



EDDC

ERIE DOWNTOWN
DEVELOPMENT
CORPORATION

Federal Reserve Bank of Cleveland

Policy Summit 2019: Connecting People & Places to Opportunity

June 2019

Background on Erie – The Good

- Pennsylvania's only city on the Great Lakes (Northwest Corner of PA)
- Less than a day's drive to major metro areas: New York, Toronto, Chicago
- \$750 million of current investment in Erie
- Engaged Public Leadership: New Mayor; State Support
- New Civic Organizations: EDDC & Erie Innovation District
- 470 Acres of Bayfront Property – 176 Acres Primed for Development
- Presque Isle – 13 miles peninsula; 4th most visited public park in U.S.
- Four Colleges – 23,000+ University Students
- Diverse Population: 16% African-American; 20% New American/Immigrant/Refugee



Background on Erie - The Bad

- City of Erie Population Decline:
 - 1960 = 140,000
 - 2010 = 101,782
 - 2016 = 97,369
- City of Erie Housing Stock:
 - 44,790 houses
 - 4,700 houses are vacant
 - 1,900 are abandoned
 - 9,500 show signs of distress
- City of Erie Poverty Rate: 26.4%
- City School District in Financial Distress – Oversight from State-Appointed Financial Administrator
- City of Erie Property Tax Rate is One of the Highest in the Commonwealth of Pennsylvania
 - 3.3683%



Background on Erie – The Ugly

“The Worst City for African-Americans”

- Wall Street 24/7 (November 2017)

16501 – Poorest Zip Code in America

- *Business Insider* & Trulia (January 2018)

Erie Economic Growth Rate: 513 out of 515 cities

- WalletHub (October 2018)

Erie Job Growth Rate (2008 – 2018): -4.6%

- Urban Land Institute (December 2018)



The Delivery of *Erie Refocused* (Erie's Comprehensive Plan)

Identifies the following problems:

1. Selling Assets Short / Opportunities for Investment
 - Architecture & Design
 - Bayfront
 - History of Entrepreneurialism
 - Community Wisdom
2. Adherence to an Ineffective Status Quo
 - Mistaking Cheap for Frugal
 - Relying on Outside Funding
 - Not Engaging Citizens
 - Not Working Together
3. Risk Aversion
 - Not Placing Bets and Losing Anyway
 - Who Else Has Done This?
 - Hedging Bets Through Half Measures
 - Limited Trust
 - Tough Choices Neither Posed Nor Made

Recommends the following action:

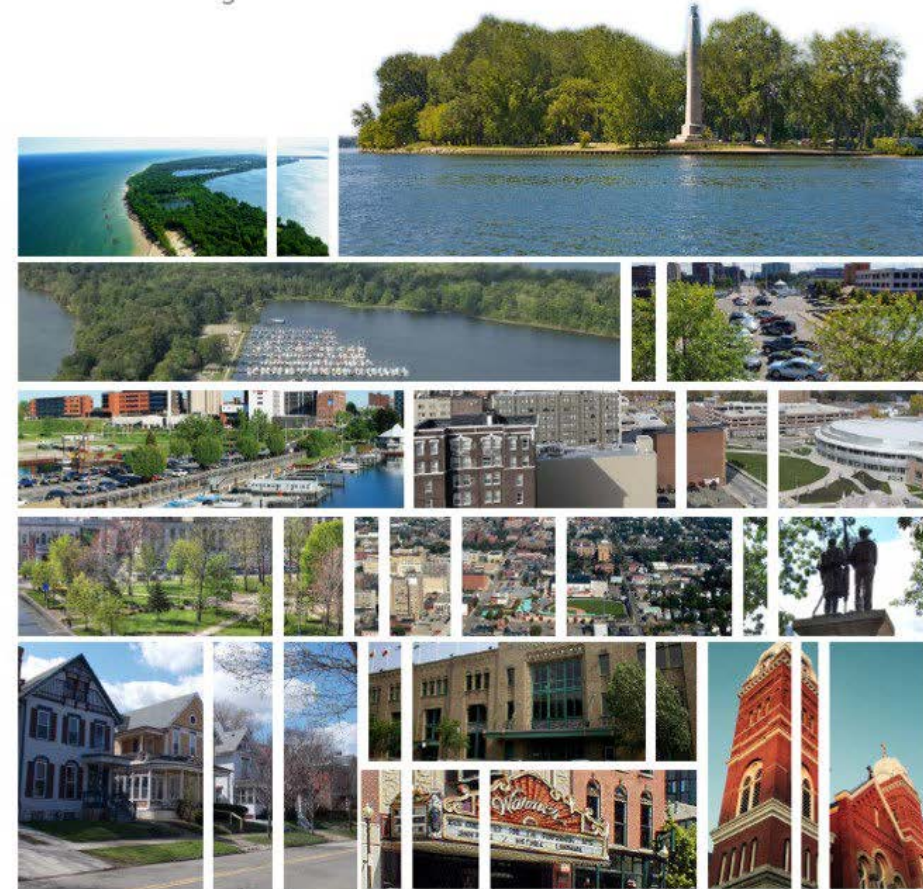
1. Start in the Downtown Core.
2. Talk to Steve Leeper & 3CDC.

ERIE REFOCUSED

MARCH 2016

City of Erie, Pennsylvania

Comprehensive Plan and Community
Decision-Making Guide





A Guiding Light from Cincinnati

- Lessons Learned from 3CDC:
 - Start in the Core
 - Cluster Investments
 - Form a Non-Profit
 - Raise Private Capital



Laying the Foundation

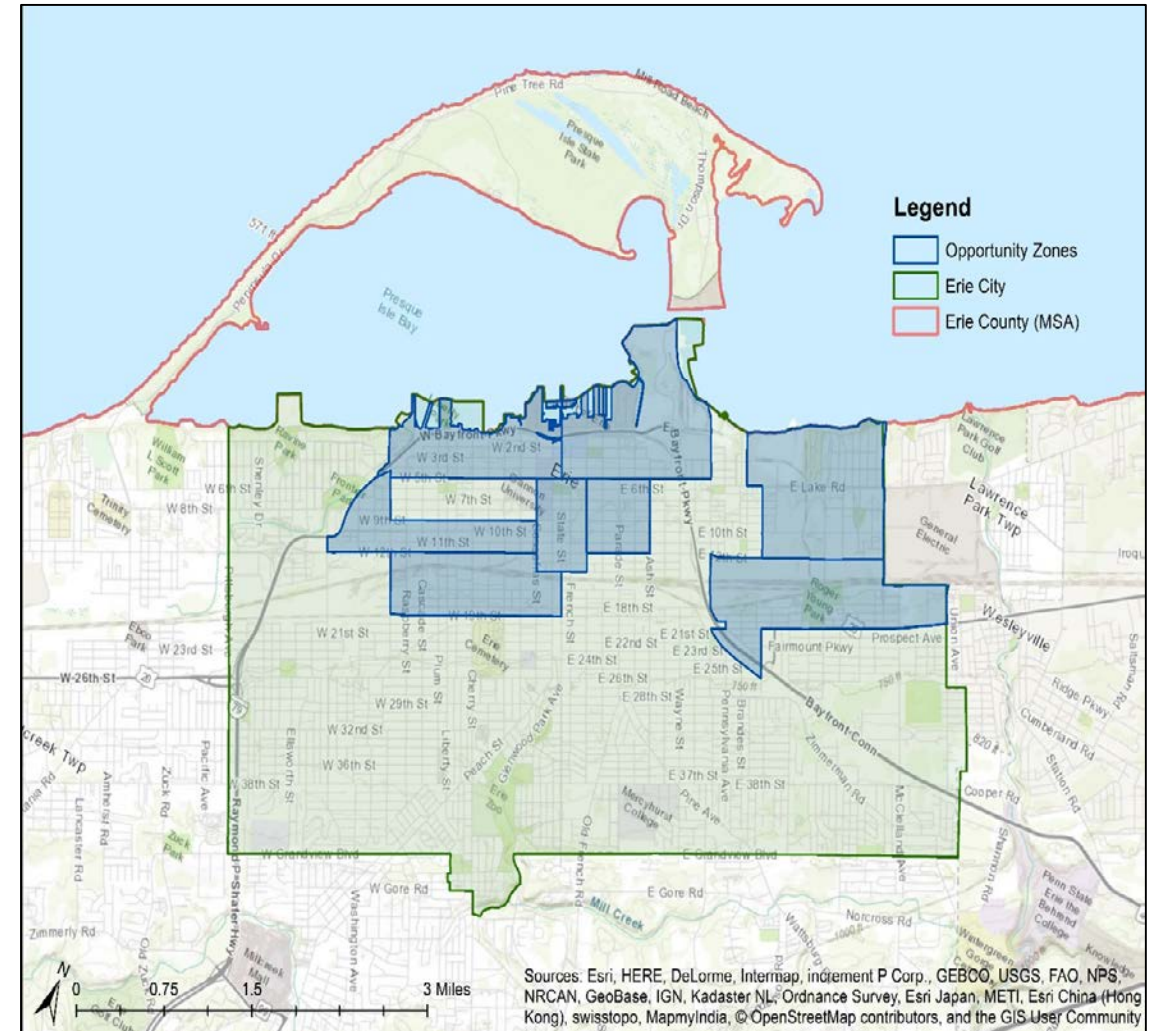
- Erie Downtown Development Corp. (“EDDC”)
 - 501c3 – Not-for-Profit Corp
 - Real Estate Acquirer & Developer
 - Various Contribution Levels
 - Executive Committee: \$50,000/year for 3 years
 - Board and Finance Committee: \$25,000/year for 3 years
 - Amount Raised: \$2.7 million
 - Staff:
 - CEO
 - VP for Finance & Development
 - VP for Community Engagement
- Erie Downtown Equity Fund (“EDEF”)
 - For-Profit Pennsylvania Limited Liability Company
 - Provides Patient Capital
 - \$250,000 per unit
 - Board of Managers: 10 units (\$2,500,000)
 - Amount Raised: \$27.25 million
 - No staff

City of Erie Opportunity Zones

- **8** Opportunity Zone tracts
- **71** total tracts in Erie MSA
- **11%** of all tracts

- **22,561** Opportunity Zone Population
- **274,541** Erie MSA Population
- **8.22%** of the population

Source: US Census American Community Survey, US Census Planning Database (PDB)



City of Erie Opportunity Zones

	Black	Hispanic	Foreign Born	Poverty	Median Household Income	% Ed Ba*	% Some College*	% No HS degree*	% under 18	% Over 65	Unemployment %
MSA	7.8%	4.36%	4.5%	15.7%	\$47,094	27%	15.9%	8.9%	21.9%	17.3%	4.3%
Erie City	16.4%	7.2%	7.3%	26.4%	\$35,205	21.7%	16.2%	12.9%	23%	13.6%	5.6%
O-Zones	23.4%	10.4%	5.5%	43.4%	\$23,787	10.2%	n/a	18.3%	24.7%	11.9%	6.4%
State (PA)	11.9%	7.3%	6.4%	12.9%	\$54,895	29.3%	16.2%	10.4%	20.8%	17.8%	4.5%
US	13.4%	18.1%	13.2%	12.7%	\$55,322	30.3%	21%	13%	22.6%	15.6%	3.9%

Opportunity Zones – A Proactive Community Response



Nation's First Opportunity Zone Investment Prospectus

- City of Erie, in partnership with EDDC, prepared and launched nation's first municipal Opportunity Zone Investment Prospectus.
- Inspired by the work of Bruce Katz and Accelerator for America.



Opportunity Zones – A Proactive Community Response



Partnership with Mastercard Center for Inclusive Growth

Recognized for its Opportunity Zone Investment Prospectus, the Mastercard Center for Inclusive Growth has partnered with the EDDC to track the impact of Opportunity Zone investments in Erie.

The data analytic teams at Mastercard have the ability to measure and assess, not only the economic impact of investments, but also the societal impact of investment dollars on a community in real-time.

Opportunity Zones – A Proactive Community Response

Flagship Opportunity Zone Development Company

- Nation's first organization dedicated solely to promoting a municipality's Opportunity Zones.
- Formed and funded by a diverse coalition of local organizations and elected officials.
- Tasked with promotion, development, capital attraction, and coordinating deal flow within Erie's eight (8) Opportunity Zones.
- Separate legal entity affiliated with the Erie Chamber and Regional Growth Partnership.
- One full-time employee, funded completely by private capital.





EDDC Phase 1 Investment Vehicle

“Shocking the Market”

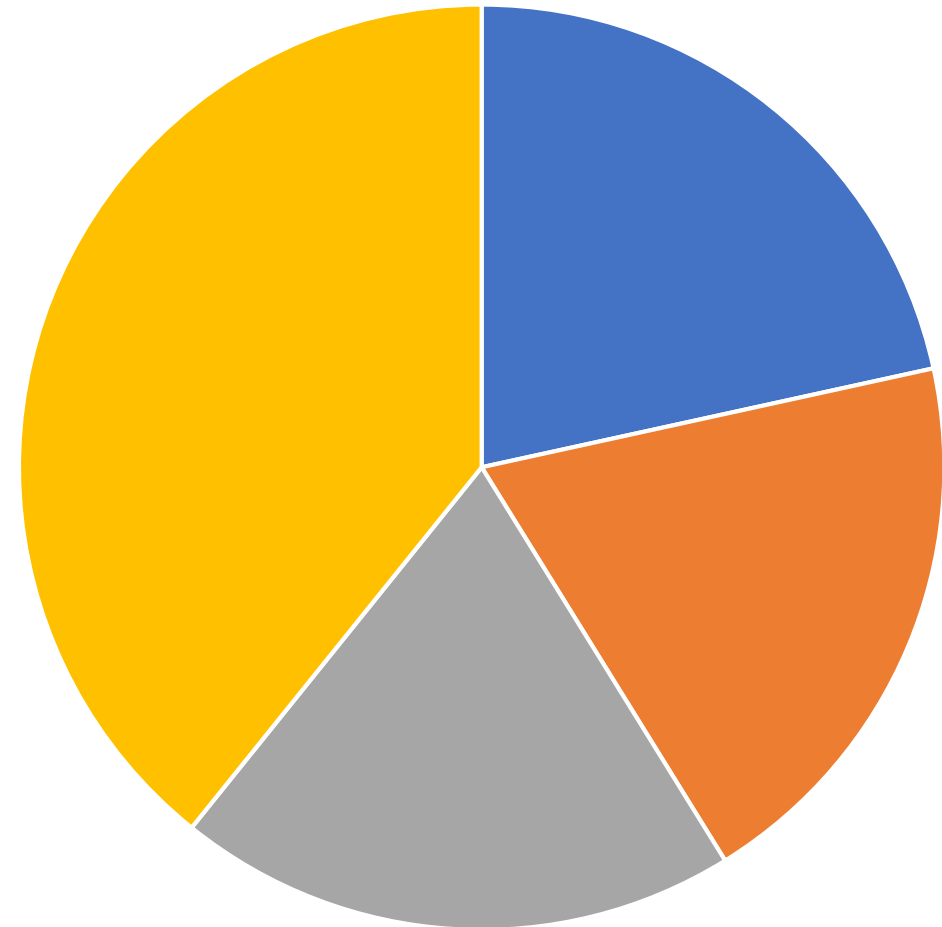
Erie Downtown Equity Fund Patient Capital: \$27.5 million

Local Opportunity Zone Fund: \$25 - \$30 million

National Opportunity Zone Fund: \$25 - \$30 million

National Short Term Debt Financing: \$50 - \$60 million

Total: \$127.5 - \$147.5 million



- Erie Downtown Equity Fund
- Local Opportunity Zone Fund
- National Opportunity Zone Fund
- National Short Term Debt Financing

EDDC Phase 1 – Project #1

North Park Row Culinary Arts District



EDDC Phase 1 – Project #1

North Park Row Culinary Arts District



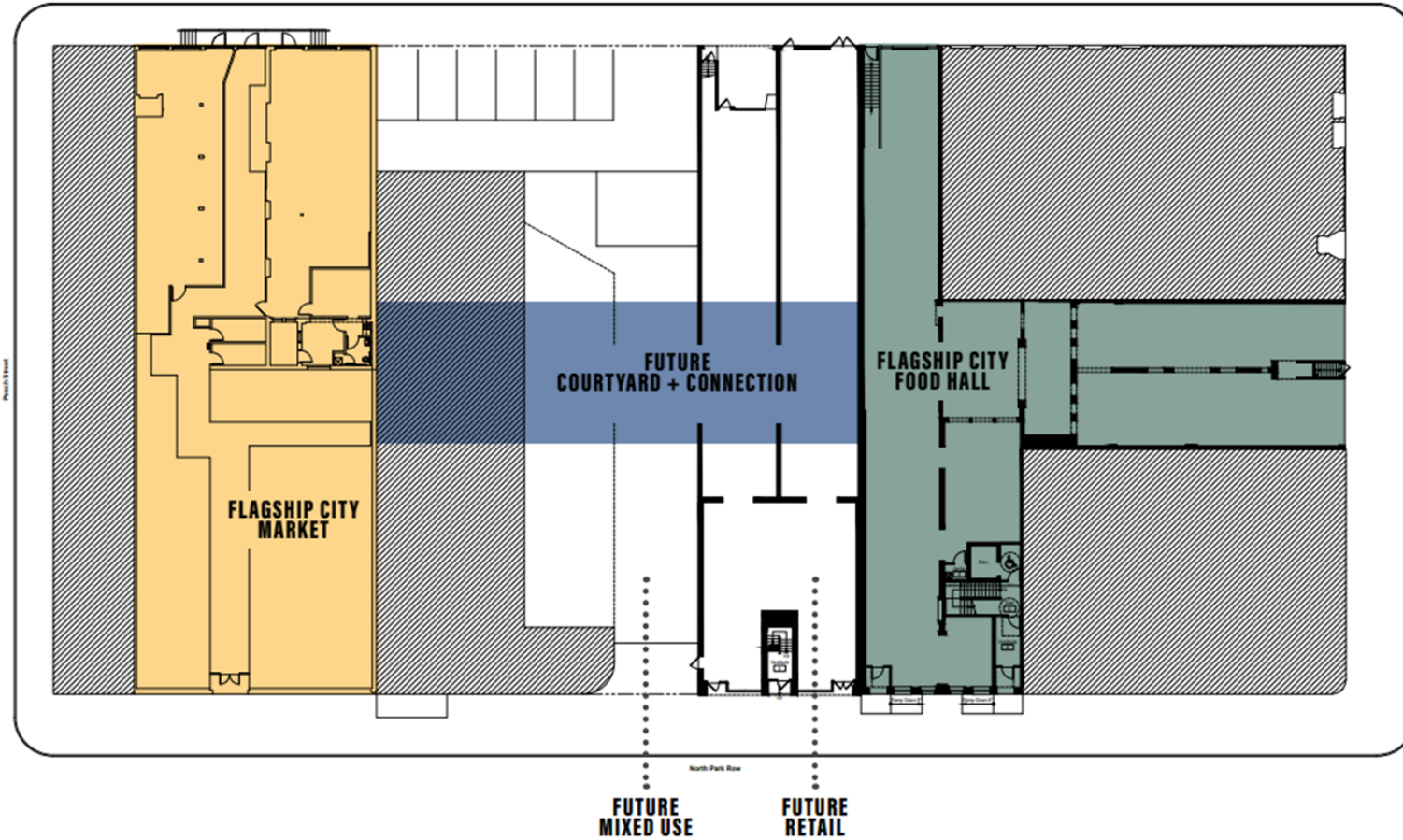
Erie Downtown Development Corporation

Wachter Development & Design

EDDC Phase 1 – Project #1

North Park Row Culinary Arts District

SITE PLAN





Economic Impact of NPR Culinary Arts District

	Current	Post-EDDC Investment
Investment	\$2,950,000	\$33 – 39 million
Square Footage	20,000 (utilized) 80,000 (vacant)	147,000 (utilized)
Property Valuation	\$1,125,000.00	\$21 – 25 million
Taxes Paid	\$37,481	\$707,343 – \$842,075
Businesses	6	24
Employees	40	245 – 341
Residential Units	0	73 – 87



Social Impact of NPR Culinary Arts District

Issue	Solution
Downtown Erie is a USDA-designated “Food Desert”.	-Flagship City Market provides a stable source of fresh, healthy food.
Downtown Erie is home to the poorest zip code in America.	-Addition of 24 businesses, with 245-341 new jobs, creates economic opportunity. -Culinary Incubator & Commercial Kitchen promote new economic, business & job growth.
Erie was named the “Worst City in America for African-Americans”.	-Cultivation and promotion of diverse vendors for Flagship City Food Hall, Flagship City Market, and Arcade shops and restaurants, along with creation of Commercial Kitchen and Culinary Incubator, will provide opportunities for all members of the community.
Downtown Erie can be empty on nights and weekends.	-The mix of local vendors and public amenities will make downtown Erie a destination for residents and visitors.



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THANK YOU!

