

(plenty of parking, swimming pool, clubhouse and other recreational amenities), it will need to offer amenities and quality spaces. Quality student housing downtown is imperative for the ongoing success of downtown. In Pennsylvania, design review is not allowed unless it is under an incentive based program.

Additionally, consideration should be given to encouraging higher quality of architectural design and incorporation of “green” technologies in downtown for building renovation in addition to new construction. Incentives should also be considered in exchange for façade improvements.

Downtown State College has a varied mix of downtown commercial buildings including Queen Anne era structures, traditional early twentieth century commercial buildings, Art Deco structures, and contemporary buildings from the 1950’s to the present. While attention is often focused on historic buildings for façade improvements, some of the contemporary buildings offer great possibilities for creative façade treatments. Indeed, several successful examples exist already in State College including the Urban Outfitters and the Chipotle and Gingerbread Man on Heister Street. Calder Way offers the potential to be creative with rear facades. Consider a façade improvement program that encourages and/or provides incentives to business and property owners to enhance their facades.

Specific elements of the design guidelines are outlined in Appendix C: Design Guide.

4-G: Create a Housing Trust Fund

Create a Housing Trust Fund to help encourage additional work-force and non-student housing downtown.

Implementation: Borough of State College, Local Housing Organizations

According to the Center for Community Change in Washington, DC, “Housing trust funds are the single most impressive advance in the affordable housing field in the United States in the last several decades.” Nationally, housing trust funds have experienced phenomenal growth

with less than 50 in 1965 to over 600 in existence now. Forty states have communities with housing trust funds and the Commonwealth of Pennsylvania has had trust fund legislation on the books since the early 1990s.

Local housing trust funds follow a similar overall pattern but are extremely flexible in their goals. Some focus exclusively on providing housing to very low-income families while others delve into workforce housing, public private partnerships and even creative financing for market rate developments.

One of the biggest challenges of any Housing Trust Fund is capitalization. Having a dedicated revenue source stabilizes the fund and makes it feasible. A one-time infusion of capital, grants, or donations will not make for a successful Housing Trust Fund. State College should explore the following suggestions for its Housing Trust Fund:

- Use the funds derived from fee-in-lieu payments on multi-family developments to capitalize the fund. Currently developers in State College Borough are allowed to pay a fee in lieu of providing inclusionary housing product in their development. This money could be specifically allocated to the Housing Trust Fund. Another capitalization option would be through a direct allocation through bonding for a housing trust fund.
- Gather technical assistance from the Center for Community Change (<http://housingtrustfundproject.org>) to explore options on creating a housing trust fund for State College.
- Contemplate working on a partnership between the Community Land Trust and the State College Coalition of Neighborhoods.

The Borough is already taking an important step toward implementing a Housing Trust Fund through a proposed Homestead Investment Program. The program would be established through a \$5 million bond issue in the Borough’s 2014-2018 Capital Improvements Program. \$1 million will be dedicated each year from 2014-2018, with income from homes that are resold coming back into the program. As an

added funding option, the Borough would explore the idea of Neighborhood Incentive Districts, where incremental tax value increase would be placed in neighborhood specific funds to complement the bond issue.

A major goal is to recapture single-family homes that have been converted to rentals, purchase and rehab through program funds, and resell as deed-restricted owner-occupied housing. The focus of the initiative initially will be on the Highlands, Holmes-Foster and the College Heights neighborhoods—the neighborhoods immediately adjacent to Downtown State College and Penn State’s Campus.

In the future the Borough could work with a management company to expand the program to rental unit with the same philosophy or reclaiming housing in the Borough to be occupied by non-undergraduates through a rental program.

One important objective for the effort would also be to continue the Borough’s policy of supporting affordable housing. Ten to twenty percent of homes could be coordinated through the State College Community Land Trust to be resold through an affordable housing/income qualifying process or a lease-to-own model.

4-H: Employer-Assisted Housing Program

Explore the creation of an Employer-Assisted Housing Program to provide incentives for employees to live near their place of employment.

Implementation: Borough of State College

Employer assisted housing programs provide incentives for employees to live within designated places near their place of employment. There are many benefits to such a program including reducing dependence on automobiles and the commiserate commute times, pollution, and stress; increasing employees loyalty to the locale where they work; and providing a sustainable program to ensure that housing stays stable and affordable.

These programs take many forms but there are two opposite objectives that drive Employer Assisted Programs. The first is the need to invest in neighborhoods where housing demand is weak, the neighborhood is unstable, and where an influx of stable families committed to home ownership will strengthen the market. The opposite end of the spectrum is to expand affordability in neighborhoods that already are strong. This is most common in areas where housing prices are too high to be attractive as starter homes for families.

The latter approach is most appropriate for State College and many Employer Assisted Housing Programs are partnerships with Universities. The University of Kentucky provides up to a \$15,000 forgivable loan for designated areas in nineteen designated neighborhoods in Lexington. Similar programs exist with the University of Chicago, Yale University, and Syracuse. In each case they are used differently. Yale, for example has a very aggressive assistance program designed to stabilize the neighborhoods of New Haven new the school while others use the fund to ensure affordability.

Other partnerships have worked with local businesses, start-ups, and institutions (such as hospitals) to provide some down payment assistance that is matched by the local government or housing trust fund. The Borough could start small with a program like this by engaging many small start-up businesses or middle-sized employers in the area in addition to trying to develop a partnership with Penn State.

4-I: Co-Working Incubator and Flex Space

Develop co-working entrepreneurial incubator and “flex” space in downtown.

Implementation: Borough of State College, Downtown Improvement District, Entrepreneurial Community, Penn State University, Property Owners, Federal/State/Local Programs Grants Funds, Redevelopment Authority, CBICC

Although the terms are sometimes interchanged, there are some distinct differences between co-working space and incubators. Co-working spaces tend to focus on more long term sustainability for small businesses that wish to share

space in order to write down overhead expenses while creating “synergy” among a variety of business types. The classic incubator model is expressly designed to get a start-up business going with the eventual objective of moving the business out of the incubator space.

Classically, the incubator model would locate in a research or industrial park location and encourage manufacturing, technology, or other focused forms of businesses. More recently incubator spaces are including retail and dining as part of the model with a focus on the creative economy, entrepreneurship, and a wide variety of business types. The trend for co-working and incubator spaces is rapidly growing and downtowns are the new location for these facilities. These incubators take many forms including those developed by purely private entities, non-profits established for the sole purpose of creating the spaces, and public private partnerships. Many of these facilities are developed through a partnership with nearby universities who see the value of investing in their local downtowns while fostering innovation and entrepreneurship. 2012 was a banner year for these facilities with expansions and new openings of incubators and co-working spaces across the country. The following institutions of higher education and their adjacent downtowns have partnered to create downtown spaces for business to grow:

- University of Alabama, Downtown Tuscaloosa, The EDGE <http://www.tuscaloosachamber.com/theedge/>
- University of Louisville, Downtown Louisville, Nucleus <http://nucleusky.com>
- Northwestern University, Downtown Evanston, INVO <http://entrepreneur.northwestern.edu/index.php/directory>
- Bucknell University, Downtown Lewisburg, Bucknell University Entrepreneurs Incubator (BUEI) <http://www.bucknell.edu/BUEI.xml>
- University of Buffalo, Downtown Buffalo, UB Biosciences Incubator <http://www.buffalo.edu/news/releases/2012/12/011.html>

- Arizona State University, The Alexandria Network <http://www.asuventurecatalyst.org/p/content/alexandria-network>

Other co-working, accelerator spaces have developed that do not depend on university partnerships to succeed. Some of these are public private partnerships while others are funded primarily by the private sector:

- Springboard, Baton Rouge, Louisiana <http://springboardbr.com>
- CoCo, Minneapolis, Minnesota <http://cocomsp.com/locations/minneapolis/>
- NEXT, Greenville, South Carolina <http://www.greenvillenext.com>

These examples represent just a few of the case studies of downtown incubators as a key way to link local universities with entrepreneurship in downtowns. Many of these centers are seeing unprecedented success. The community should come together to explore a downtown incubator. The University already has experience with similar projects in downtown Altoona. The project could be positioned so as not to compete with the existing CCIDC program at Innovation Park, could cooperate with New Leaf Initiative, and explore partnerships with the Centre Foundation to pursue these efforts. The Borough alone is not likely to be the lead partner in such an initiative but could play a role alongside Penn State University and other community partners (such as the Centre County Community Foundation). Additionally, these partners should consider joining the National Business Incubation Association (<http://www.nbia.org>) to further explore these options. The organization hosts an annual conference and training institute.

Another facet of incubator, co-working, and accelerator space centers more on the arts using shared studio and gallery space as a way to incubate the creative economy. The philosophy is nearly identical to that of co-working spaces for other industries but focuses instead on the arts. State College should research the work of ArtSpace (www.artspace.org).

artspace.org), which is the largest private developer of shared art space in the United States. Another excellent resource would be to participate in training programs offered by National Arts Strategies (www.artsstrategies.org). This organization provides high-level training at affordable prices with nationally renowned experts on the arts.

Whether it is for the arts or for a mixture of businesses, two sites were frequently mentioned as having potential locations for co-working space. The first was the unused space in the Borough Hall building and the second was the ground floor of Palmerton House. It is important to note that should any of these uses be located in the Borough Hall or Palmerton House, it will be done by partnering with people outside of the Borough and the Palmerton House. The uses would not be a function of the Borough nor the ownership/management of the Palmerton House.

The ultimate goal of incubator, co-working and accelerator uses is that it will create a mechanism to grow business in downtown. With other incubators, businesses that get their start in downtown tend to grow to have dedicated office space in downtown. For State College this will diversify the uses downtown and make for a more vibrant community overall.

4-J: Local Investment Strategy

Explore ways for the local community to invest in business start-ups in State College.

Implementation: *Borough of State College, Downtown Improvement District, Entrepreneurial Community, Penn State University, Property Owners, Federal/State/Local Programs Grants Funds, Redevelopment Authority, CBICC*

While Venture Capital funds have been around for a while and several have invested in businesses in State College, these funds are typically “closed loop” investment funds that involve a relatively small group of focused investors. State College has the opportunity to look at an ‘open loop’ way to encourage entrepreneurship, local investing, and local partnerships in downtown. A well-educated, local oriented population already exists in State College that would

be a prime market for such a system. Some community foundations are exploring new investment options and this may present an opportunity for State College to partner with the Centre Foundation on future efforts. At the national level, the Securities and Exchange Commission is still exploring how the rules of these new investment tools might work but there are several specific opportunities the community should explore:

- Business Alliance for Local Living Economies (BALLE) is a national 501(c) 3 organization that promotes local first, do it yourself entrepreneurs, community capital, and community partnerships to create an eco-system for local investing, shopping, and business. Major national organizations are working as partners with BALLE in this endeavor. Meanwhile, local BALLE chapters all over the country are following the BALLE model with innovative results. www.bealocalist.org
- Crowd-funding is a growing national trend with sites such as Kickstarter www.kickstarter.com offering opportunities for entrepreneurs to raise capital. The return on investment for such sites is minimal. A more advanced model that is exploring everything from company investing to real estate is Fundrise that has been working in the District of Columbia www.fundrise.com State College should explore these models.
- Local Stock Exchanges are being promoted as future opportunities for communities especially after the Jumpstart Our Business Startups Act (JOBS Act) was enacted in April of 2012. The state of Hawaii and Lancaster, Pennsylvania have both pursued Local Stock Exchanges and author, economist, and attorney Michael Shuman has written extensively about the possibilities of local investing in communities. His website www.small-mart.org offers a wealth of information on the concept.

Views of the front (top far right) and rear (bottom far right) facades of Kent Square in Blacksburg, VA.

4-K: Public-Private Partnerships Study

Study public-private partnerships in other communities, particularly College and University communities to explore feasibility for application in State College.

Implementation: *Borough of State College, Penn State University, Local Housing Organizations, Developers, Redevelopment Authority, Property Owners, Hamer Center*

State College should explore how public, private, university partnership organizations have developed to address development issues in a community. One of the more successful formal organizations using this structure is the Blacksburg Partnership (<http://stepintoblacksburg.org>). Formed thirteen years ago, the Blacksburg Partnership is a tri-part organization with representatives of the Town, the University, and the business community of Blacksburg. Their chief objectives are to serve as an economic development partner for all organizations, an ombudsman between the development community and the Town, and a promotional organization to tout the quality of life aspects of living, working, and locating a business in Blacksburg. The Downtown Blacksburg Incorporated organization plays a partnership role with the Blacksburg Partnership on many issues. Continued dialogue should occur to explore a similar organization that would unite the same partners in State College.

Regardless of the outcome; public, university, and private partnerships will be particularly important when trying to encourage non-student housing, hotel development and to accommodate structured parking. Some project examples include:

Blacksburg, Virginia: Blacksburg has completed two mixed-use projects and is in the process of a third development in downtown. The first, Kent Square is a mixed-use development where the Town participated in the construction of a 350 space parking deck wrapped by development. The ground and second floors offer 80,000 square feet of office space and the third and fourth floors are condos primarily leased to students but also to residents

and game day visitors. A private developer completed Clay Court across the street with 52 residential units primarily marketed to game day visitors and permanent residents with 9,000 square feet of retail on the ground floor. A third project is underway that will offer a similar mix of residential though it will be exclusively designed and marketed as high end condo residences and not configured for students (the bedroom configurations are more conventional to permanent residents). This project will also have ground floor retail use.

Kent Square:

<http://www.kentsquarecondos.com>

West Lafayette, Indiana: Wabash Landing in West Lafayette, Indiana is a mixed use development that includes 300,000 square feet of retail space, 92 units of residential



(largely student occupied), a 9 screen theatre, and a Hilton Garden Inn hotel. The City of West Lafayette implemented a Tax Increment District to fund the public parking garage to support the project. The project won the Indiana Planning Association: Outstanding Project Award (2002), the Indiana Land Use Consortium: Models of Success Award (2002), and the National League of Cities: James G. Howland Gold Award (2004).

Links:

Apartments

http://property.onesite.realtor.com/templates/template_concept04_sheehan/default.asp?w=wabashlanding&siteid=1486605

Shopping

<http://www.wabashlanding.net>

Hotel

<http://hiltongardeninn3.hilton.com/en/hotels/indiana/hilton-garden-inn-west-lafayette-wabash-landing-LAFWLG1/index.html>

Newark, New Jersey: The New Jersey Institute of Technology has partnered with the City of Newark, the James Street Historic District Association, and St. Michaels Medical center on the redevelopment of land into an \$80 million student housing project that will co-house honors college students with fraternities in a village atmosphere. The project is now under construction and is a major pillar in Newark's downtown redevelopment initiatives.

Article Link:

http://www.nj.com/news/index.ssf/2012/05/njit_breaks_ground_on_housing.html

College Park, Maryland: The University of Maryland, City of College Park and a private developer partnered to develop The Varsity, a 5-story, 258-unit, 900-bed student living development in College Park, MD. The project also includes a 20,100 sq. ft. of ground-level retail to serve the residents. The project serves as a catalyst for revitalization of the Route 1 corridor in College Park. The three partners coordinated to



Left: The Varsity at University of Maryland, College Park, MD.

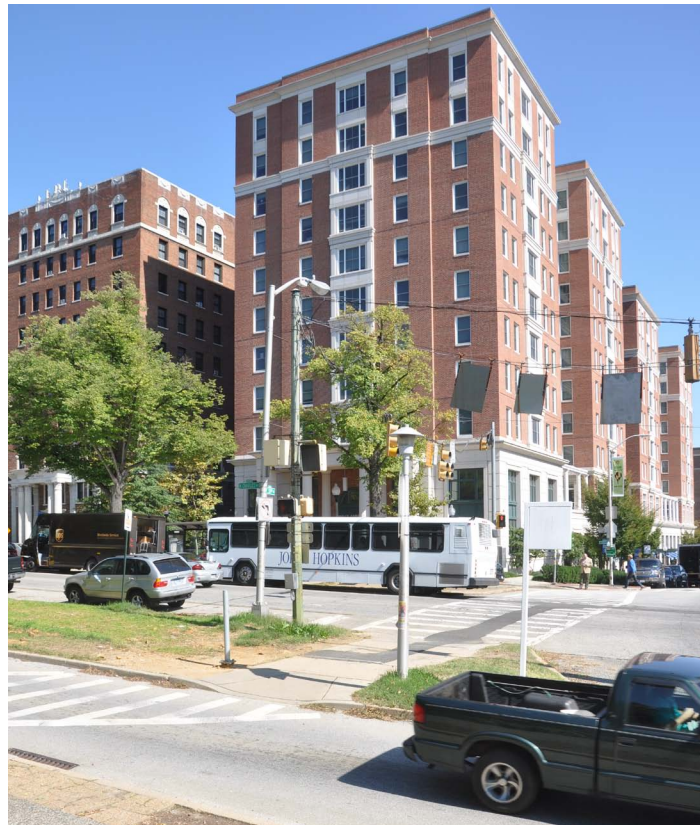
address a complex set of challenges to achieve the project. The project has received numerous awards including Best Place to Live by the National Association of Home Builders and the 2012 Multifamily Pillars of the Industry award.

Link:

www.campussuites.com/communities/the-varsity-at-college-park/

Baltimore, Maryland: Johns Hopkins University and a private developer developed Charles Commons adjacent to its North Baltimore campus. Charles Commons is a residential, dining and retail complex in Charles Village. Opened in 2006, the complex provides suite-style housing for 618 undergraduate students in two towers (10 and 12 stories) connected by a bridge. The project also includes 25,000 SF of living-learning and academic support spaces, a 24,000 SF dining and conference commons, a 23,000 SF Barnes & Noble bookstore, and an additional 3,000 SF of retail space for a Hopkins related credit union. The Charles Commons project has served as a catalyst for revitalization of the Charles Village commercial district. Charles Commons was named the 2007 Student Housing Project of the Year by "Multi-Family Executive Magazine."

Top and bottom right: Charles Commons, adjacent to Johns Hopkins University, in Baltimore, MD.



Link:

<http://www.multifamilyexecutive.com/architecture/charles-commonsjohns-hopkins-university.aspx>

University Research Foundations: University Research Foundations are playing a critical role in the development of mixed-use in college and university towns. Several are worth exploring and comparing to the Penn State Research Foundation www.research.psu.edu/patents/penn-state-research-foundation and include the Purdue Research Foundation www.prf.org and the Virginia Tech Foundation www.vtf.vt.edu to name a few.

Public/private partnerships work best when partner organizations are regularly involved with each other on efforts such as these. The Borough and its partners such as Penn State, the Board of the Downtown Improvement District and RDA should meet regularly, such as an annual “summit”, to discuss the recommendations of this report and determine their roles and capacities towards implementation. Additionally, the DSC might consider exploring the successful model of the National Historic Trust’s Main Street Program to explore application to the DSC and its potential role beyond “clean and green” programs and downtown events.

4-L: Evaluation of Centre Region and Penn State Growth Trends

Regularly evaluate the impact of growth trends in the Centre Region on the downtown housing, retail and office markets and evaluate the impact on the implementation of the marketing and redevelopment strategies for downtown.

Implementation: Borough of State College, Penn State University

State College Borough and Penn State should work with the Centre Region Council of Governments regularly to evaluate the impact of growth trends in the Centre Region and at Penn State on the downtown housing, retail and office markets and evaluate the implementation of marketing/redevelopment strategies in concert with those trends. The market of the region is dynamic with many jurisdictions pursuing their

own initiatives. Downtown plays an important role in the region and will most certainly be affected by regional market dynamics.

4-M: Funding Options

The Borough and all of its partners should explore additional funding options for downtown improvements.

Implementation: Borough of State College, Penn State University, Federal/State/Local Programs, Grants, Funds

The Borough has an excellent track record of creatively using funding to execute projects throughout the community and in downtown including Community Development Block Grants, Enterprise funding, Highway Aid, and the McKinney-Vento Homelessness Act funding.

The Borough and its partners should continue to explore creative funding options for improvements in downtown including the following tools:

- Local Economic Revitalization Tax Assistance (LERTA) – This program is a tax abatement program up to 10 years for eligible projects in Pennsylvania communities. The abatement occurs on improvements made to the property. Many Pennsylvania communities run the LERTA program through their local Redevelopment Authorities.
- Ben Franklin Technology Development Authority – The Authority was created in 2001 to build capacity for Pennsylvania entrepreneurs and companies. The organization works on several creative projects including Keystone Innovation Zones (already used at Innovation Park) and a Venture Investment Program. Keystone Innovations Zones are already in place in the area and there is no reason why downtown might not be an addition Keystone Innovation Zone. Eligible business types in Keystone Innovation zones receive tax credits.
- Marketing to Attract Tourists – Pennsylvania has acknowledged a need to develop assets to help increase visitor length of stays. The Marketing to Attract Tourists

Program provides direct grants to “support and develop heritage assets, enhance outdoor recreation and support the growth or development of various events.” The grants can fund a variety of projects including bricks and mortar development as well as deployment of a marketing strategy. The Downtown Improvement District could use the branding to apply for this grant to deploy the recommendations in this report.

- Transit Revitalization Investment District (TRID) and Tax Increment Financing (TIF) – Both of these programs are available in Pennsylvania as a way to capture the investment made in particular areas and use it directly to pay for public improvements in the district where the TRID or TIF is established. While the TRID program was originally written with a nod toward urban Philadelphia, the criteria may be applicable to State College because of its extensive transit program. Tax Increment Financing can capture additional revenue from a project in a district and allocate that revenue toward public improvements in the TIF district. Both of these programs should be explored in greater detail.

These funding options represent just a sample of the tools available in Pennsylvania. The Borough, Downtown State College, and the Redevelopment Authority should explore all funding options. The best clearinghouse for funding options is the state itself through the Department of Community and Economic Development. Their search page <http://www.newpa.com/find-and-apply-for-funding/funding-and-program-finder> provides an excellent jumping off point for exploring funding options.

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