

Chapter 7

Economic Development Plan

The Shippensburg Region must support conditions for innovative economic and community development. The municipalities must position themselves to maximize the skills of their workforce and create innovative opportunities for future economic development. A proactive approach to economic development is to increase the tax base by expanding and diversifying the economic base. Residents of both municipalities have expressed an interest in seeing additional commercial and, to a lesser extent, industrial development in the area.

The citizen survey results were clear that the stability and vitality of the downtown area is a major concern for area residents, particularly those from the Borough. This concern is mirrored by those expressed by Township respondents regarding the loss of rural areas to business-oriented development - and an almost complete lack of interest in economic development. This suggests a coordinated economic development strategy whereby smaller-scale uses could be directed to the downtown area and larger-scale enterprises are directed toward the existing industrial park and areas appropriate for large-scale commercial uses.

The Costs of Land Use

As development has increased in and around the region, costs associated with that development, including traffic and road maintenance, public protection, sewer and water system expansion, and public education will also increase. Ultimately, these costs are reflected in higher taxes, which can be especially burdensome on those with fixed incomes. One way to address the issue of increased costs is a cooperative effort among the Borough, the Township, and volunteer organizations to identify ways to provide essential services in a more efficient manner, and to eliminate duplication of services among agencies.

Continued residential development within the Region needs a balance of non-residential development to ensure a healthy tax base and economy. The Penn State College of Agricultural Sciences Cooperative Extension has published a study entitled, "Fiscal Impacts of Different Land Uses, the Pennsylvania Experience." In the study, eight Pennsylvania townships were analyzed to determine the fiscal impact of land uses. The ratios of revenues to expenditures were calculated for residential, commercial, industrial, and farm and open land. Residential land, on average, required substantially more in expenditures, mainly due to school expenses and infrastructure costs. In some cases, there was an expense-to-revenue ratio of over 2-to-1 for residential uses. Commercial, industrial, and farm and open land provided more revenue than they required in expenditures. The study notes that these findings are consistent with those in other states.

Encouraging Economic Vitality

Municipalities can address the issue of economic vitality through their municipal ordinances. Amending zoning and subdivision/land development ordinances to allow additional commercial and industrial development, as well as adaptive reuse of older buildings is one method. Streetscape enhancement of commercial areas, downtown improvements, historic district preservation, and entry or "gateway" enhancements are others. Municipalities must take advantage of the public/private partnerships that exist and provide leadership to the business community to help establish a common focus for future economic development.

A healthy economy requires a balance between residential and non-residential uses. It is important to preserve residential neighborhoods that support the commercial areas and provide the people for a workforce. Communities with high quality-of-life amenities attract more affluent and skilled

workers and retain existing workforces better than communities with poor quality-of-life amenities. Preserving architecture, heritage, and culture helps a community maintain a sense of place and attract people and businesses to the region.

Goal: Maintain and enhance the economic vitality of the Shippensburg Region.

Objectives:

- Help businesses identify new sales opportunities.
- Market the downtown to Shippensburg University and recruit businesses that meet the needs of the students, parents, and employees.
- Promote the downtown as a unified shopping area to marketing groups.
- Improve the quality of downtown businesses by helping them be more customer responsive and competitive.
- Encourage coordinated business hours that meet consumer needs.
- Encourage attractive window and interior merchandise displays.
- Maintain visitor information on the downtown.
- Market and promote downtown businesses.
- Maintain existing businesses and encourage patronage of those businesses.
- Work with financial institutions to establish loan pools.
- Maintain a good working relationship between public and private sectors.
- Encourage new uses for any underutilized or vacant buildings.
- Recruit businesses to complement the downtown's retail and service mix.
- Identify sources of grants for physical improvements or providing matching grants for such improvements.
- Encourage promotional activities that create a positive image for the downtown, consistent with community characteristics and history.
- Preserve and enhance the historic features of downtown Shippensburg.

- Ensure an adequate supply of parking in downtown business district.

Target Areas

Economic development planning and is not only the responsibility of the municipal officials. Local economic groups, non-profit organizations, business and property owners, Shippensburg University, and local and State legislators all have a stake in the economic well-being of the Shippensburg Region. The Region is home to several economic development groups such as DOIT and SADCO, who work closely with the local Chamber of Commerce. These local groups need to establish a consistent approach and common focus for future economic development and work closely with the public and private sectors to avoid duplication of efforts. The first step to improve the climate for economic development and develop a community-wide vision is to identify the crucial or “target areas” that present the most future economic development potential in the Region.

US 11 - SHIPPENSBURG TOWNSHIP (King Street)

There is significant opportunity for future commercial development along US 11 between the Borough line and Conestoga Drive. Uniform design standards for commercial development should be established. Such standards could encourage visual consistency along this corridor by regulating signage, landscaping, setbacks, and streetscape improvements.

DOWNTOWN SHIPPENSBURG

King Street is the main thoroughfare through the Borough, and runs directly through the central business district as well as the Borough’s historic district. Shippensburg has historically served as a business center for western Cumberland County. Unfortunately, large volumes of thru traffic as well as competing commercial development in the Township threaten to undermine the economic vitality of the downtown. The Borough must strive to make the downtown a destination. Economic development follows people, so the downtown must become a gathering place. The downtown core must have a pedestrian-friendly design that accommodates informal gathering places mixed in with stores, restaurants, coffee shops, and office uses.

Foster a positive image through special events, programs, music and art festivals, and holiday decorations. Promote the historic and cultural heritage of the Region as a means to promote tourism. Marketing tools such as banners, brochures, and restaurant/shopping guides should be produced. Businesses may offer incentives to encourage University students to patronize the downtown.

The provision of a sidewalk (or trail) system throughout the Borough is another method to enhance social interaction and the sense of place. Such a system could provide bicycle and pedestrian access to downtown Shippensburg as well as recreational opportunities to students and residents in surrounding areas. The Borough could encourage this through provision of bicycle and pedestrian-friendly facilities, such as bike racks and benches, in the downtown area. The Borough should continue to review its sidewalk policy to ensure it regulates gaps in the sidewalk system are to be constructed when a property is sold or developed.

Currently, the Borough does not have any serious parking problems, but this should be monitored to determine if problems develop in the future. A lack of on-street parking

within the business district will adversely affect future commercial investment or re-development. The chapter on traffic circulation will address some approaches to improving traffic flow on King Street and other streets within the Borough.

WALNUT BOTTOM ROAD (Route 174)

Most of the commercial development in the Township has occurred along Walnut Bottom Road. Encouraging development that enhances the visual character of this area makes economic sense, just as it does for King Street. Design standards for commercial development along the corridor should be established, but should be tailored towards larger scale commercial development and users in cars rather than pedestrians. While portions of Walnut Bottom Road still contain significant pedestrian traffic, the future of the area will most likely be larger scale retail, such as the new Wal Mart. As such, standards should focus on regulating things such as driveways, access roads, billboards, and signage. Landscaping requirements for new commercial development should be addressed as well.

BALTIMORE ROAD

Additional commercial development along Baltimore Road should be encouraged at a smaller, more pedestrian-friendly scale than that along Walnut Bottom Road. Due to the proximity of residential neighborhoods, the Township should address issues such as safe crosswalks, driveways with clear sight triangles, sidewalks, and trails.

INTERSTATE 81 INTERCHANGE

Provide land for and encourage professional office and research and development uses near the I-81 interchange area. The Keystone Innovation Zone, in cooperation with the University, should be encouraged in this area.

SHIPPENSBURG INDUSTRIAL PARK

The Shippensburg Industrial Park on East Dykeman Road contains the majority of the Borough's industrial uses. The Borough should continue to focus on expansion of the park and attraction of additional industries. The Borough should investigate the potential of offering incentives, such as the use of a KOZ, to help attract businesses to the park.

Goal: Encourage appropriate economic development in the form of light industrial and commercial development while preserving and enhancing the quality of the environment.

Objectives:

- Enhance tax revenue through business development in order to balance the residential share of the tax base.
- Promote job creation for residents through cooperative efforts of the Borough, the Township, the County, economic development agencies, businesses, and educational institutions.
- Promote well-designed commercial development in the Walnut Bottom Road corridor.
- Coordinate the location of businesses and transportation systems to minimize traffic impacts on residential areas.

- Encourage appropriate adaptive re-use of vacant and underutilized commercial and industrial properties.
- Enhance the downtown area of Shippensburg as a smaller scale commercial core, emphasizing the unique historic character and encouraging adaptive re-use of vacant and underutilized properties.
- Create closer ties between the tourism industry and the Region, promoting Regional attractions for tourism.
- Identify community facilities and services that may attract appropriate economic development; develop strategies for providing such facilities and services at appropriate locations consistent with the other goals and objectives of this Plan.
- Identify ways to market the University facilities, such as the Performing Arts Center and new Foundation Building and Conference Center, to enhance economic development opportunities in the Region.
- Designate appropriate areas for economic development, and identify the specific types of economic development that are most appropriate for the region.
- Identify strategies to attract desirable firms and coordinate goals with the Shippensburg Area Chamber of Commerce.
- Continue cooperation with Shippensburg University to establish a Keystone Innovation Zone (KIZ) district in the Region.
- Relate economic development to available infrastructure; establish developer responsibilities to provide infrastructure improvements as part of the development process.
- Establish standards for the design of new non-residential development. Require appropriate landscaping and buffering as well as design that respects nearby existing neighborhoods.
- Implement regulations that discourage the “strip commercial” form of development; promote other forms for commercial construction.
- Emphasize small business development as well as light industrial, research and development, high technology, office, and services to complement the existing commercial activities in the region.
- Support establishment of Keystone Opportunity Zones, if financially feasible, to encourage appropriate economic utilization of the vacant and underutilized commercial and industrial sites.
- Review the merits of tax abatement programs to attract businesses, including working with Shippensburg University and its Small Business Development Center to create an Enterprise Zone to attract and retain new businesses.
- Retain, enhance and promote the historic and cultural heritage of the Region as a means to promote tourism.
- Support agencies promoting economic development in the Region.

Actions

1. Seek funding for downtown streetscape and pedestrian enhancements. Potential funding/information sources include Department of Community and Economic Development (DCED); Harrisburg Area Transportation Study (HATS); DOIT (Downtown Organizations Working Together); Chamber of Commerce.
2. As funding becomes available, apply to the Keystone Opportunity Zone (KOZ) or similar funding programs to provide incentives to attract businesses to the Borough's central business district.
3. Amend municipal ordinances to require appropriate access management and design criteria for new commercial developments. Work with the development community to identify potential barriers to economic development projects.
4. The Borough should reapply for the Main Street Program. Participation in this program will allow the Borough to pursue the Elm Street program as well. If costs are an issue, the Borough should investigate the feasibility of sharing the costs of a program manager with groups such as DOIT, SADCO, and downtown business owners.
5. Amend municipal ordinances to improve community image by enhancing physical appearance. Enhance the appearance of public areas, including buildings, street lights, window displays, parking areas, signs, sidewalks, benches, landscaping, trash receptacles, utility poles and lines, and public phones. Enhance the Borough's Gateways and the Township's commercial region through design criteria that is uniform and compatible with the area's character.
6. Concentrate on the economic development "Target Areas" identified in this chapter. Amend municipal ordinances, work with developers, and apply for grants to allow appropriate economic development and visual enhancements in the Region.

ECONOMIC DEVELOPMENT PROGRAMS

KIZ - (Keystone Innovation Zone Program)

The KIZ Program for the region was initiated by the Cumberland County Economic Development Office in June of 2003. The University and municipalities should continue moving the process forward. The Future Land Use Plan identifies the Interchange Business area as an appropriate zone for an economic development project. The KIZ Program is summarized below:

Summary - Grant funds to community/university partnerships to generate economic and job growth focused around the campuses and property around colleges and universities. Eligible partnerships also will receive priority review from other eligible DCED programs for projects and companies that locate in the zone (zone tax credits, technology transfer funds, etc.).

Eligibility

- Partnerships must include: institution of higher education, economic development organizations, private sector businesses, business support organizations, commercial lending institutions, venture capital, foundations, local government organizations, and workforce development organizations.
- Zone must be geographically identified with links to institution of higher education

Eligible Uses -Grant funds will be used for Zone coordination, strategic planning, personnel costs, hiring of consultants and administration of the zone.

Where to Apply - DCED, Technology Investment Office.

Amounts - Maximum for the first year of \$250,000. Declining funding in follow on years; operations required without state funds after year three.

Terms

- Partnership must meet definition and required members
- Zone must define industry sector or key trust to zone
- Zone must be geographically identified and should include an institution of higher education with research capabilities. Institution does not have to be located in zone boundaries, but must be formally linked to zone activities.
- 1:1 cash match required
- Refer to Program Guidelines

KOZ - (Keystone Opportunity Zones)

Keystone Opportunity Zones are defined-parcel- specific areas with greatly reduced or no tax burden for property owners, residents and businesses.

Eligibility:

To be considered as a Keystone Opportunity Zone, a site must have:

- Displayed through a vision/strategy statement how this property through targeted growth could impact the aforementioned positively;
- Displayed evidence of adverse economic and socioeconomic conditions within the proposed zone such as high poverty rates, high unemployment rates, percentage of abandoned or underutilized property, and/or population loss;
- Passed binding resolutions or ordinances forgoing certain taxes; this included school districts, county and municipal governments.
- Public and private commitment of resources;
- Linkages to regional community and economic development activities including Team Pennsylvania and initiatives under the DCED's Center for Community Building;
- A written plan discussing the implementation of quality school improvements and local crime reduction measures
- And a demonstrated cooperation from surrounding municipalities.

Where to Apply - DCED Customer Service Center 1-800-379-7448

Enterprise Zones

Summary- The purpose of an Enterprise Zone is to promote job growth and to help municipalities take advantage of business expansion opportunities when they arise. EZ's improve the capacity of local governments and business communities by encouraging them to form public/private partnerships. In turn, these partnerships boost business investment within the zone. Increased business investment, job creation and sustained community self-sufficiency are the primary goals of the Enterprise Zone program.

Eligibility- Local governments, redevelopment authorities, nonprofit economic development organizations, and other nonprofit organizations and business district authorities.

Eligible Uses- Enterprise Zone competitive grants-to-loans can be used for up to 30% of the total project investment to acquire machinery and equipment. They are available for new business construction or building improvements, site improvements, infrastructure, and in some special cases, for up to 40% of inventory or working capital needs. Competitive grants-to-loans also can be used toward the cost of preparing business lease space, especially for facilities with fiber optic wiring. Costs of public infrastructure development and hazardous waste testing may also be considered, if the lack of conventional funding sources for such costs is documented. Competitive grants may not exceed 30% of total project investment, and one full-time job must be created or retained for each \$30,000 of loan capital.

Where to Apply- DCED Customer Service Center

Amounts - Planning grants up to \$50,000 (one time only). Basic grants up to \$50,000 for up to 7 consecutive years. During this time period, basic grants may be increased up to \$75,000 on two occasions, only if the Enterprise Zone entity is undertaking a cluster analysis, or some other activity that uses analytical tools to enhance the zone's development plans. This is not an entitlement program. Need and demonstrated progress must be documented prior to receiving these grants on a yearly basis.

Competitive grants-to-loans up to \$500,000 which can be loaned to private sector firms in the zone.

Main Street Program

The Borough of Shippensburg participated in the Program during the 1980's. The interest in the Program faded when grants for the Main Street Manager ran out. The Borough has not re-visited this program due to concerns over the potential of a tax increase to pay for the Manager. Unfortunately, without a Main Street Program in place, the Borough is not eligible for the Elm Street Program, which is described later in this chapter.

Summary - The Main Street Manager Component is a five-year program designed to help a community's downtown economic development effort through the establishment of a local organization dedicated to downtown revitalization and the management of downtown revitalization efforts by hiring a full-time professional downtown coordinator. The Downtown Reinvestment and Anchor Building components use business district strategies to support eligible commercial related projects located within a central or neighborhood business district. This program has been merged into the New Communities Program.

Eligibility - Generally, a municipality is the applicant for the Main Street Manager Component. Municipalities and redevelopment authorities are the eligible applicants for the Downtown Reinvestment and Anchor Building components. In limited cases, a Main Street non-profit or Business District Authority with two years of audited records may apply for the funds.

Eligible Uses - For the Main Street Manager Component, administrative costs associated with the hiring of a coordinator and operating the office and design/facade are granted to private property owners within the target area. For the Downtown Reinvestment and Anchor Building components, physical improvements that are supported by a plan with clearly documented public benefit.

Where to Apply - DCED Customer Service Center

Amounts - Total of \$115,000 over a 5-year period. For Downtown Reinvestment and Anchor Building components, up to \$250,000 or one-third of the total development cost.

Terms Match required for Main Street Component; For Downtown Reinvestment and Anchor Building components, leveraged funds should be committed to be competitive; Refer to the Program Guidelines

Elm Street Program

Summary - Grant funds for planning, technical assistance and physical improvements to residential and mixed use areas in proximity to central business districts.

Eligibility

- Municipalities
- Redevelopment Authorities
- Non - profit Main Street organizations
- Economic development organizations
- Neighborhood Improvement districts
- Business improvement districts

Eligible Uses - Revitalization of Residential and Mixed use Neighborhoods; Administration costs to support an Elm Street Program

Where to Apply - DCED single applications form; DCED Customer Service Center

Amounts - Up to \$250,000 is available.

Terms - Administrative costs associated with hiring a full-time manager and related office expenses over a maximum five-year program term (includes one planning year and four operational years.) Minimum 10% local match required; if a part time manager is appropriate a reduction in total grant and match will occur.

Additional Programs

The Pennsylvania Economic Stimulus Package has been recently passed and includes the following economic development programs and potential funding sources for the Region:

- Business in Our Sites will offer flexible loans and grants for local municipalities and their economic development partners to create future business growth and attract opportunities through the acquisition and preparation of key sites for development. The program would provide communities with grants and loans of up to \$250,000 to pay for the reclamation of industrial land.
- Building PA will provide funding for the development of real estate assets within the Commonwealth. Funds will be loaned to private investors and foundations looking to match funds to facilitate projects within the Commonwealth.
- New PA Venture Guarantee Program will allow the Commonwealth to more actively partner with the investment community by structuring a program that provides guarantees to venture capital companies interested in Pennsylvania businesses. These guarantees will provide increased capital for Pennsylvania businesses to grow and create jobs.
- New PA Venture Capital Investment Program will provide capital to Pennsylvania-focused venture capital companies that agree to match those funds and make investments in Pennsylvania businesses.
- First Industries Fund. First Industries will provide grants, low-interest loan financing and loan guarantees for agriculture and tourism.
- 2nd Stage Loan Program will provide guarantees for bank loans to second stage manufacturers and technology companies for working capital and other financing needs. Targeted toward manufacturing, advanced technology and biotechnology, these funds will support growth in these sectors.
- Tax Increment Financing (TIF) Guarantee Program. Through TIF, communities can borrow funds for projects that will develop blighted areas and then repay those borrowed monies through the new tax revenues that will be generated as a result of the development. A combination of technical assistance and loan guarantee assistance is proposed to encourage small communities to utilize this program.
- Infrastructure & Facilities Improvement Program is a multi-year grant program that will provide grants to certain issuers of debt in order to assist with the payment of debt service.

The Pennsylvania Department of Community and Economic Development (DCED) is the primary contact for these programs.