

LEHIGH VALLEY'S NEWSPAPER

# THE MORNING CALL

Allentown arena neighborhood tied to fiscal cliff

**New Markets Tax Credit program, which could benefit area, must be reauthorized.**

December 19, 2012 | By Scott Kraus, Of The Morning Call

Residents of the impoverished neighborhoods surrounding Allentown's \$272 million arena complex have a reason to pay close attention to the fiscal cliff negotiations taking place in Washington, D.C.

Funding for the New Markets Tax Credit, a key U.S. Treasury program neighborhood advocates are hoping to tap to extend the arena's benefits into the community surrounding the city's one-of-a-kind Neighborhood Improvement Zone, ran out in 2011, and will disappear this year if not reauthorized.

Community Action Committee of the Lehigh Valley's Rising Tide Community Loan Fund applied for \$110 million worth of the credits in 2011, hoping to use them on a variety of development projects aimed at improving the lives of residents living in poor areas surrounding the arena.

But the application was rejected on a technicality, and the group has reapplied this year.

Its new application asks for \$70 million in credits that would be awarded to investors in three urban Lehigh Valley redevelopment projects: the arena complex, a plan to rehabilitate Allentown Metal Works and Easton's proposed intermodal transit center. That would produce \$2.8 million in fees the committee would use to pay for a broad menu of neighborhood efforts.

The programs include a fund that would invest in community development projects, an effort to convert storefront apartments back into active storefronts in the arena neighborhood, funding for small business startup classes and the establishment of a central employment office for the arena neighborhood.

The Community Action Committee would also use the fees to extend the Main Street program covering Allentown's Seventh Street commercial district for seven years.

"All of this is designed to make sure the benefits of the NIZ spill over into the neighborhoods and vice versa," said Alan Jennings, executive director of CACLV.

Because some of the tax credits would be issued to investors in Easton's intermodal project, it would devote some of the fees to community and economic development projects in that city.

There's only one problem. Right now, unless the program is reauthorized, Treasury has no authority to issue the credits.

Supporters of the program are hopeful that language extending the credits through 2013, approved by the Senate Finance Committee earlier this year, will be inserted in fiscal cliff legislation, New Markets Tax Credit Coalition spokeswoman Alison Feighan said.

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"If an agreement is reached on avoiding the fiscal cliff, we are hoping ... New Markets will be extended," she said.

If successful, it wouldn't be the first local project to tap the program. Bethlehem's SteelStacks entertainment venue included \$5 million in federal New Markets Tax Credit financing.

If not, Jennings, a member of the Allentown Neighborhood Improvement Zone Development Authority, said he'll have to find some other way to pay for the programs.

Rising Tide's unsuccessful 2011 application proposed construction of a community center that would have joined a community health clinic and bilingual senior citizens center to the Lehigh Valley Hospital sports medicine center that will anchor the office building attached to the arena.

The plan also suggested a partnership with Lehigh Carbon Community College to create an Allentown School of Continuing and Professional Studies that would offer local residents professional, job and degree programs, and construction of 100 units of affordable housing.

And to improve access to healthy food, it offered to lure a grocery store such as Wegmans to the housing complex. Rising Tide would also get a cash infusion to expand its community lending program.

While Lehigh Valley Hospital has maintained its commitment to establish a sports medicine and fitness destination center in the arena complex, the rest of the proposal has been shelved.

Those plans were largely conceptual, Jennings said.

Lehigh Valley Hospital does plan to work with the minor league hockey Lehigh Valley Phantoms to provide healthy lifestyles education programs to the community, with a focus on the surrounding neighborhoods, hospital spokesman Brian Downs said.

Details of that outreach, including plans for and access to the fitness center, are being developed, he said.

The goal of the Neighborhood Improvement Zone is not simply to make center city Allentown a showplace, said Jim Harbaugh, chief operating officer with City Center Investment Corp., the private developer that is building two office buildings, a hotel and apartments near the arena in the block framed by Seventh, Eighth, Hamilton and Linden streets.

Its aim is to improve the city as a whole, including the neighborhoods that surround the zone, where groups like CACLV have been toiling for years.

"I look at it as being kind of symbiotic," Harbaugh said. "We help each other. If [CACLV] is helping people build better neighborhoods and we are bringing new employment and businesses in town where economic development happens, you kind of reach out to one another."

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Much of the discussion of how the arena and its accompanying development should help the distressed neighborhoods surrounding it has taken place behind the scenes among city officials, CACLV and arena zone developers.

It is a neighborhood in serious need of help. In its 2011 application, Rising Tide noted that more than half the people living in the census district surrounding the arena fell below poverty level.

The faith-based Congregations United for Neighborhood Action has been pushing publicly for more attention to be paid to the neighborhoods and in recent months has met with city officials and representatives of arena developer Hammes and City Center Investment Corp.

The Morning Call obtained the 2011 Rising Tide New Markets Tax Credit application through a Freedom of Information Act request to the U.S. Treasury.

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## NEIGHBORHOOD PROGRAMS

If New Market Tax Credits are awarded, the Community Action Committee of the Lehigh Valley would receive as much as to \$2.8 million in fees to fund community programs for up to seven years.

- \$750,000 would fund a line of credit and equity fund to invest in community development projects.
- \$438,000 would fund community and economic development projects in Easton.
- \$362,000 would be spent on staff to administer the programs.
- \$350,000 would operate a retail incubator for small, startup businesses.
- \$280,000 would support classes in Allentown and Bethlehem aimed at helping city residents start new businesses.
- \$200,000 would provide grants to convert first-floor apartments back into retail stores in downtown Allentown.
- \$175,000 would extend the Main Street program for Allentown's Seventh Street corridor for seven years.
- \$140,000 would fund the Lehigh Valley Community Land Trust to promote homeownership.
- \$105,000 would operate a central employment office in the Neighborhood Improvement Zone to provide information on jobs, training and other employment related services.