ALTOONA
Housing Strategy and Downtown Investment Plan

Presentation to Altoona City Council • April 9, 2014

Fourth River Development ▪ Pfaffmann + Associates ▪ Fourth Economy

Getting Ahead of the Curve

"The Altoona Housing Implementation Plan is a very important part of the City's Act 47 Recovery Plan. It will play a significant role in attracting new businesses to Altoona's downtown, which will aid in its revitalization. I find it invigorating to have this opportunity to realistically dream about a positive future for the City of Altoona

Dr. Lori J. Bechtel-Wherry, Chancellor and Dean, Penn State Altoona.

Getting Ahead of the Curve

"Downtown Altoona will be a beautiful vibrant and inviting destination of choice for those who want to live, work, play, learn and grow in this Central Pennsylvania city"

From GAEDEC Vision Statement

Housing Strategy & Downtown Investment Plan

Introductions (Lee)

Framing the Project (Steve)

Market Opportunities (Steve)

Project Focus Areas & Urban Design (Rob)

Project Financing Strategies (Tom)

Getting Ahead of the Curve: Next Steps (Pat)

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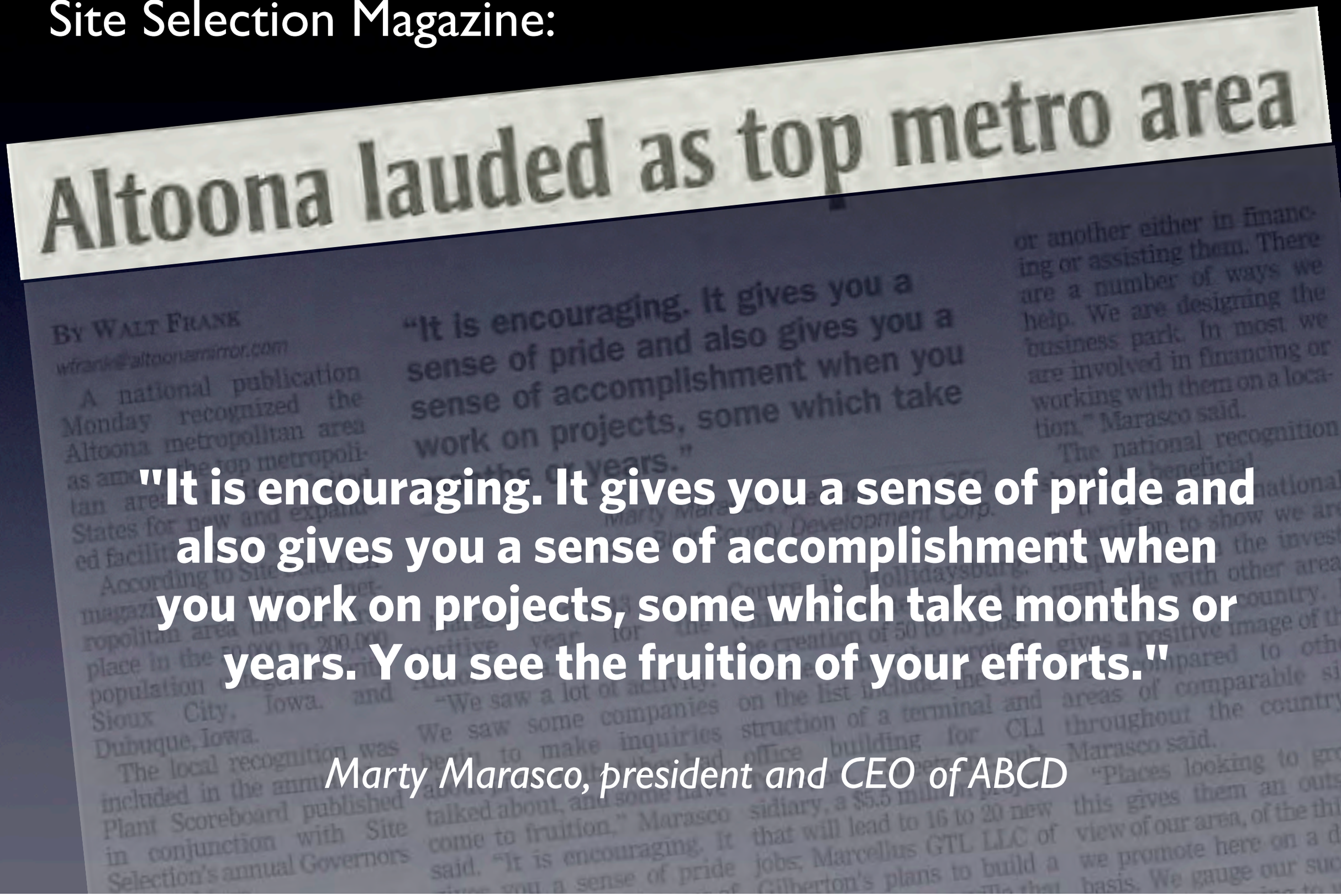
Project Vision

Improve the economic health of the region by revitalizing its core by:

- **Increasing downtown residential capacity**
- **Rehabilitating existing historic buildings & underdeveloped land**
- **Coordinating new transportation & parking approaches**

Leverage Success Stories to improve Downtown

Site Selection Magazine:


Altoona lauded as top metro area

By Walt Frank

"It is encouraging. It gives you a sense of pride and also gives you a sense of accomplishment when you work on projects, some which take months or years."

"It is encouraging. It gives you a sense of pride and also gives you a sense of accomplishment when you work on projects, some which take months or years. You see the fruition of your efforts."

Marty Marasco, president and CEO of ABCD

Housing Strategy and Downtown Investment Plan Project Team

Fourth River Development, Finance & Development Strategies

Fourth Economy, Economic Planning

Pfaffmann + Associates, Architects & Planners

Judy Coutts, Altoona Architect, Local Resource

LRK Architects, New Housing Strategies

LaQuatra Bonci, Landscape Urban Design

RDC Construction, Cost Estimating

FOURTH RIVER DEVELOPMENT

FOURTH economy

PFAFFMANN + ASSOCIATES

A leader in revitalizing Pennsylvania's Cities

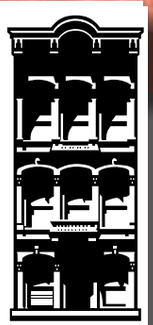
FOURTH RIVER DEVELOPMENT

- Summerset at Frick Park
- Columbus Square
- Washington's Landing
- Union Square, Erie
- Mercantile Building, Erie

Innovative Planning & Design for the "New Economy"

Old Buildings in the New Economy

Rehabilitation for Renewed Reuse



PFAFFMANN + ASSOCIATES

We are here

Sept	Oct.	Nov.	Dec.	Jan.	Feb.	April
Information Gathering (2-3 Weeks)	Kick Off Workshop (2-3 Days)	Visioning Workshop (2-3 Days)				
Sept 18	October 14-16	Nov 19-21	Dec 18th	Case Study Refinement		
Work Plan Approval	Strategic Planning Committee	Strategic Planning Committee	Strategic Planning Committee		Strategic Planning Committee	

Final Comments & Report

Development Toolkit (Finance & Incentives)

CITY COUNCIL April 9

Workplan

Fourth River Development • Pfaffmann + Associates • Fourth Economy

Framing the Project

- Economic development priority
- **Tool** (Interactive) vs. **Report** (Static)
- Housing types new to the Altoona market
- Phased/coordinated project approach
- Understand the economic impact
- Expect a financing "GAP"
- **There is a Market!**

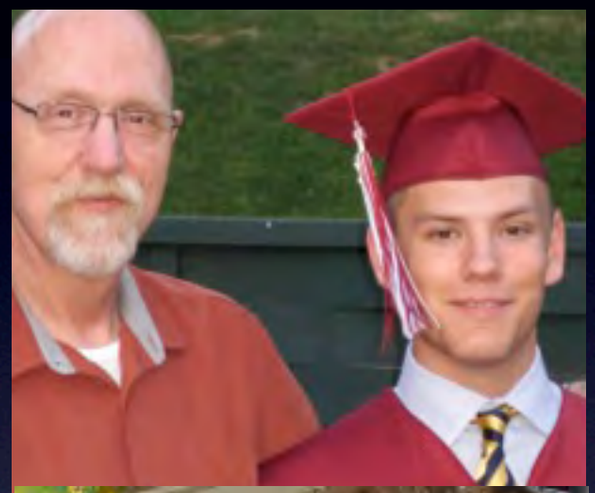
Stakeholder Interviews

People want to live in downtown Altoona
Evidenced by people we met with and what we learned

We heard and gained input from:

- **Landowners**
- **Building Developers**
- **Small Business Owners**
- **Housing Advocates**
- **Faith Based Organizations**
- **Businesses**
- **Banking**
- **Real Estate**
- **Institutions (Eds & Meds)**

This Strategy is focused on Downtown Altoona's Next Generation of Residents



"Reuse of existing buildings and new infill is perfect for people who want to live close to their work, who enjoy walking and biking, who don't want to have to rely on a car to get around."

"LaJo's and Little Italy are right around the corner. My project is for people who appreciate wide moldings, high ceilings, and huge windows."

Judy Coutts, AIA Developer of 818 12th St

An opportunity for Downtown Altoona's Next Generation of Doers

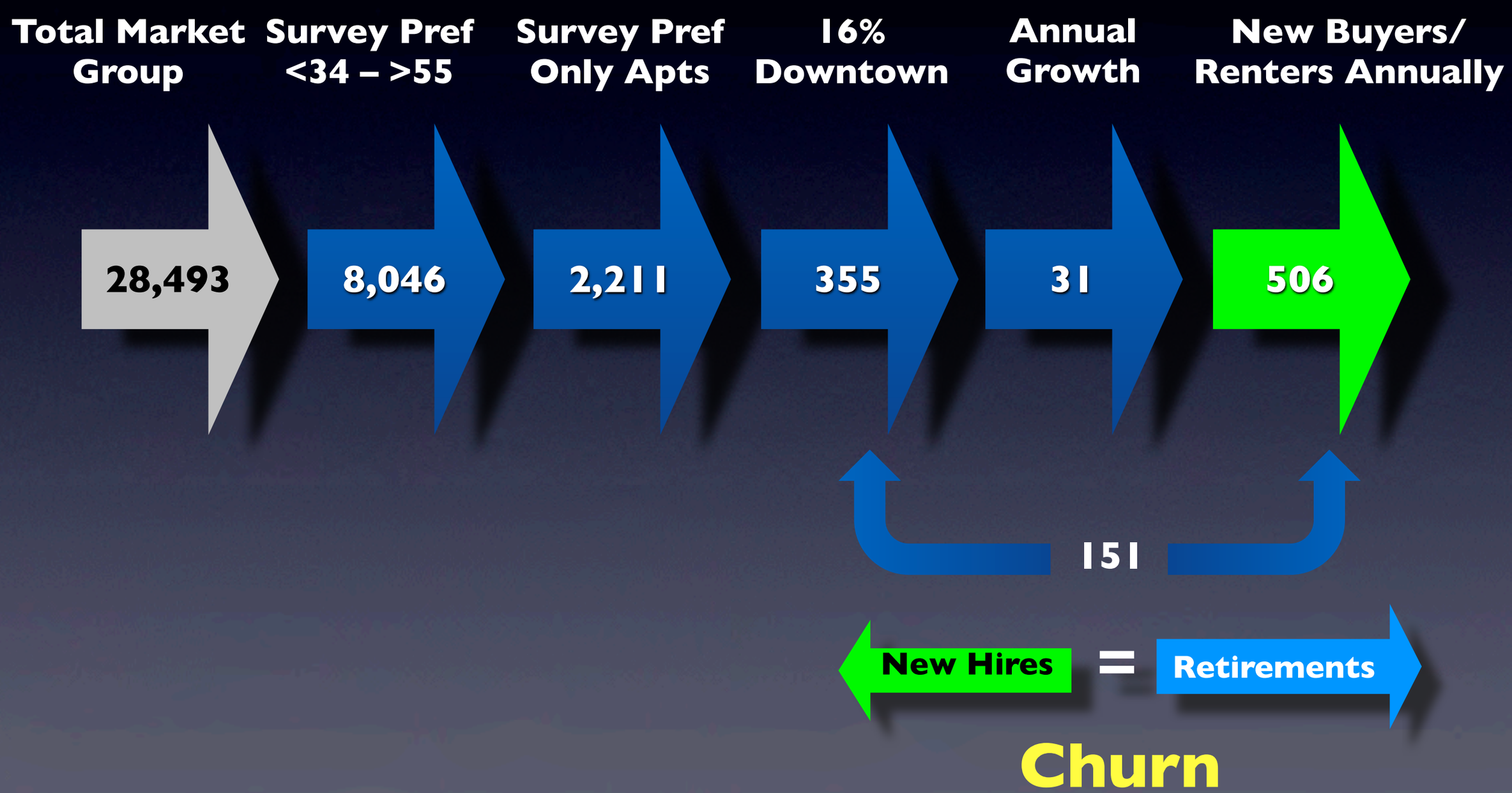
"We recognized an emerging market in the Altoona area to provide a high-end residential product for a tenant based occupancy.

The decision to repurpose an existing building was based on an attempt to be completely unique in a new market, as well as a vision to capture the charm and character of historic structures."

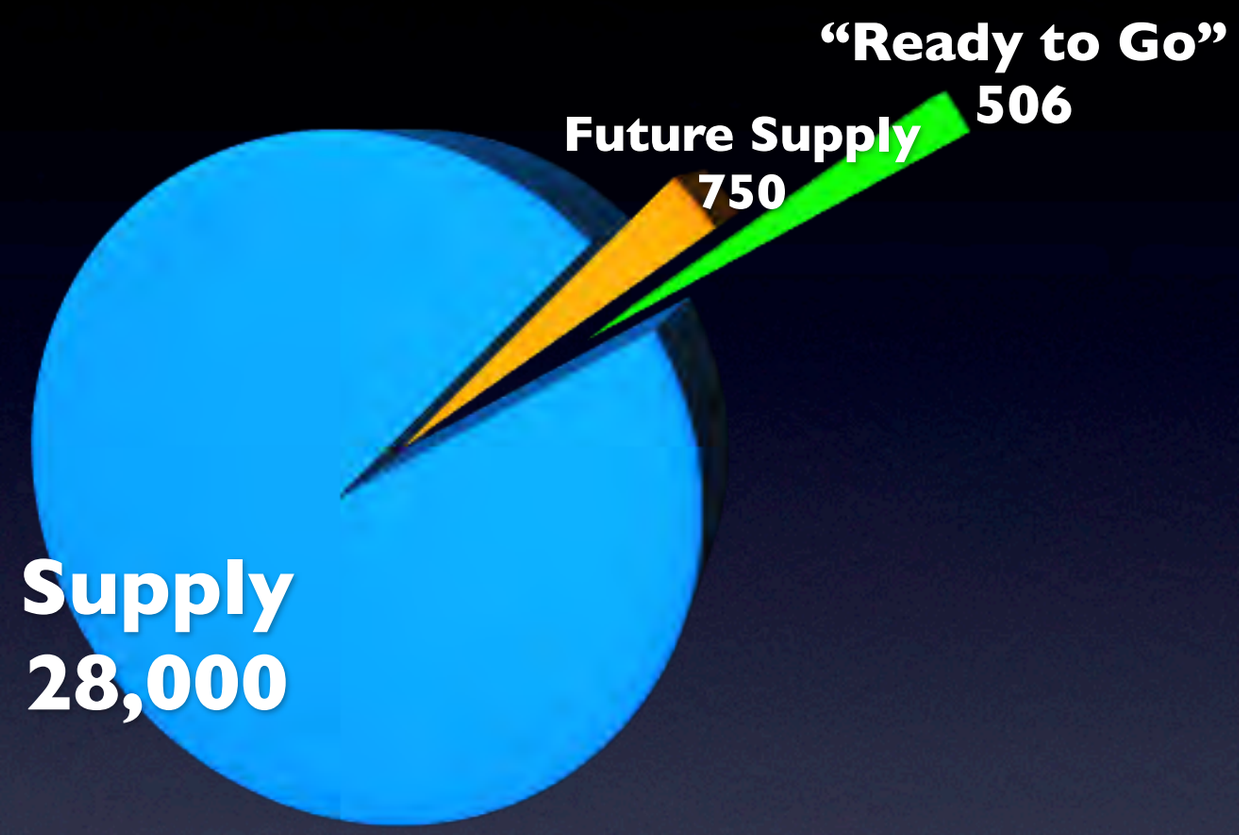
Nate Diehl

Eds & Meds will be key drivers of 21st Century Altoona

The Market


Total Market Group
Survey Pref <34 – >55
Survey Pref Only Apts
16% Downtown
Annual Growth
New Buyers/ Renters Annually
28,493
8,046
2,211
355
31
506
151
New Hires
=
Retirements
Churn

Market opportunity by the numbers

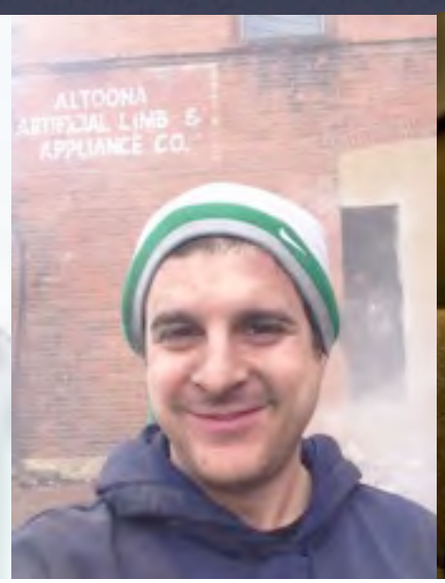


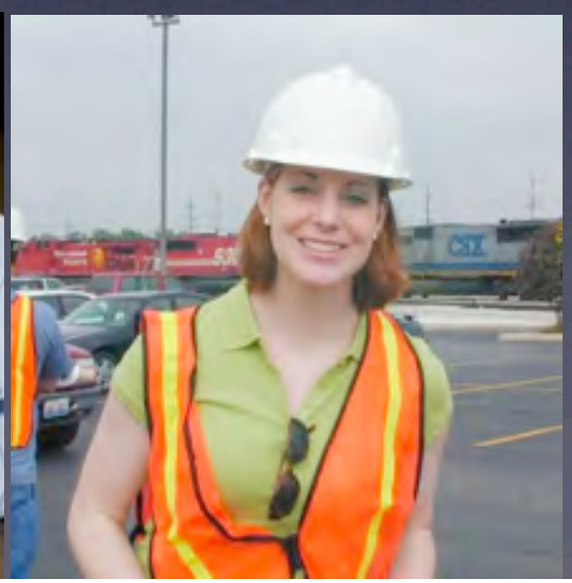
- Potential Buyers/Renters: **506**
- Potential annual market: **2,211**
- Rental trends indicate rental market is **$895 to as high as $1,300/mo + utilities**

Who is buying and who is developing NOW?

Buyer/Renter Profiles

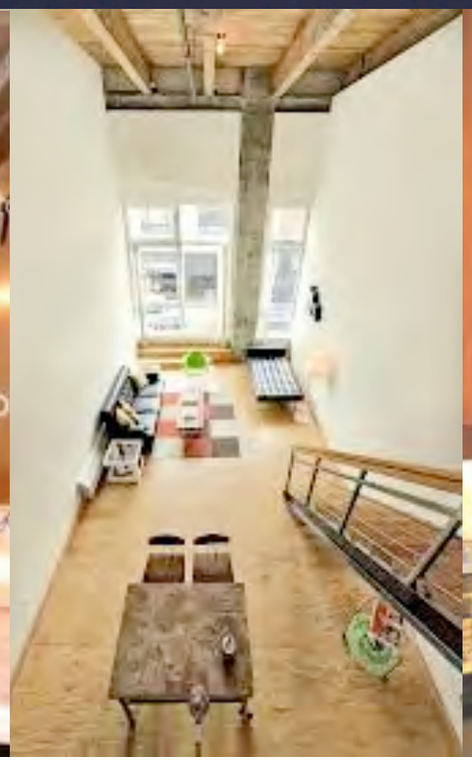
> $40,000
Prefers Apartment/Condo
Neighborhood Amenities
Prefer Downtown Location





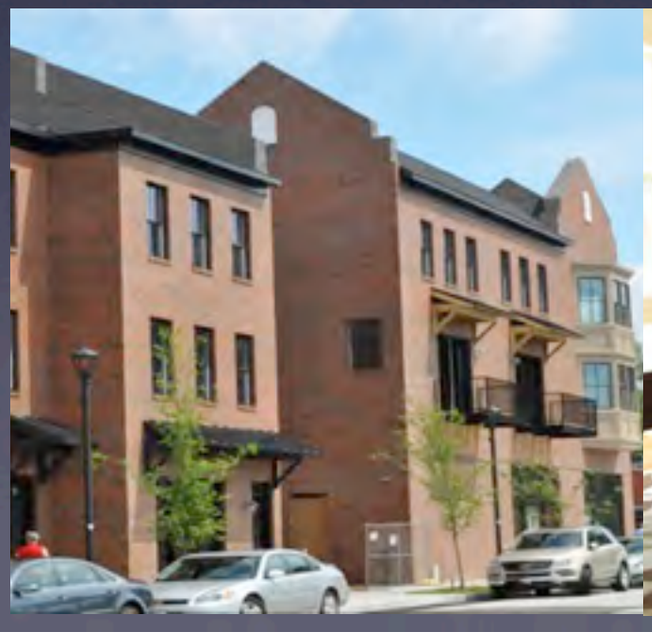
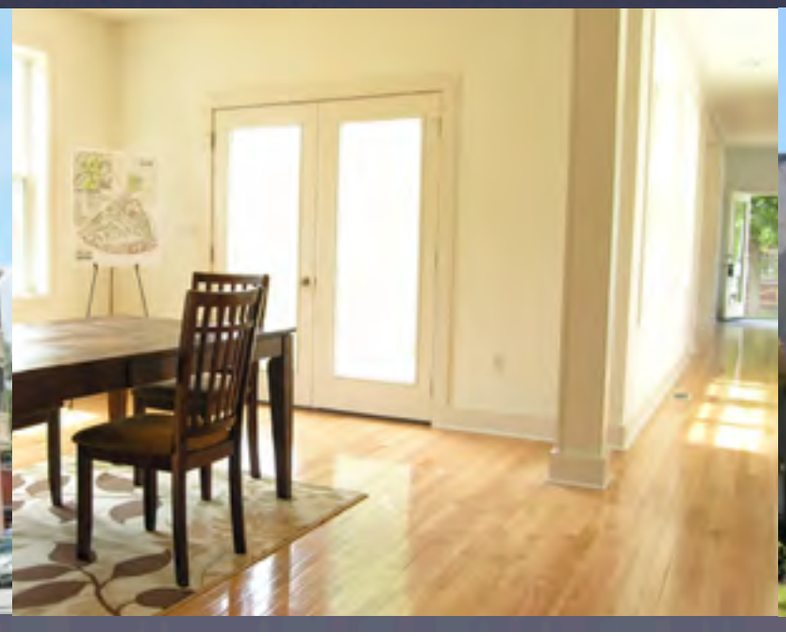
Apartment/Loft Living Qualities-Profiles

Open Plan
Simple White Box
Concrete Counters
Industrial Kitchens
Exposed Systems/Structure



Townhouse/Cottage Living Qualities

Block Scale Neighborhood
Open Plan
Alley Garage
Wood Floors
Open Kitchens
Porches

Amenities drive housing choice...

..and improve connectivity to surrounding Neighborhoods

Cultural Tourism drives visibility & downtown's brand

Altoona Benchmark Project: Legacy Suites

Project Dashboard
No. of Units = 8

Type of Units = 6 -1 BRs and 2-2 BRs

Average Rent = $920 /mo plus utilities

Area : 9,000 total SF located at 439 Lotz Avenue, Lakemont Section of Altoona

Construction Cost / SF = $70 includes all expenses (including initial purchase of building)

Financing = 100% Private Funding

Tenant Profiles: Professionals, Doctor

Altoona Benchmark Project: Limb & Brace Building

Project Dashboard

Units: 3

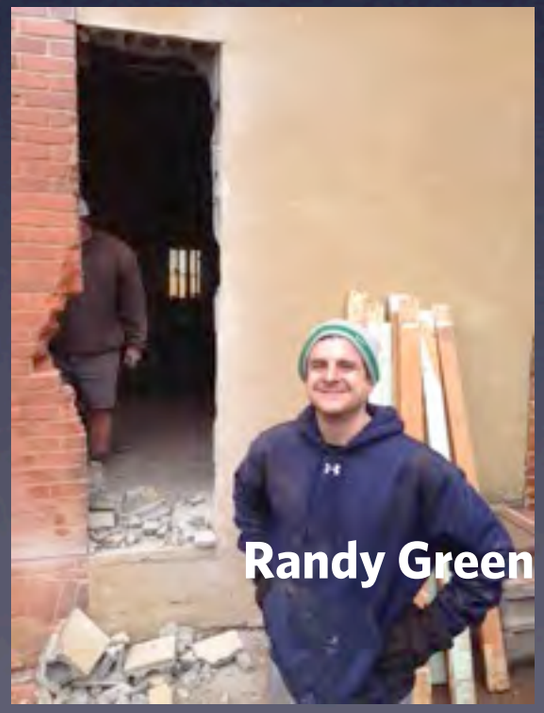
Types: 1 & 2 Bedroom Units

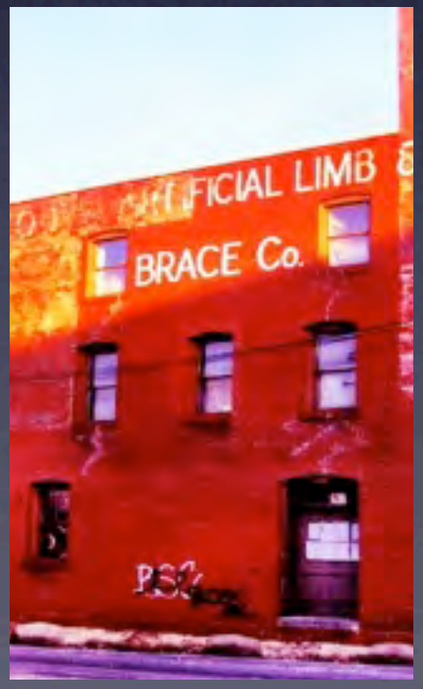
Average Rent: $750-$850

Area: 1150 sq per unit , 3450 sq total plus basement

Construction Cost/SF $67-70 sq ft

Financing Type: Private with
GAEDC façade loan: $30,000
ABCD Upper Floor Housing Loan: $50,000





Altoona Benchmark Project: Casanave Building

Project Dashboard

Units: 9 apartments

Types: 1,2 and 3 Bedroom Units

Average Rent: Start at $700 for 1BR

Financing Types:

GAEDC Façade Rehabilitation loan: $30,000
Upper Floor loan of $100,000
Enterprise Zone Tax credits of $97,500
Historic Tax Credits (20% of Construction Cost)

Jim Marcelli
& Jim Colombo

Benchmark Project: 818 12th Street

This image is representative of the finished units; it is not a photograph of the actual building interior.

live/work

Project Dashboard

Project Area: 8,100 sf
Commercial Area: 2,066 sf
Project Cost: $90 sf
Number of units: 6
Units sizes: approx 1,000 sf
Anticipated Rent Rates: $935 Avg

Unlike anything else in Altoona

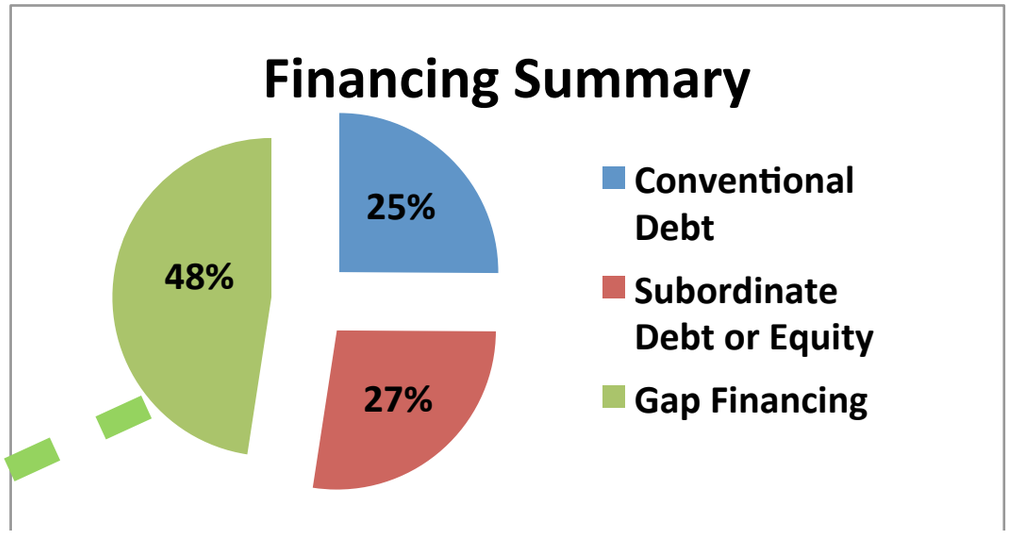
- Announcing six new luxury urban apartments and 2,066 square feet of commercial space in an exciting mixed use development
- Enjoy walking to the Station Square Medical Mall, the Altoona Area School District's main campus, the Penn State Altoona downtown campus, the historic Mishler Theater, the Southern Alleghenies Museum of Art, local restaurants, churches, and markets
- Modern, "green" amenities in an architect-designed historic setting: studio, one-bedroom, one-bedroom + den, and two-bedroom units available
- Available Fall 2014
- Watch our progress - follow us on facebook: A Better Address, LLC

818
12th Street

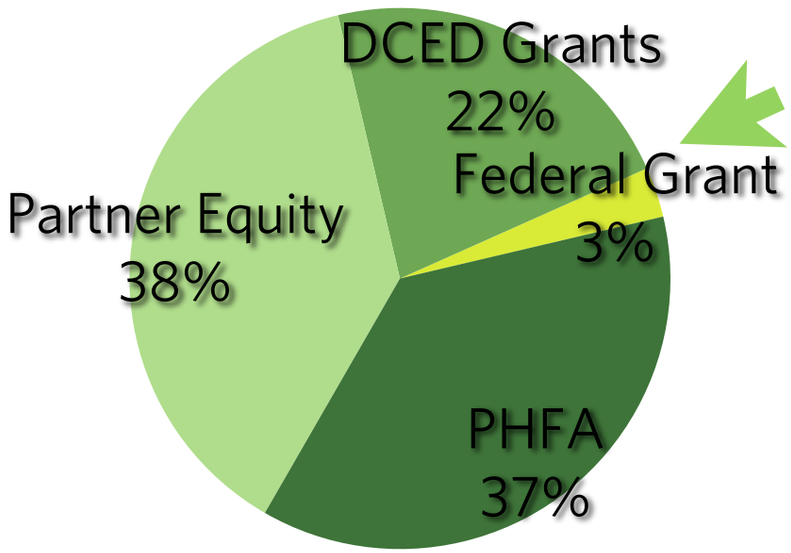
814.943.6022

Benchmark Project: MERCANTILE BUILDING, ERIE

Summary Info	
Number of Residential Condos	**14**
Condo Pricing	80,000 to $145,000
Commercial SF	30,000 SF
Commercial Rent per SF	$8
Total Construction Cost per SF*	$81
Condo Pricing	**80,000 to $145,000**
Project Cost Summary	
Land Costs	$85,000
Construction Costs	$4,598,045
Soft Costs	$896,321
Total Costs	**$5,579,366**
Project Financing	
Conventional Debt	$1,400,000
Subordinate Debt or Equity	$1,525,000
Gap Financing	**$2,654,366**
Total	**$5,579,366**



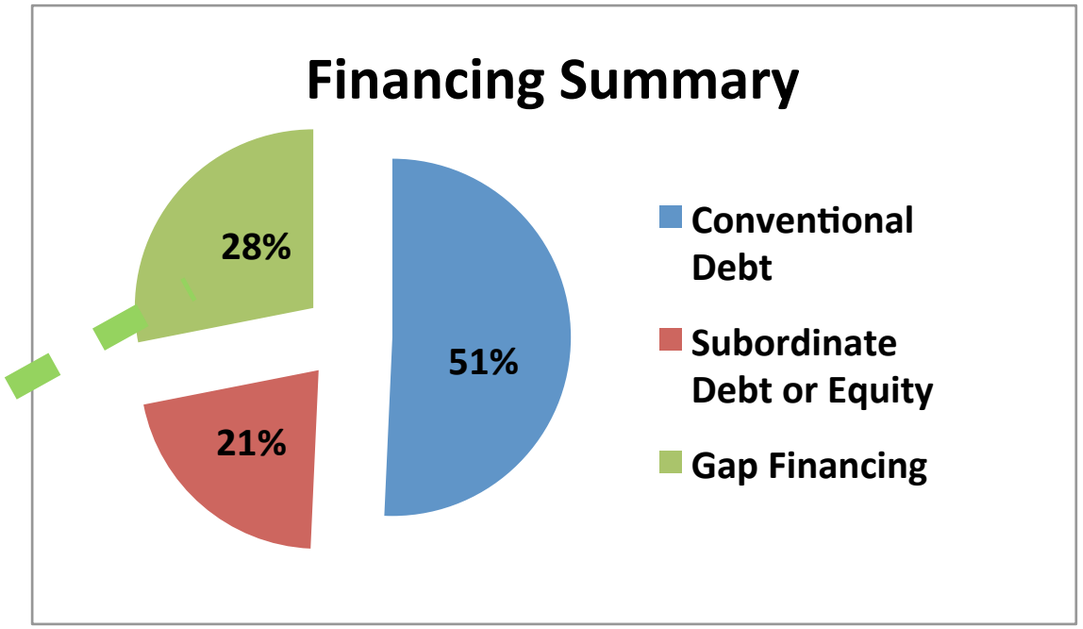
2008 Dollars

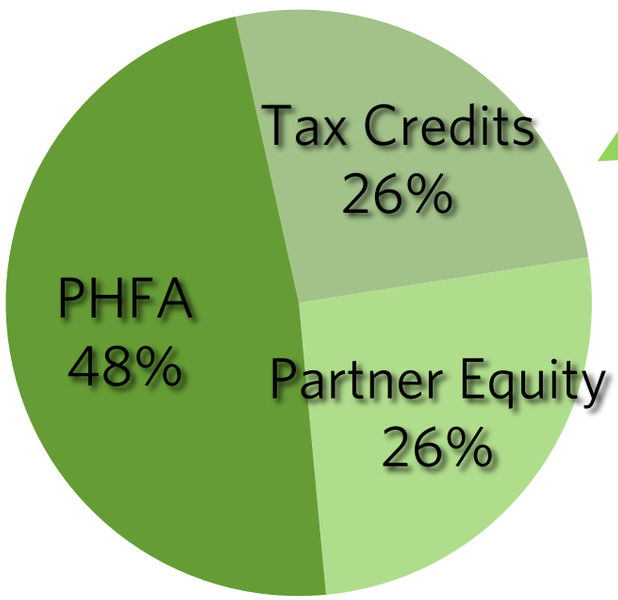


Benchmark Project: UNION SQUARE, ERIE

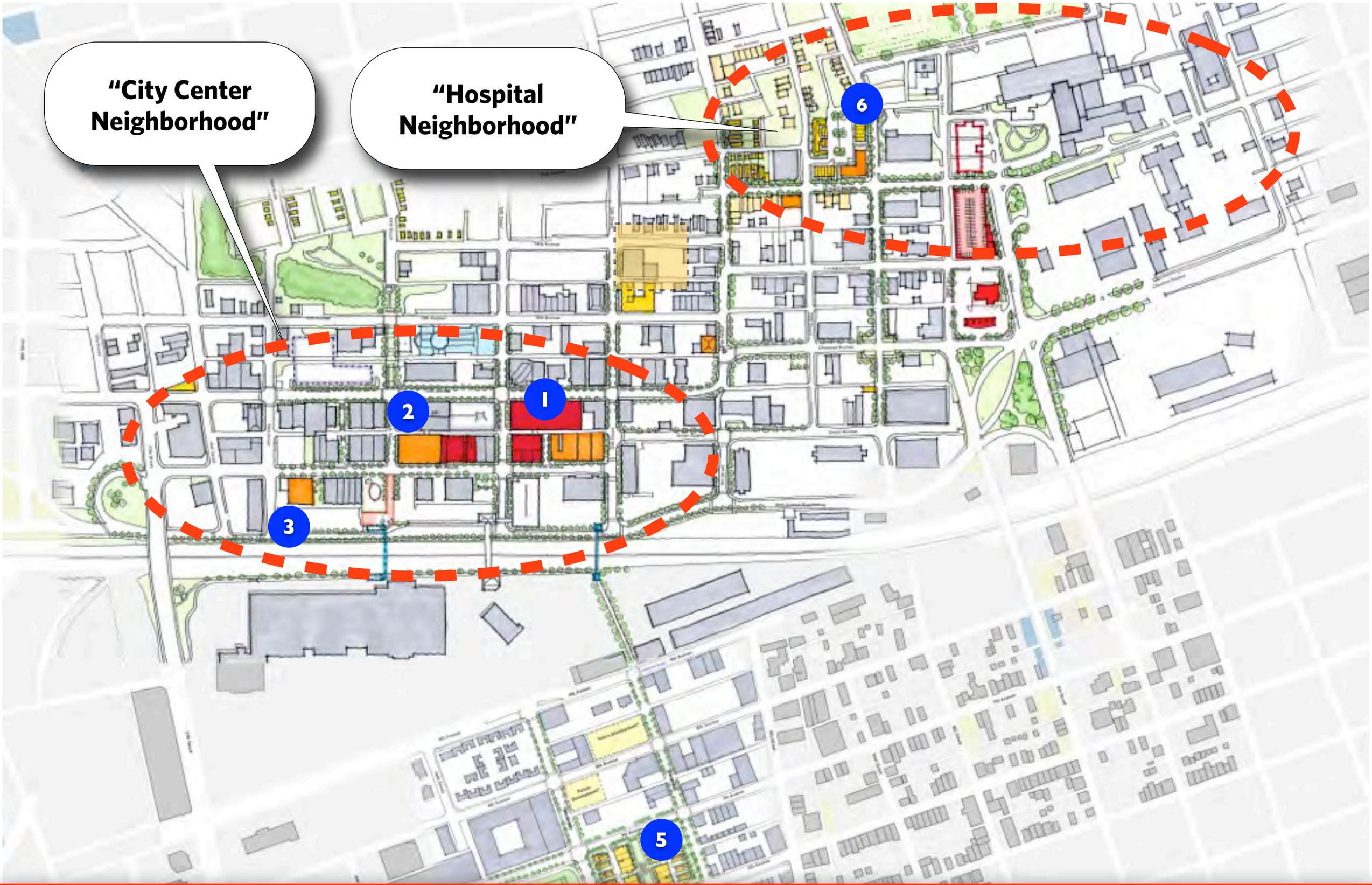
Summary Info	
Number of Residential Units	**7**
Residential Unit Pricing	**$75,000 to $260,000**
Commercial SF	**1300 SF**
Commercial Rent per SF	**$12**
Project Cost Summary	
Land Costs	**$70,000**
Construction Costs	**$1,545,000**
Soft Costs	**$585,229**
Total Costs	**$2,200,229**
Project Financing	
Conventional Debt	**$1,115,968**
Subordinate Debt or Equity	**$466,261**
Gap Financing	**$618,000**
Total	**$2,200,229**

2012 Dollars





How the Gap was closed



2 Focus Areas & 6 Case Studies

Case Study Projects

Six case studies providing a different mix of housing options...that address latent demand/ trends

Final Case Studies

Rehabilitation/Adaptive Reuse

Brett & Penn Central

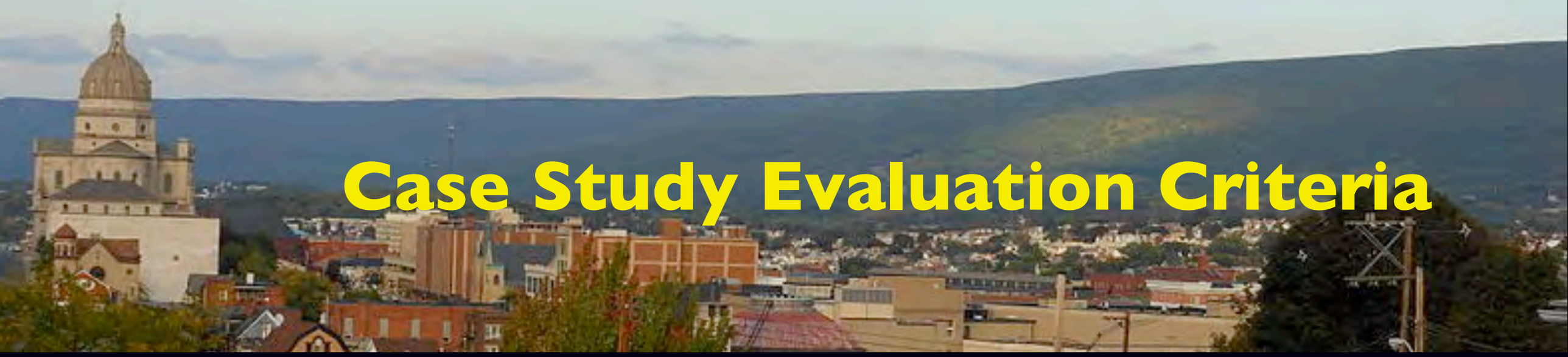
Gables Block

Vipond

New Construction

Neighborhood Housing Blocks

Mixed Use Blocks



Case Study Evaluation Criteria

- Site Characteristics
- Public Impact
- Brand Identity
- Connectivity
- Accessibility
- Market Positioning
- Unique Product
- Replicability/Model
- Potential Mixed Use
- Collaborative Potential

Intro to Pro-forma Assumptions

- **Control of Assets** (Land or Building as increased equity)
- Conservative assumption based on preliminary drawing concepts at **local market prices**
- Verification of numbers according to **Industry Stds**
- **Conservative** in nature (Loan to Value etc)
- **Many Variables** (unit density, market rents etc)
- Documents are templates for other projects

Impact of Potential Housing Units

NEW CONSTRUCTION	SALE	RENTAL	SUBTOTAL	Job Impact	Operational Impact	Total Taxes
NH Housing Block	28	0	28	19	$2,240,651	$156,356
Mixed Use Block	6	46	52	112	$10,529,710	$527,458
REHABILITATION						
Vipond 12	0	12	12	71	$6,398,117	$291,936
Gables	0	42	42	101	$14,080,560	$675,506
Brett	0	56	56	64	$5,856,350	$282,475
Penn Central	0	28	28	135	$11,974,000	$536,711
	34	184	218			

Pro-forma Summary

	Project	Type	Units	**PROJECT** Budget	$/UNIT	**GAP**
1A	Penn Central	Apts	28	$6,583,000	$235,107	**51%**
1B	Brett	Apts	52	$9,583,305	$184,294	**38%**
2	Gables (11th)	Lofts/ Studios	42	$13,544,000	$322,476	**55%**
3	Vipond	Lofts	12	$4,088,000	$340,667	**51%**
5	NH Housing Block	Detached townhome	28	$10,902,000	$389,357	**37%**
6	Mixed Use Block	Mixed Use	52	$10,766,000	$207,038	**48%**

Financing Overview

Tom Hardy, Fourth River

"Altoona is perceived as untested market. As projects get completed, banks typically become more comfortable with future projects. This scenario has played out numerous times in cities of various sizes."

Fourth River Development • Pfaffmann + Associates • Fourth Economy

Closing the Gap

- Utilizing **Entrepreneurial** (self) **Development** = Lower constr/ development soft costs
- Land **Equity** Contributions
- Capitalizing Local Business Relationships can be an important factor
- Creating **Public Partnerships** are anticipated/necessary for success
- Developing **new incentive or financing assistance**
- Focus Economic **Development Assistance** (Facilitator/Matchmaker)

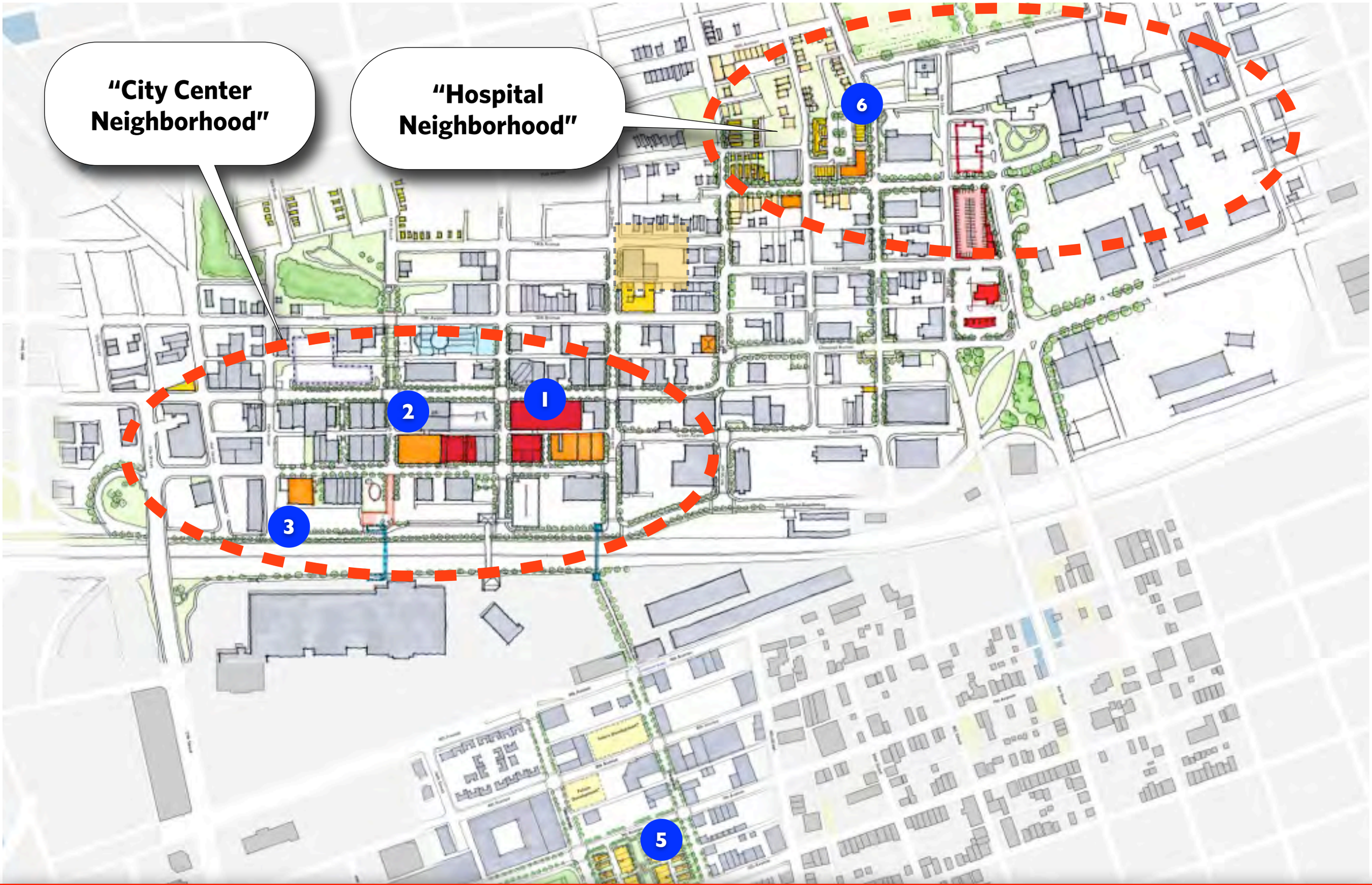
The Financial Toolbox

Potential Funding Sources & Strategies

- Subordinate Loans
- Community Development Block Grants (CDBG).
- New Markets Tax Credits
- Federal Historic Tax Credits
- Pennsylvania Historic Preservation Tax Credit
- Private Foundations
- Mortgage Insurance Program (HUD)
- Section 108 Loan Guarantee Provision

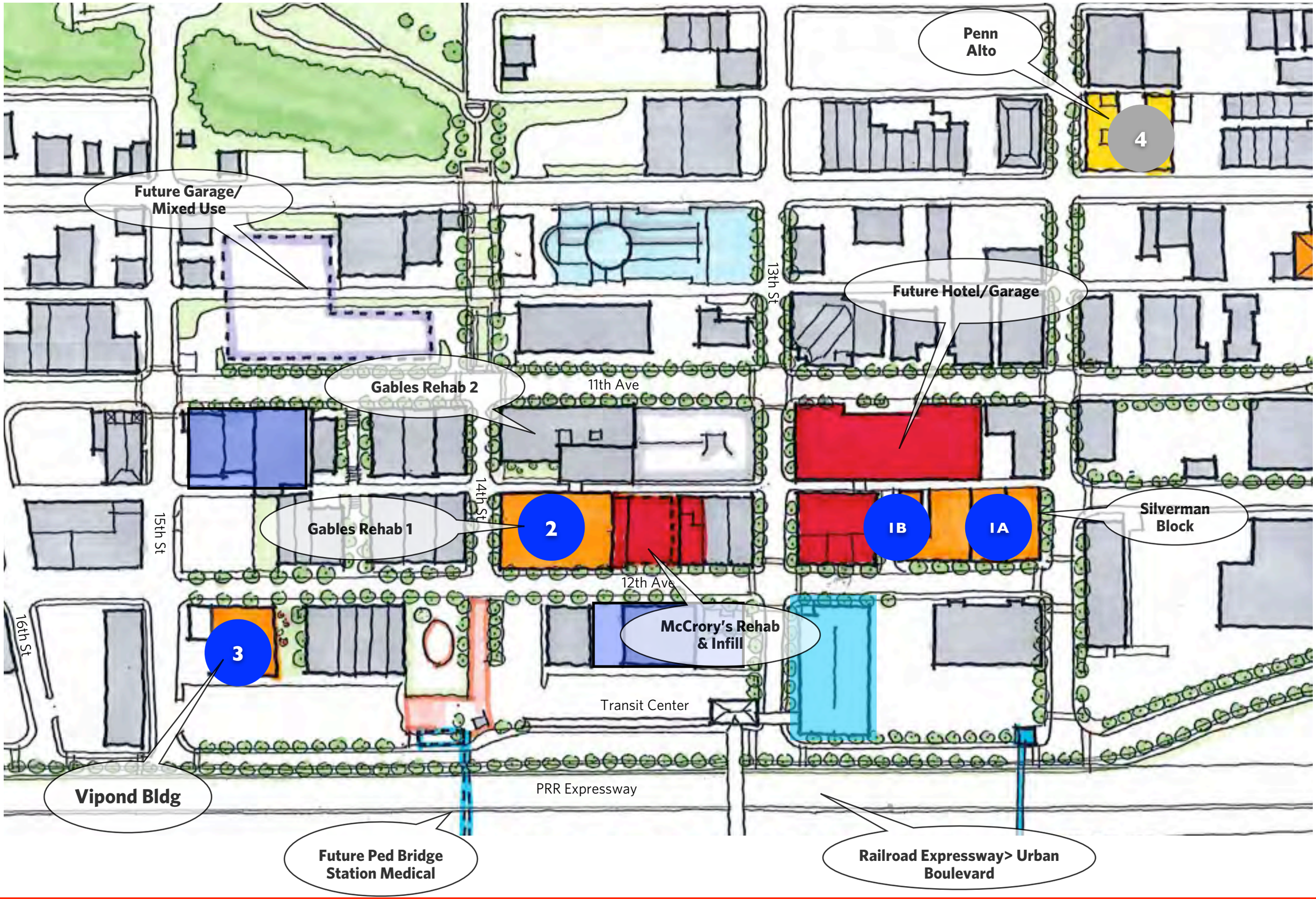
Financing Tools

- Neighborhood Assistance Program
- Enterprise Zone Tax Credits
- Redevelopment Assistance Capital Program (RACP)
- Keystone Communities Program – loans for construction projects.
- Keystone Historic Preservation Program
- Façade Grants
- Tax Abatements (LERTA)
- CRIZ (Community Reinvestment Zone)
- Employer Assisted Housing Programs (EAH)

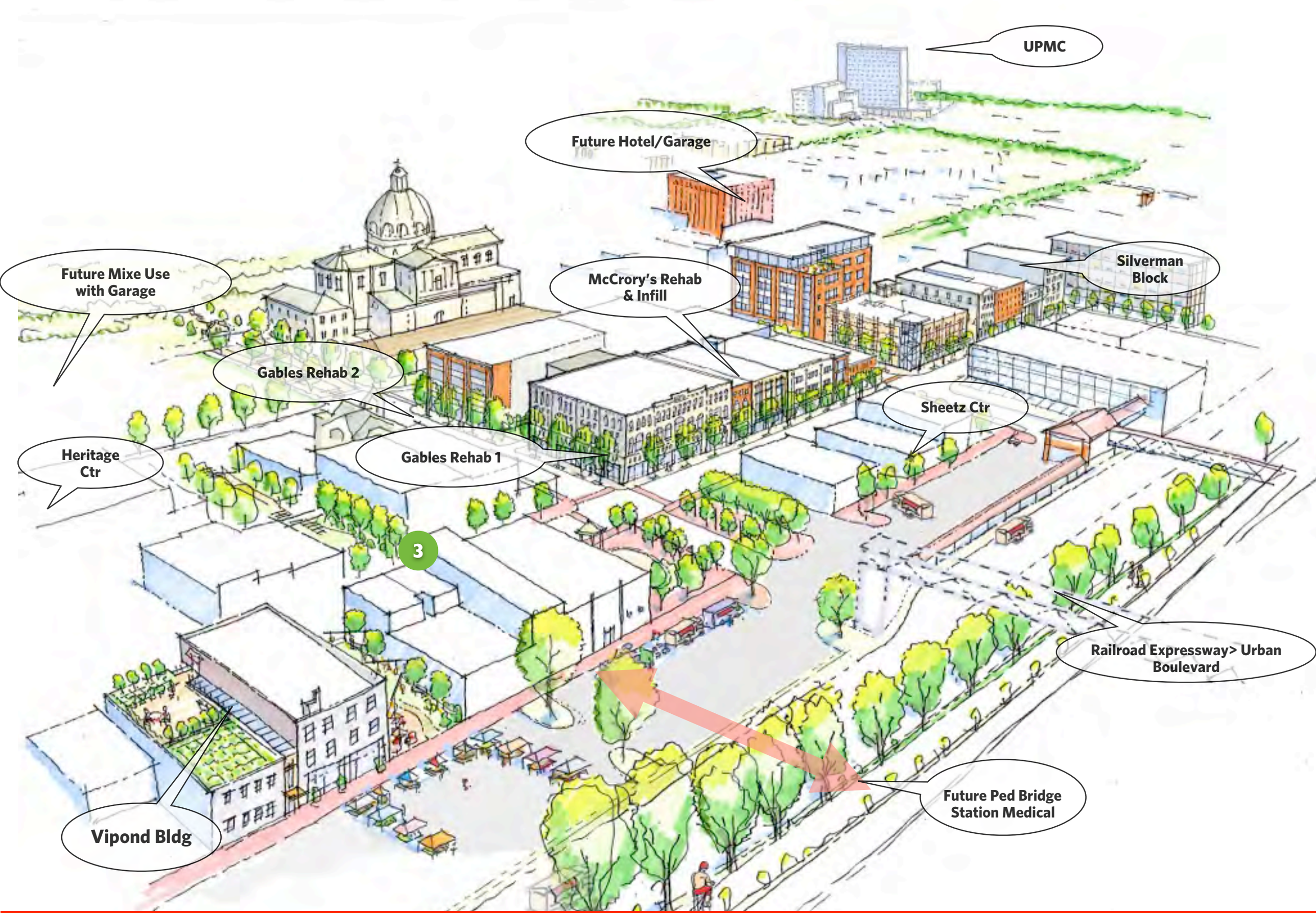


Case Studies Drive Urban Planning

Center City Neighborhood



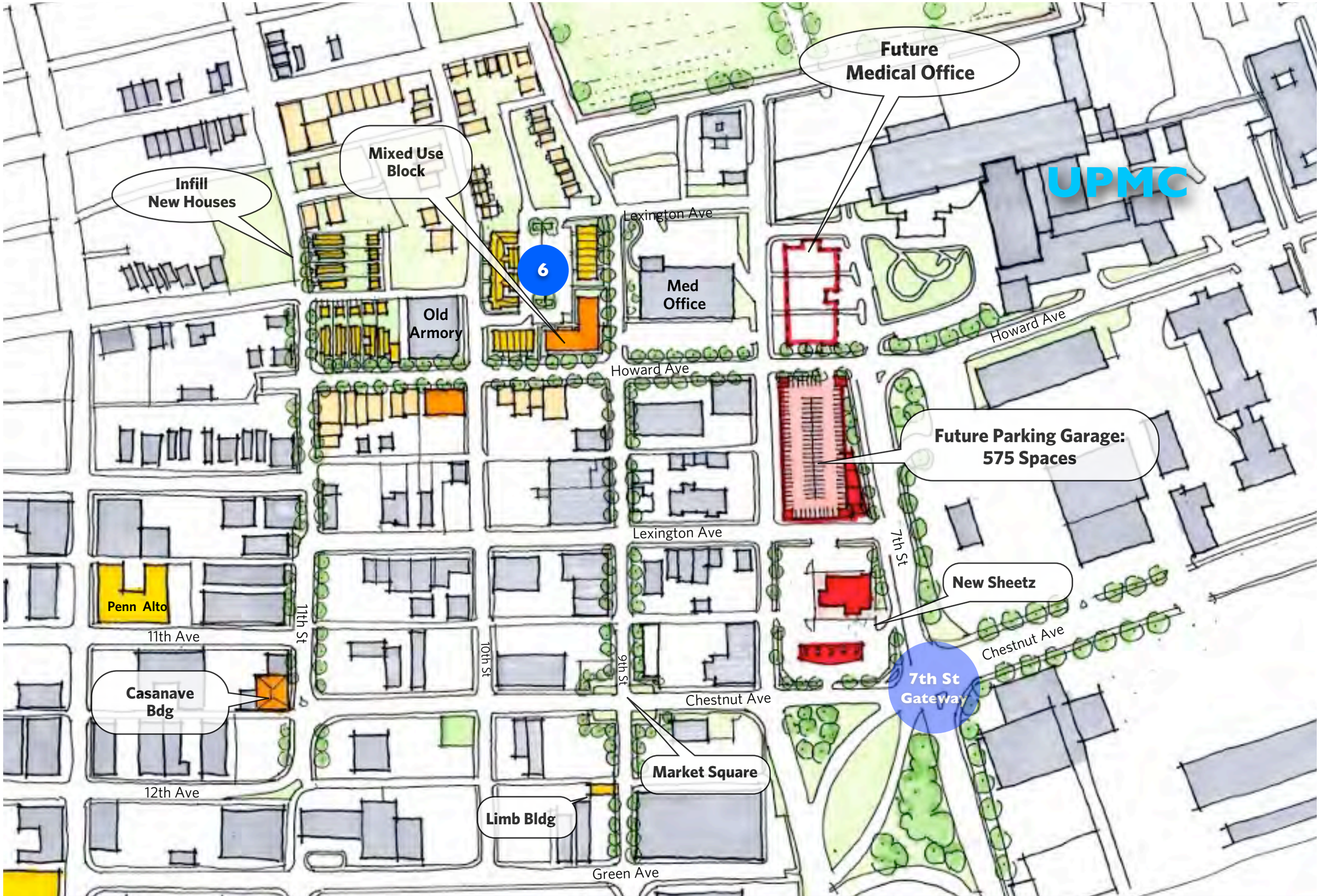
Center City District Strategy



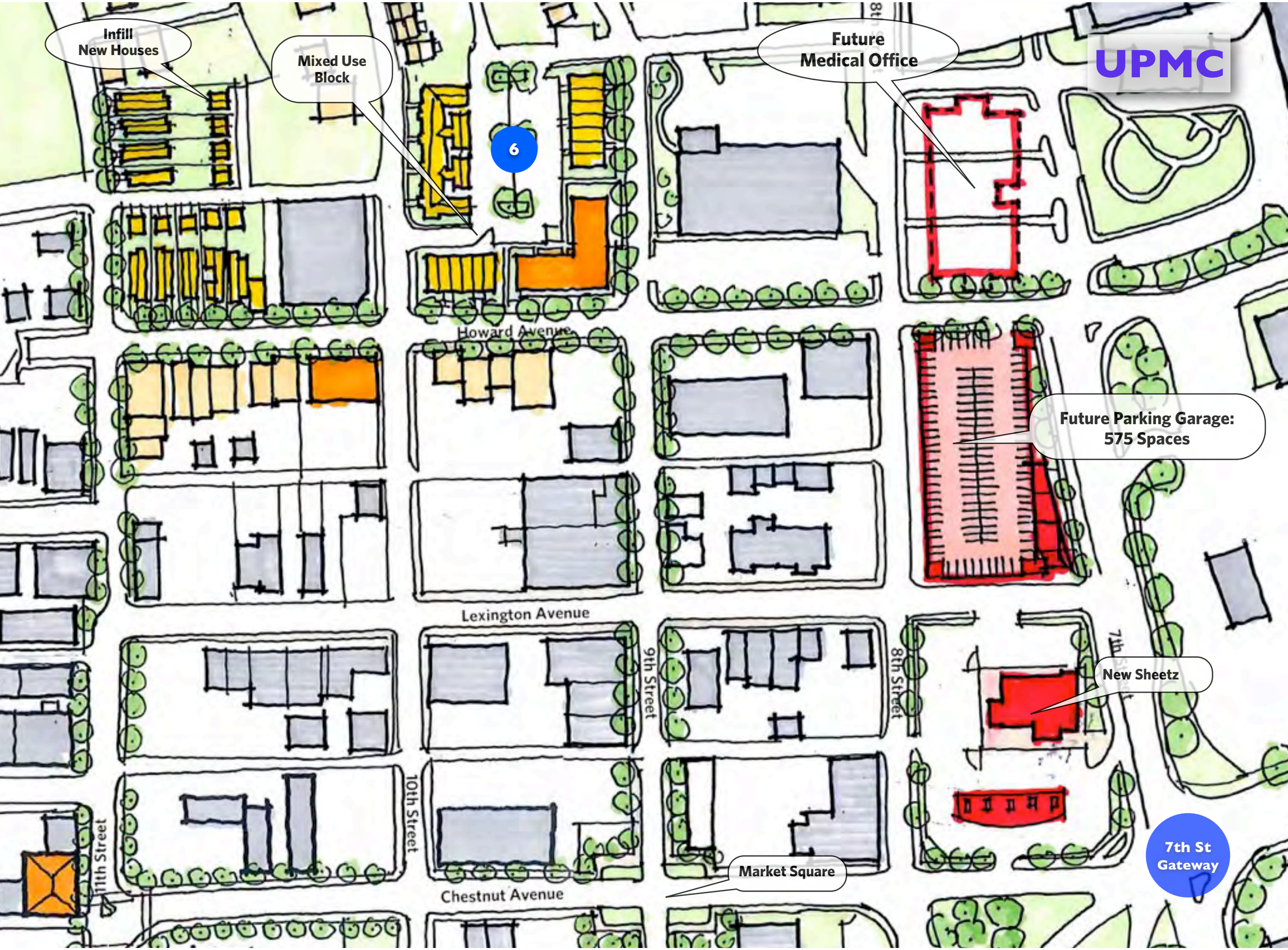
Center City District Strategy

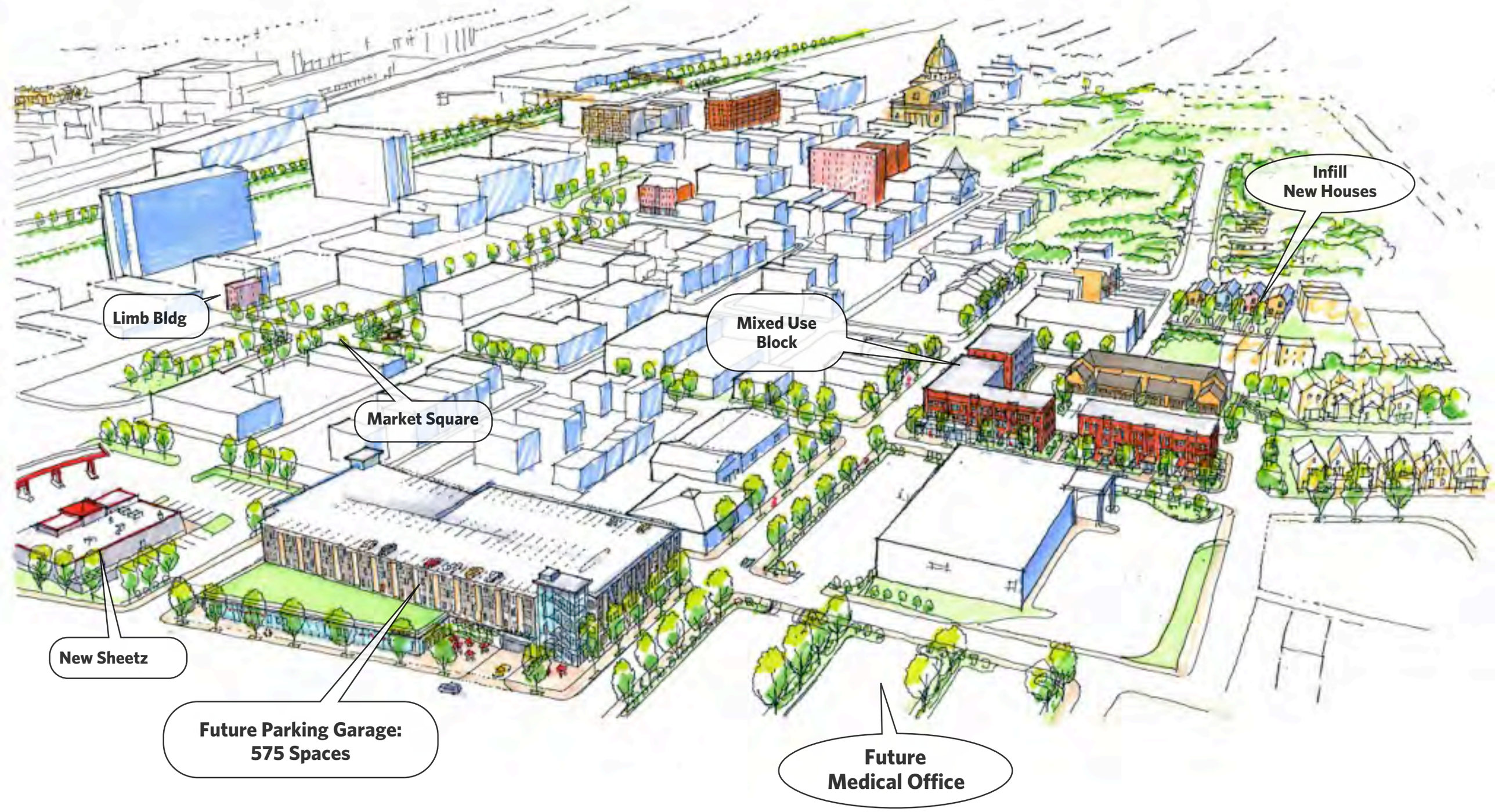
View from 17th St Gateway

Hospital Neighborhood



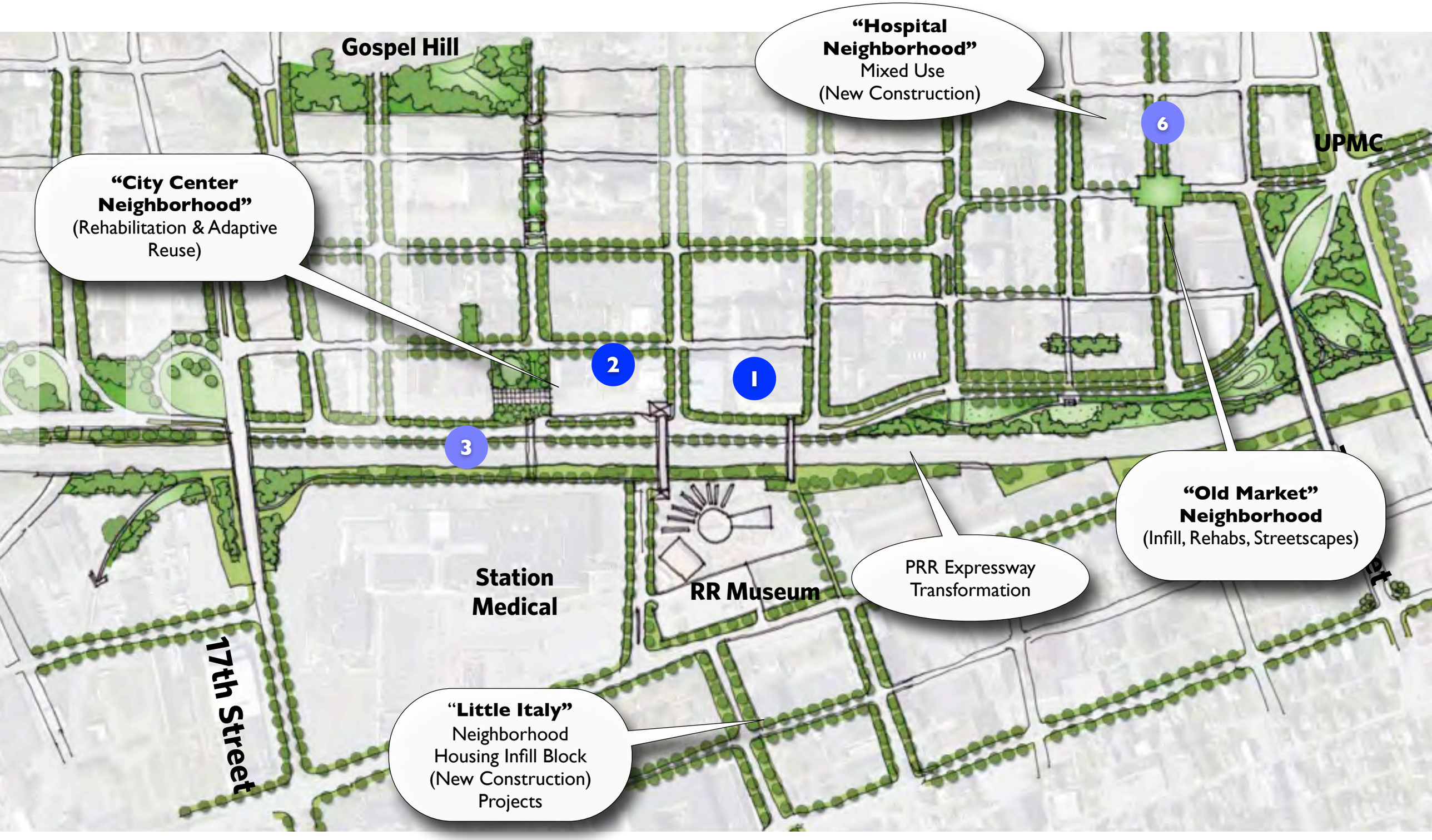
Hospital Neighborhood Strategy: UPMC Altoona


Infill
New Houses
Mixed Use
Block
6
Future
Medical Office
UPMC
Howard Avenue
Future Parking Garage:
575 Spaces
Lexington Avenue
9th Street
8th Street
7th Street
New Sheetz
10th Street
11th Street
Chestnut Avenue
Market Square
7th St
Gateway

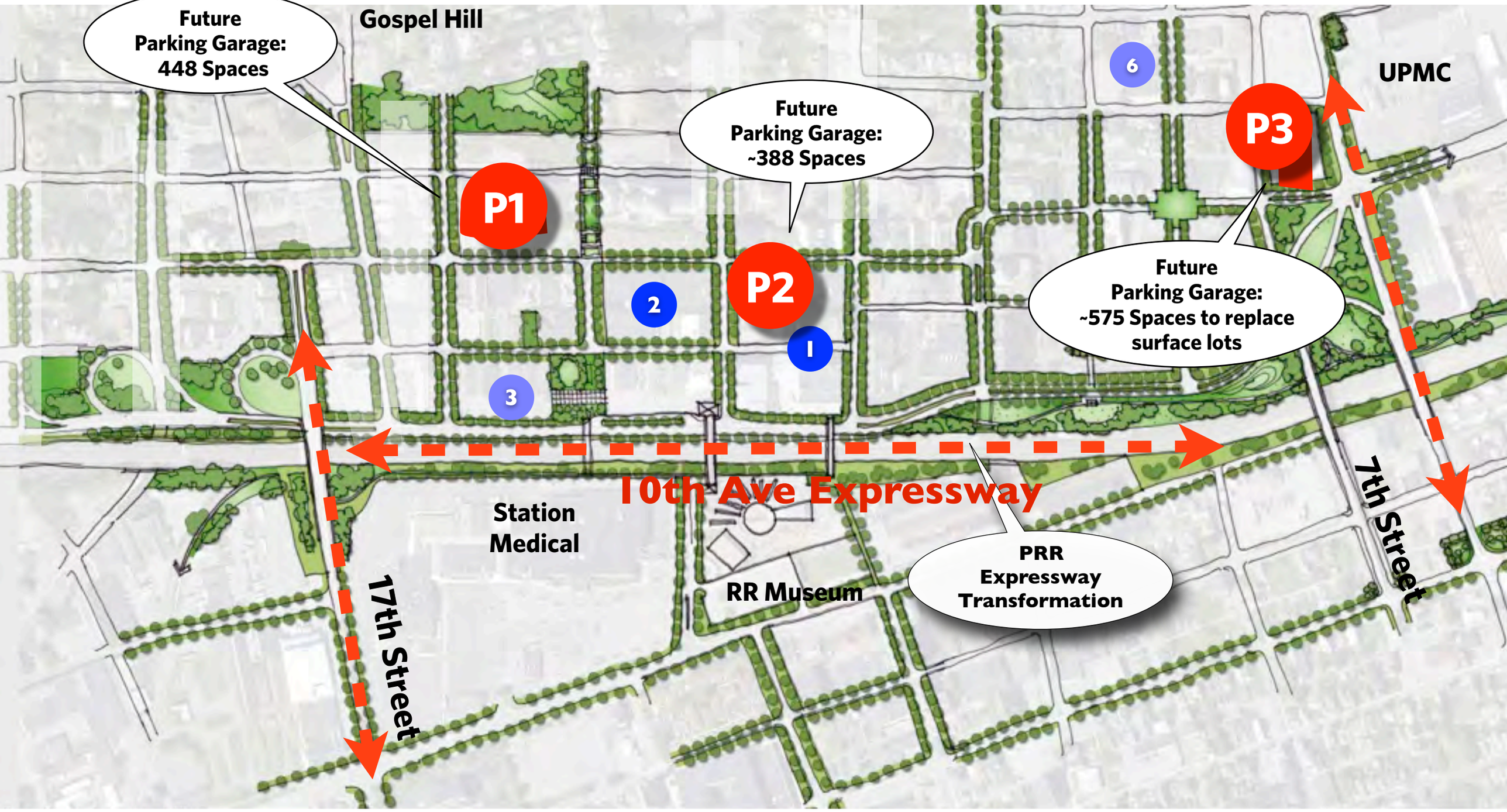


View from UPMC Main Tower

Hospital Neighborhood Strategy: UPMC Altoona

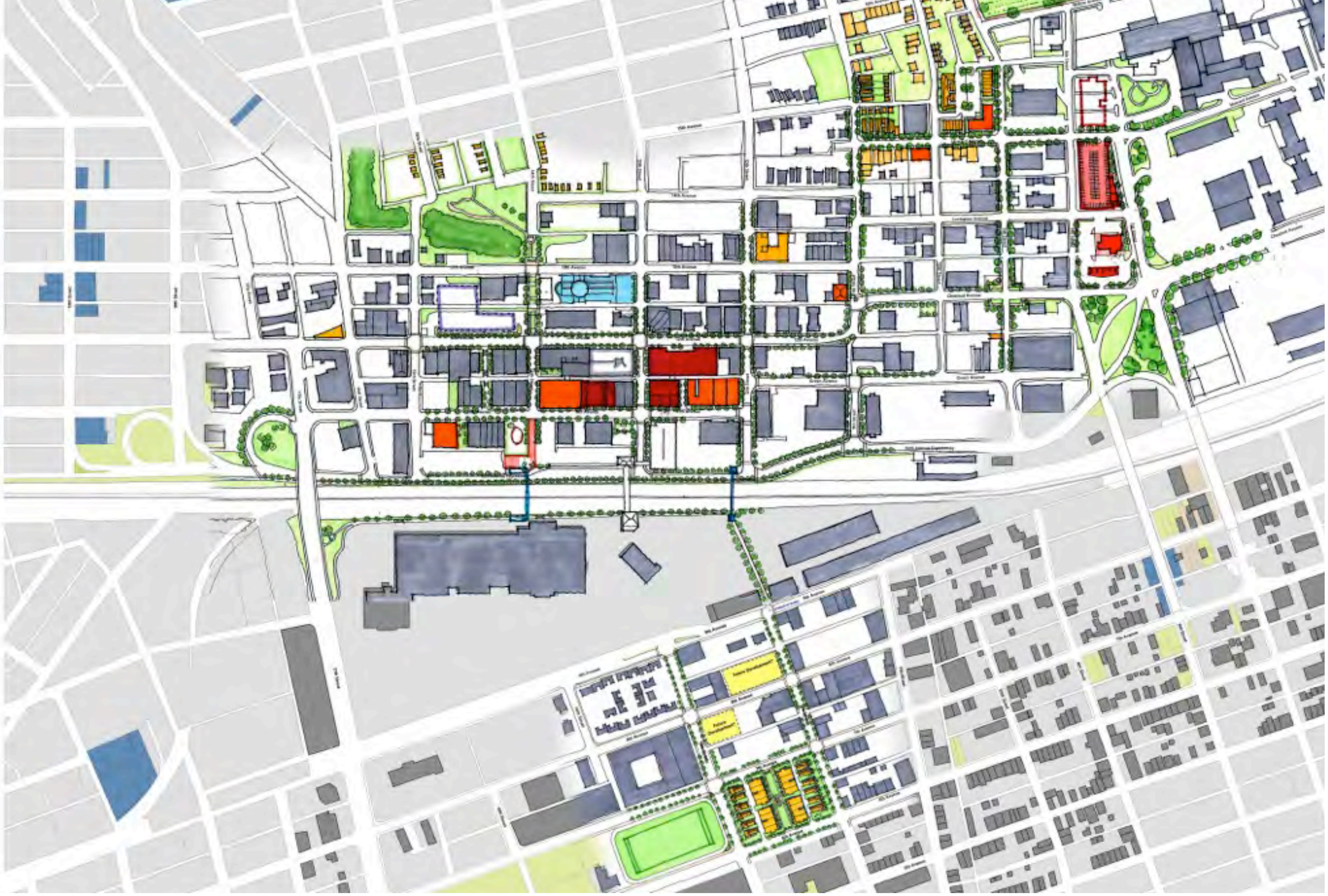


Public Open Space Strategy



Create "Complete Streets" to support residential investments

Parking Demand Analysis & Transportation Framework



Downtown Plan Overall Vision

Getting Ahead of the Curve

"If we as a community embrace the idea, rally around the concept, selectively prioritize, encourage the property owners – who ultimately have to make the decision – then we can gradually – one building at a time begin to see a change."

Pat Miller, ABCD