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## **The Vermont Legislative Research Shop**

### **Rural Downtown Redevelopment**

Vacant and abandoned properties present both a problem and an opportunity for many central cities. These properties impose economic and social costs on local areas and neighborhoods by reducing property values, creating blight, and becoming targets for vandalism and criminal activity. Yet they also hold out tremendous opportunities for the development of new housing, businesses, and public amenities in these cities.<sup>1</sup>

### **State Downtown Renewal Programs and Legislation**

**New York:** The Division of Housing Founded in 1939 within New York's Department of State, and the phrase Community Renewal was added in 1960. The division started in 1960 providing grants and technical assistance to communities participating in urban renewal programs. Currently the Division provides funding for 230 non-profit community-based housing corporations. These corporations, known as "Preservation Corporations," work towards community rehabilitation and renewal and main street development, among other activities.<sup>2</sup>

These Preservation Corporations come in two kinds, Neighborhood Preservation Companies and Rural Preservation Companies. These companies each work within specific geographic areas and make a direct impact on the quality of life in remote rural communities as well as inner cities. They provide services such as the development and rehabilitating of housing.<sup>3</sup>

The New York Main Street Program is a new program funded by the Division of Housing and Community Renewal and the Housing Trust Fund Corporation. The purpose of this program is to "provide financial/technical resources to help communities with their efforts to preserve and revitalize mixed-use (commercial/civic and residential) main street/downtown business

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<sup>1</sup> Leigh, Nancy Green, "The State Role in Urban Land Redevelopment," Georgia Institute of Technology, April 2003. <http://www.brook.edu/dybdocroot/es/urban/publications/leighvacant.pdf>,

Web site visited 4/07/05

<sup>2</sup> New York State, Division of Housing and Community Renewal, "About DCHR", <http://www.dhcr.state.ny.us/general/about.htm> Last Updated 7/08/02

Web site visited 4/05/05

<sup>3</sup> New York State, Division of Housing and Community Renewal, "Community Based Housing Organizations", [http://www.dhcr.state.ny.us/ocd/apps/profiles/profile\\_CSBcnty.asp](http://www.dhcr.state.ny.us/ocd/apps/profiles/profile_CSBcnty.asp)

Web site visited 4/05/05

districts.” The program provides grants for Non-Profit entities that will use the money in a concentrated area that has neglected, substandard, or abandoned buildings. The money allocated goes for a variety of areas from façade development, building renovation, and streetscape enhancement. The program has an estimated 10 million available in funds for the 2005 year.<sup>4</sup>

**Georgia:** The purpose of the Downtown Development Revolving Loan Fund (DD RLF) is to assist cities and counties in implementing quality downtown development projects. Funds were authorized to be used for the DD RLF by the Georgia General Assembly beginning in the year 2000. The Georgia Department of Community Affairs (DCA) administers the DD RLF and makes loans to eligible applicants. The DCA reviews all loan requests and sets terms for each approved loan application depending on each specific case. The loan limit is \$250,000 per project. Eligible applicants must have an existing downtown commercial area that generally has one or more of the following characteristics:

- A significant number of commercial structures that are at least fifty years old;
- Empty storefronts or documentation of an immediate threat to a downtown's commercial viability;
- A market analysis identifying the businesses/activities which can be supported in the downtown area and a plan for attracting or retaining such businesses/activities;
- A downtown master plan designed to guide public or private investment;
- Commitments for private/public funding to support downtown development activities from banks, downtown development authorities, local businesses, other government agencies enhancing, directly or indirectly the activity(s) to be financed with DCA's loan.

Applicants must demonstrate that they have a viable downtown development project and clearly identify the proposed uses of the loan proceeds.<sup>5</sup>

**Oklahoma:** A bill has passed in the House of the Oklahoma legislature that would give tax credits to officials who renovate commercial, income-producing historic buildings. The bill would provide a tax credit of 20 percent of the cost of renovating a structure listed on the federal National Register of historic building and a tax credit equal to 10 percent of the cost of renovating old buildings not on the registry. If the bill passes many renovation efforts across Oklahoma could receive significant financial help. According to Denise Alexander the program officer for the Southwest Office of the National Trust for Historic Preservation, “24 other states have adopted similar programs with significant success.”<sup>6</sup>

**Pennsylvania:** Pennsylvania’s Land Recycling Program has made great strides in transforming abandon sites into economic resources. This program was established through three acts: the Land Recycling and Environmental Remediation Standards Act (Act 2 of 1995), the Economic Development Agency, Fiduciary and Lender Environmental Liability Protection Act (Act 3 of

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<sup>4</sup> New York State, Division of Housing and Community Renewal, “Notices of Funding Available” <http://www.dhcr.state.ny.us/ocd/nofas/nofa10.htm> Last updated 2/09/05

Web site visited 4/05/05

<sup>5</sup> Georgia Department of Community Affairs, “Downtown Development Revolving Loan Fund,” 2000. <http://www.dca.state.ga.us/economic/ddrlf2.html> Web site visited: 04/05/05.

<sup>6</sup> Central Oklahoma Business, “Redevelopment Tax Credits Pass House,” March 21, 2005. [http://www.okcbusiness.com/news/news\\_view.asp?newsid=5278](http://www.okcbusiness.com/news/news_view.asp?newsid=5278) Web site visited: 04/07/05

1995), and the Industrial Sites Assessment Act (Act 4 of 1995). Since the establishment of this program 1,350 cleanups have been approved. These initiatives have created or retained 30,000 jobs. Funding for the remediation of these previously abandoned or idle properties has been generated through grants and loans amounting to \$56.5 million provided by the Industrial Sites Reuse Program.<sup>7</sup>

In Philadelphia the Neighborhood Transformation Initiative (NTI), a program begun by Mayor John F. Street in 2002, is a five-year, \$295 million plan to revive distressed communities in the city. When completed, the effort will have demolished 14,000 vacant buildings, rehabilitated 4,500 distressed homes, and constructed 2,000 new housing units. The city will assist community development corporations in acquiring vacant properties and potentially provide development financing as well.<sup>8</sup>

**New Jersey:** The New Jersey State Planning Commission considers just 12.5 percent of the state's metropolitan areas undeveloped and unprotected. For that reason, the New Jersey State Development and Redevelopment Plan allocates state and local resources either to protect undeveloped and unprotected land as open space or to redevelop vacant lots within urban areas. The state has adopted planning goals and created the New Jersey Redevelopment Authority. "Among other powers, this authority has the ability to offer financing to redevelopment projects at low and no interest rates. Overall, Smart Growth under the New Jersey plan could save New Jersey taxpayers as much as \$2.3 billion on roadway construction and water and sewer upgrades over the next 20 years."<sup>9</sup>

### **Downtown Renewal Strategies**

The Main Street Model is a commercial revitalization strategy developed by the National Trust for Historic Preservation in the 1970s. The model focuses a four-point approach ranging from design improvement, image enhancement, economic development, and organization. Close to 1,600 communities cities have used the model to revitalize business districts. The Main Street Model is an incremental system, meant to bring long-term impacts involving every aspect of a downtown area.<sup>10</sup> Some quotes from supporters follow:

"Support for a revitalized Conway was more than an economic issue, it was about saving the heart of a town and preserving its character." -*Edwin 'Chip' Brown, city councilman, Conway, South Carolina*

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<sup>7</sup> Kathleen A. McGinty, Pennsylvania Department of Environmental Protection, "Pennsylvania's Land Recycling Program" June 25, 2003 <http://www.dep.state.pa.us/dep/mcginty/remarks/McGintyLRTestimony062503.htm>  
Web site visited 4/12/05

<sup>8</sup> Leigh, Nancy Green, "The State Role in Urban Land Redevelopment," Georgia Institute of Technology, April 2003. <http://www.brook.edu/dybdocroot/es/urban/publications/leighvacant.pdf>  
Web site visited 4/7/05.

<sup>9</sup> Leigh, Nancy Green, "The State Role in Urban Land Redevelopment," Georgia Institute of Technology, April 2003. <http://www.brook.edu/dybdocroot/es/urban/publications/leighvacant.pdf>  
Web site visited 4/07/05.

<sup>10</sup> Karl F. Seidman, "Revitalizing Commerce for American Cities", Fannie Mae Foundation, <http://content.knowledgeplex.org/kp2/cache/documents/49663.pdf> Web site visited 4/12/05

"For the longest time, we all waited for a white knight to ride into town and fix the problem. But the Main Street people made us realize that the only way to get it done right was to do it ourselves." -*Russell Thomas, mayor, Americus, Georgia*<sup>11</sup>

2005 National Main Streets Conference takes place from May 8 to May 11<sup>th</sup> in Baltimore and is a conference aimed at educating people about preservation based commercial district revitalization in the country. This year's theme is Cool Cities: Old Buildings, New Attitudes focuses on strategies communities have used successfully to bring new vitality and people to traditional commercial districts. 1500 people are expected to attend a variety of 70 educational sessions, with attendees ranging from directors of revitalization organizations, economic development specialists, and city planners. The conference is run by the National Trust for Historic Preservation, and information can be found regarding the conference at the National Trust for Historic Preservation Main Street website at <http://conferences.mainstreet.org/overview/theme.shtm>.<sup>12</sup>

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Compiled at the request of Representative Scott Orr by Richard Hodges, Daniel Wander, and Micah Rabin under the supervision of Professor Anthony Gierzynski on April 14, 2005.

Disclaimer:

This report has been prepared by undergraduate students at the University of Vermont under the supervision of Professor Anthony Gierzynski. The material contained in the report does not reflect the official policy of the University of Vermont.

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<sup>11</sup> National Trust For Historic Preservation, "Quotes and Testimonials" 2004  
<http://mainstreet.org/content.aspx?page=302&section=3>, web site visited 4/12/05

<sup>12</sup> KnowledgePlex, "2005 Main Streets Conference"  
<http://www.knowledgeplex.org/event.html?id=80650> Web site visited 4/12/05