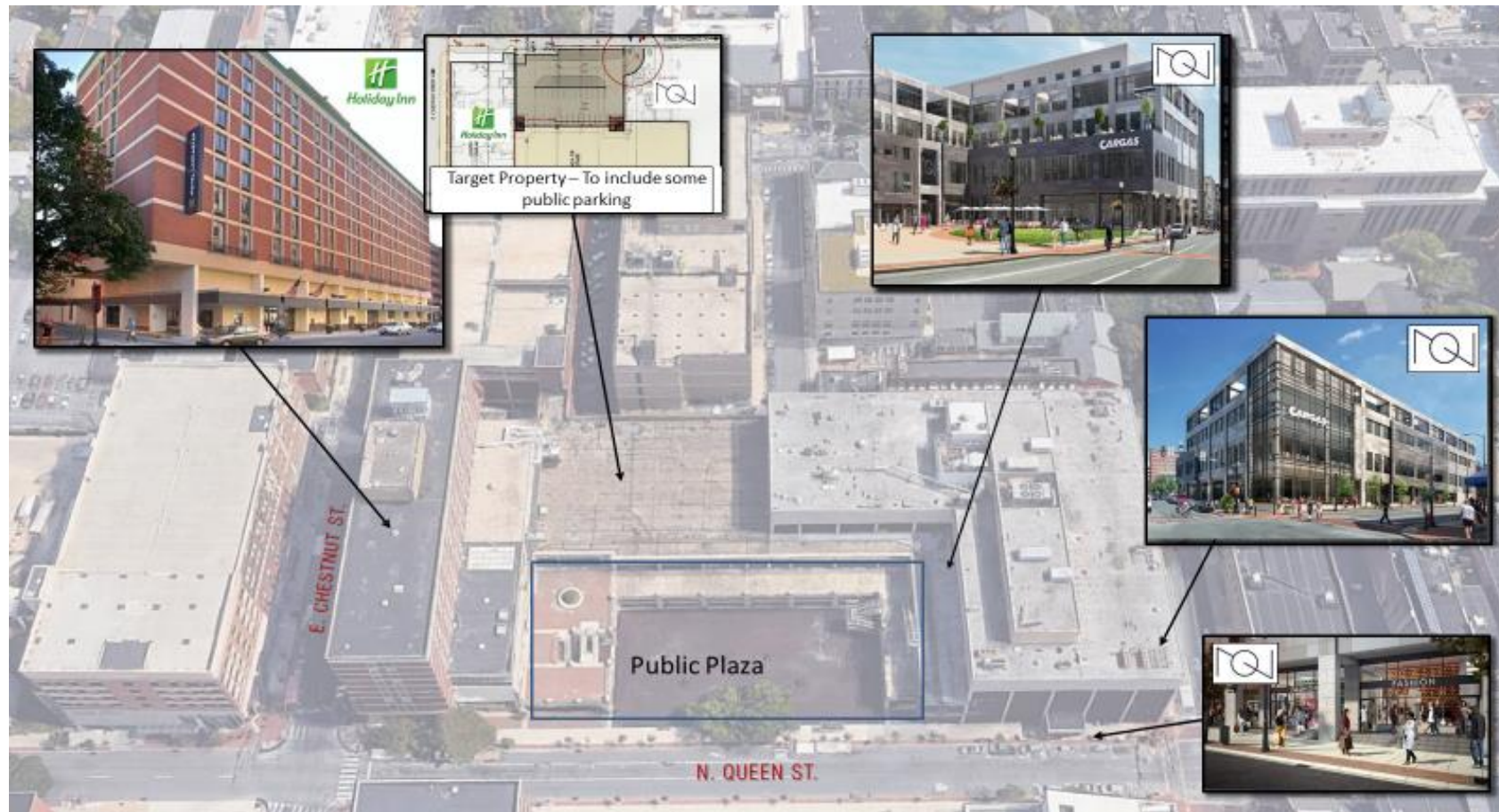
- ▶ **“But for”** – Projects that wouldn’t have happened but for some level of financial assistance
 - ▶ Commercial Banks unwilling to finance the amount required after equity
- ▶ **Accelerates** – Development is able to proceed more quickly as a result of the financial assistance provided
- ▶ **Removes Impediments** – i.e., environmental hazards

CRIZ Principles in Lancaster

Undeveloped Property
Underutilized Property
Long-Standing Vacant property
High Economic Impact



A Catalytic Project with High Economic Impact



“But For” CRIZ

Hotel Lancaster

140,000 sq. ft. facility

221 rooms

5,000 sq. ft. street level commercial space – currently vacant

\$15.8 million renovation

CRIZ Assistance

Annual increment used to pay debt service on \$6 million acquisition loan

Conventional financing and equity providing construction financing – no CRIZ



Removes Impediments

The Bulova Building

220,000 sq. ft. facility

Former Hess's store that closed in mid 1970's

Became a light industrial building with multiple tenants

101 NQ

\$30 million redevelopment project

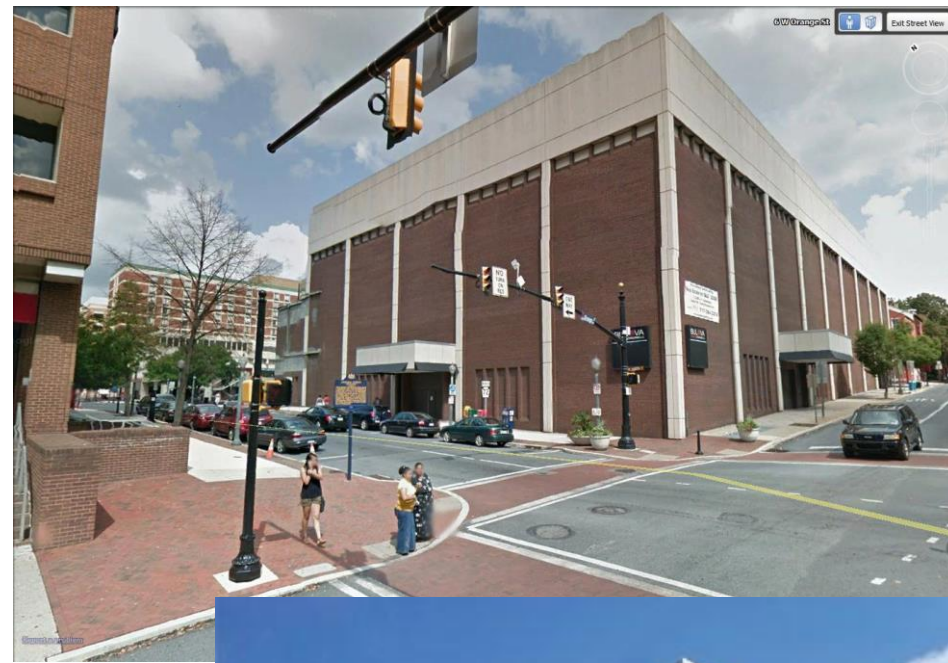
160,000 sq. ft. of retail, commercial and office space, apartments

16 residential units on 4th floor

CRIZ Assistance

\$2.1 million for asbestos removal and limited demolition

Conventional financing and NMTC for development and construction costs



Accelerate

Conestoga Plaza

Former brownfield site

Approx. 27,000 sq. ft. of commercial space

2 major tenants - a grocery store and retail store

3rd building will include two restaurants and two retail spaces

\$7.0 million project

► CRIZ Assistance

► \$3 million dollar grant for acquisition and site improvements

► Conventional financing and NMTC used for construction financing



Small Business Growth

► Max's Diner

- Replacing a restaurant which decided to close
- Challenge was finding financing for a new restaurant despite team experience
- CRIZ Authority approved returning increment to pay part of the debt service on a \$900,000 loan

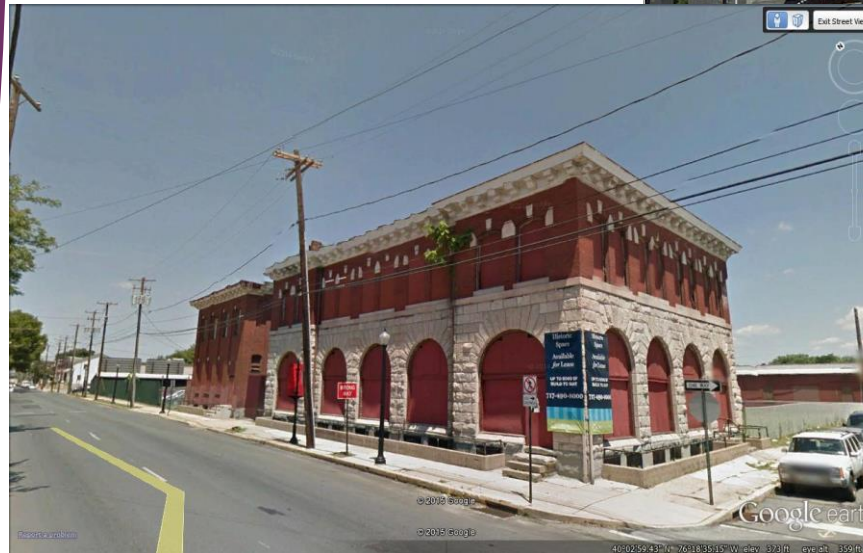
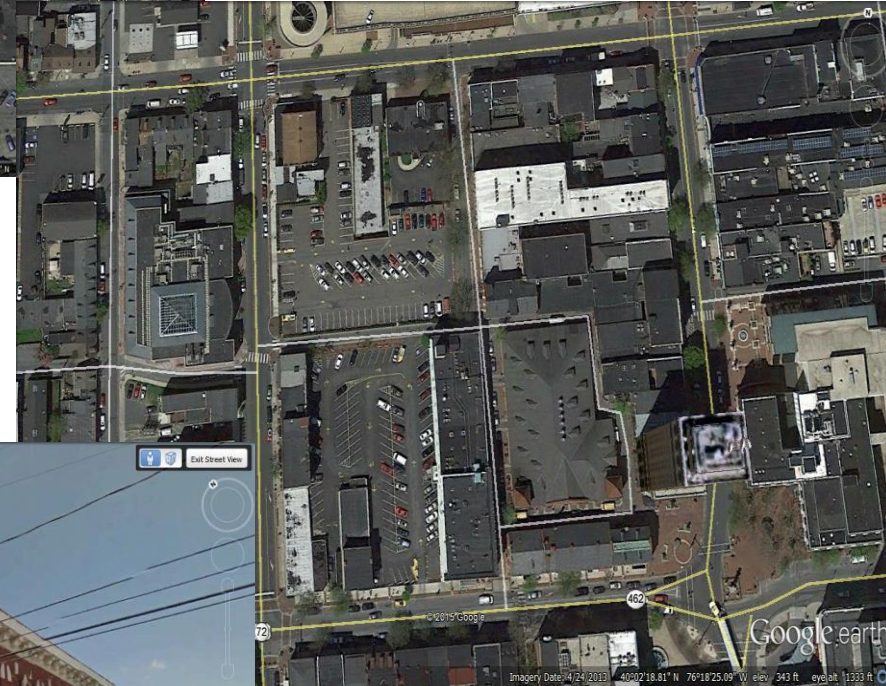
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- CRIZ Authority intends to issue a bond to capitalize a small business loan fund providing loans from \$25,000 to \$100,000
- Provide capital that is not available from conventional financing sources
- To grow and improve existing businesses in the CRIZ and create new small businesses



Other Catalytic Projects

- ▶ Top – 100-200 Blocks of West King Street west of Fulton Theater Project
- ▶ Center – Unit Block of West King Street, underutilized surface parking lot
- ▶ Bottom – Miller Barrel Works property, entire block on a major corridor into the City



Indicators of Success

- ▶ Number identified vacant and underutilized properties becoming active as highest and best use
- ▶ Increase in assessed value of property strengthening the City's tax base
- ▶ Increase in State and Local CRIZ tax revenue generated
- ▶ Increase in earned income tax revenue not just for City but surrounding school districts and municipalities
- ▶ Number of businesses opening or expanding in the City in or near the CRIZ
- ▶ Increase in new job opportunities/reduction in City's unemployment rate
- ▶ Private investment leveraged with CRIZ assistance

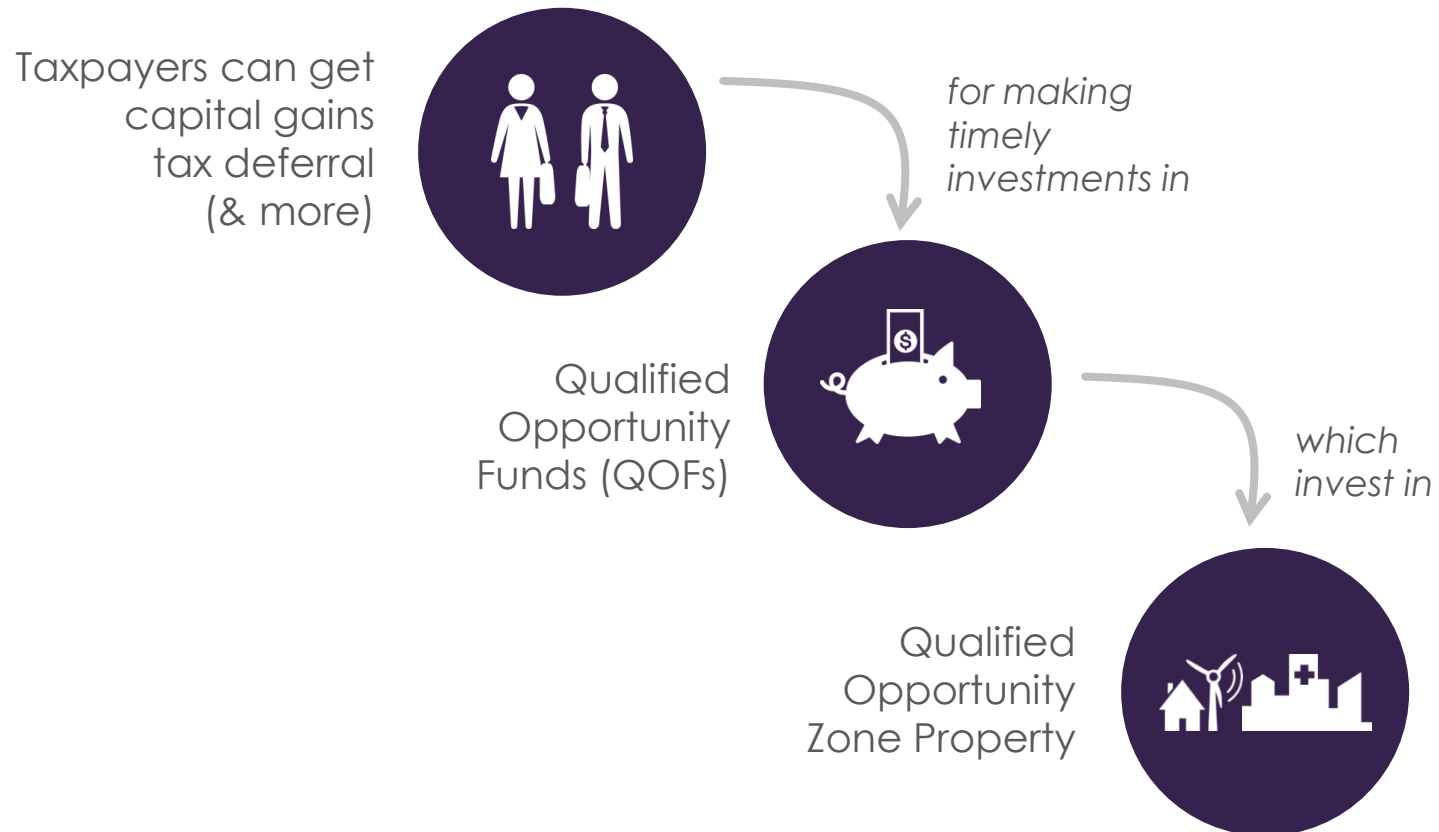
Opportunity Zones (“OZ”) Program Introduction



Randy Patterson | *Director*

Department of Economic Development & Neighborhood Revitalization

Opportunity Zones



Designated Qualified Opportunity Zones, as of 2018.

Census tracts labeled as "Designated Qualified Opportunity Zone" are census tracts that have been nominated and designated as a Qualified Opportunity Zone (QOZ). Data updated from the CDFI Fund as of June 14, 2018. For more information about the Qualified Opportunity Zone program, please see our Data Directory.

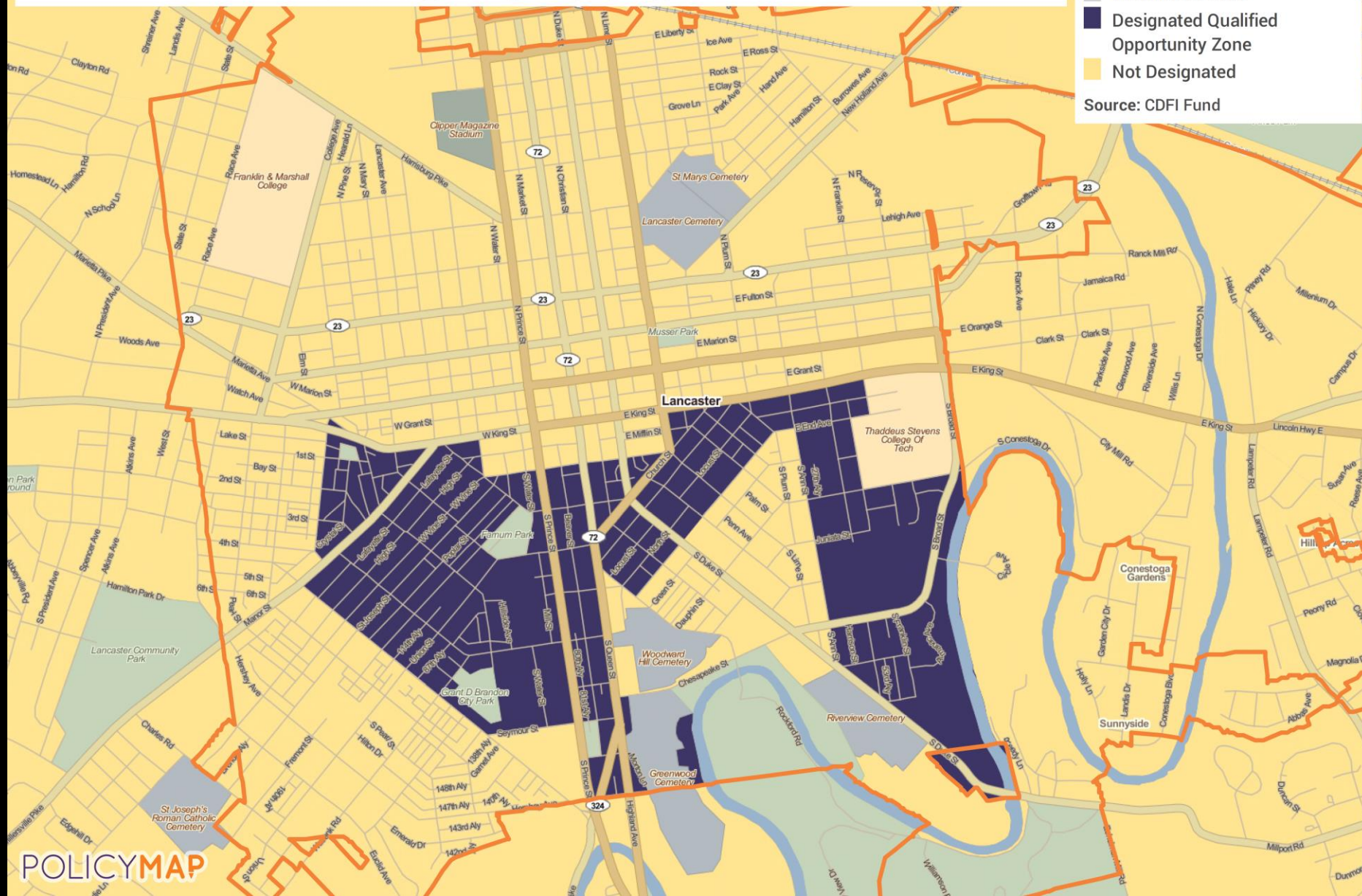
Designated Qualified Opportunity Zone

Year: 2018

Shaded by: Census Tract, 2010

- Insufficient Data
- Designated Qualified Opportunity Zone
- Not Designated

Source: CDFI Fund



Qualified Opportunity Fund (QOF)

- ▶ Statutory Requirements for QOF
 - ▶ Purpose – an investment vehicle organized as a corporation or partnership for the purpose of investing cash proceeds in the Opportunity Zone
 - ▶ Certification
 - ▶ Certification Process has been determined by Treasury to be “Self-Certification”
 - ▶ More details on form of “Self Certification” due in coming months from the Service
 - ▶ Ability to create and invest prior to details on “Self Certification” subject to some risk

Qualified Opportunity Fund

- ▶ Assets Test – QOF must hold 90% of its assets in Opportunity Zone Program
- ▶ Noncompliance Penalty
 - ▶ The QOF can be penalized on a per month basis if it fails to meet the 90% test
 - ▶ The penalty can be waived if the QOF can show the IRS that the reduction in investment was due to a reasonably unexpected cause
 - ▶ The amount of the penalty is determined by the percentage shortfall below 90% multiplied by the federal short term under payment rate plus 3%

Potential Investment Types in Opportunity Zones

- ▶ Construction & Development of Commercial Real Estate in an Opportunity Zone
- ▶ Development & Renovation of Existing Property in an Opportunity Zone
- ▶ The creation of a new business in an Opportunity Zone
- ▶ Expansion of Existing Business in an Opportunity Zone
- ▶ Development of Housing in an Opportunity Zone

Opportunity Zones

- ▶ Guidance on upcoming regulations is expected to be released by the Department of the Treasury in September.
- ▶ They expect these regulations will be relaxed with little reporting requirements. More info is expected to be released in the new year.

Opportunity Zones

- ▶ OZ funds will not work in isolation.
- ▶ “Early research” shows that OZ funds will meet 5 – 30% of capital needed for a project.
- ▶ OZ funds should be paired alongside existing partnerships, tools and incentives (CDFI, CDBG, TIFS, zoning & permits, land banks and imminent domain, etc.)
- ▶ Additionally, investors feel that there is safety in numbers – they recommended coordinating projects close by to each other.

Challenges

- ▶ At year 10, will there be a mass exodus of investors from O-Zones? The 10 year mark is the point at which investors can make the most return on their investment through their program. Its suggested that the State may have a role to play in mitigating this effect.
- ▶ Do we have the infrastructure within Opportunity Zones to actually provide a benefit to those who live there (i.e. workforce development programs)
- ▶ The risk of displacement remains a concern as compared to benefitting those living in the Opportunity Zones. The general is that “gentrification is not the biggest issue, the biggest issue is a starvation of capital and business from Opportunity Zones.”

Challenges

- ▶ Everyone is still working off of incomplete information.
- ▶ However, many are expecting the majority of investments will happen within the first 12 – 18 months of the program's start.
- ▶ The range of stakeholders are all trying to take steps to best prepare and be the first through the door, despite not having all of the information.

Resources

- ▶ Council of Development Finance Agencies
 - ▶ <https://www.cdfa.net/cdfa/cdfaweb.nsf/ord.html?open&tag=Opportunity+Zones>
- ▶ Enterprise Community Partners
 - ▶ <https://www.enterprisecommunity.org/financing-and-development/opportunity-zones-program>
- ▶ Economic Innovation Group
 - ▶ <https://eig.org/opportunityzones>

Keystone Innovation Zone (“KIZ”) Tax Credit Program Refresh



Marshall W. Snively | *President*
Lancaster City Alliance

Keystone Innovation Zone (“KIZ”) Tax Credit Program

Keystone Innovation Zone (KIZ) Tax Credits are used to offset certain liabilities and to accelerate the growth of KIZ companies who:

- ✓ *Have been in operation for less than eight (8) years*
- ✓ *Are located within the boundaries of a KIZ*
- ✓ *Operate within one or more of the targeted industry sectors of a KIZ*
- ✓ *Create/develop unique proprietary technology*

Keystone Innovation Zone (“KIZ”) Tax Credit Program

Terms & Use

A company in the KIZ may claim a tax credit equal to 50 percent of the increase in their gross revenue in the immediately preceding taxable year attributable to activities in the KIZ over the company’s gross revenue attributable to activities in the KIZ in the second preceding taxable year.* A tax credit for a KIZ company shall not exceed \$100,000 annually.

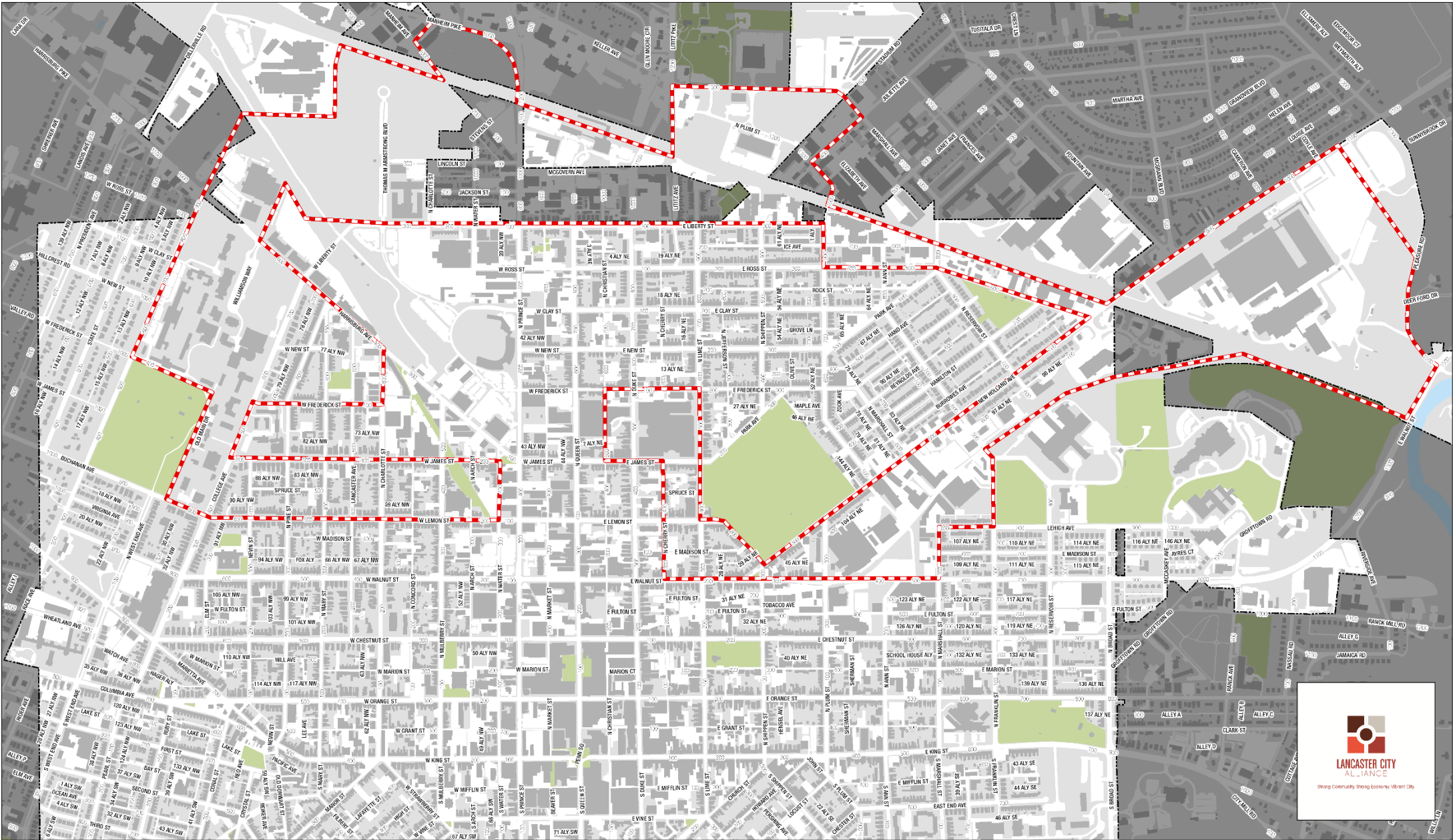
$$(Second\ Year\ Revenue - First\ Year\ Revenue) \times 50\% = Tax\ Credits^*$$

**Please note that other factors may affect the total of tax credits awarded.*

THE CITY OF LANCASTER, PA

KEYSTONE INNOVATION ZONE

KEYSTONE INNOVATION ZONE BOUNDARY



Questions?



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Thank You

