



Allentown Neighborhood Improvement Zone

Allentown City Council

January 20, 2021



ALLENTOWN NEIGHBORHOOD
IMPROVEMENT ZONE
DEVELOPMENT AUTHORITY

Downtown Allentown: Before and After Video



ANIZDA

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Neighborhood Improvement Zone (NIZ) Act

- NIZ legislation was originally passed in 2009 by the PA General Assembly for cities Allentown's size because legislators believed that the unique tax incentive would accelerate improvements and developments
- Legislation allows a maximum of 130 acres of land
- Almost all state and local taxes from businesses located in the NIZ (except real estate taxes) are available for debt service on bonds or loans to finance the PPL Center and new physical improvements and developments within the NIZ
- All applicable NIZ taxes may be used for improvements and developments within the Allentown NIZ rather than being redistributed throughout the Commonwealth of PA
- Allentown Commercial and Industrial Development Authority (ACIDA) determined the boundaries of the NIZ and entered into a lease and development agreement for the Arena Complex

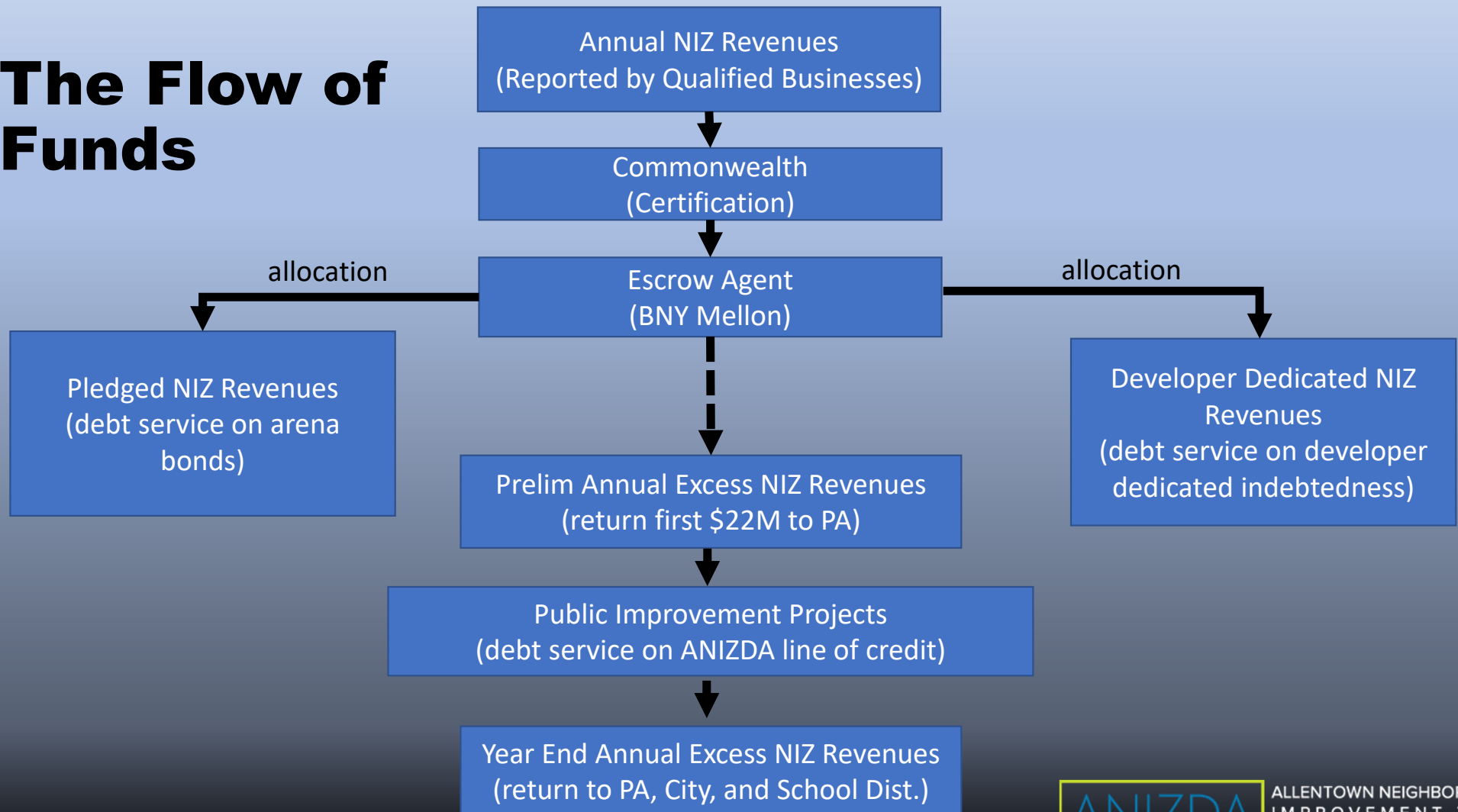
About ANIZDA

- Allentown Neighborhood Improvement Zone Development Authority (ANIZDA) was established in 2012 for purposes of administering and providing financing for the NIZ in accordance with the NIZ Act and assumed all of ACIDA's commitments with respect to the NIZ
- ANIZDA's board of directors consists of 9 members selected and agreed upon by Allentown's PA Senator, PA Representative, and Mayor, and then approved by City Council
- Public board meetings advertised and held the first Wednesday of each month
- Project Review Committee and Public Improvement Committee meetings are scheduled as needed, advertised, and open to the public
- Meeting agendas, minutes, resolutions, legislation, and guidelines available at www.allentownniz.com

Applicable State and Local Taxes Kept Within Allentown for NIZ Development

- Corporate Net Income Tax
- Bank Shares Tax
- Gross Premiums Tax
- Sales, Use & Hotel Occupancy Tax
- Employer Withholding Tax
- Gross Receipts Tax - Electric Company
- Gross Receipts Tax - Telecommunications Company
- Gross Receipts Tax - Transportation Company
- Gross Receipts Tax - Private Bankers
- Gross Receipts Tax - Managed Care Organization
- Gross Receipts Tax - Mutual Thrift Institutions
- Unemployment Compensation
- Realty Transfer Tax
- Cigarette Tax
- Tobacco Products Tax
- Vehicle Rental Tax / Public Transportation Assistance
- Vehicle Lease Tax / Public Transportation Assistance
- Personal Income Tax – Passthrough
- Malt Beverage Tax
- Contractor Sales & Use Tax
- PA Sales or Use Tax Paid on the Purchase of Tangible Personal Property or Services
- Public Utility Realty Tax
- Title Insurance Company Shares Tax
- Net Income Tax - Mutual Thrift Institutions
- Malt or Brewed Beverage Tax - Excise and Sales Tax
- Liquor/Wine Excise and Sales Tax
- Local Employer Wage/ Earned Income Tax
- Local Service Tax
- Local Business Privilege Tax
- Local Business License Fee
- Local Hotel Tax
- Local Realty Transfer Tax

The Flow of Funds



PPL Center



- 3.19 million visitors have attended sporting events, concerts, family shows, and graduations in downtown Allentown
- Development of the 10,000-seat arena has served as the catalyst for much of the private development that followed



**Development
Funded Through
the NIZ
Generates Over
\$7.9 million in
Annual Real
Estate Taxes for
City, School
District &
County**



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Projects Under Construction or in Planning

- Cityplace South
- Linden Street Commons
- One Center Square
- 932 Hamilton
- 950 Hamilton
- The Waterfront
- Grand Plaza
- Americus Hotel
- Brewers Hill
- DaVinci Science Center

The Waterfront



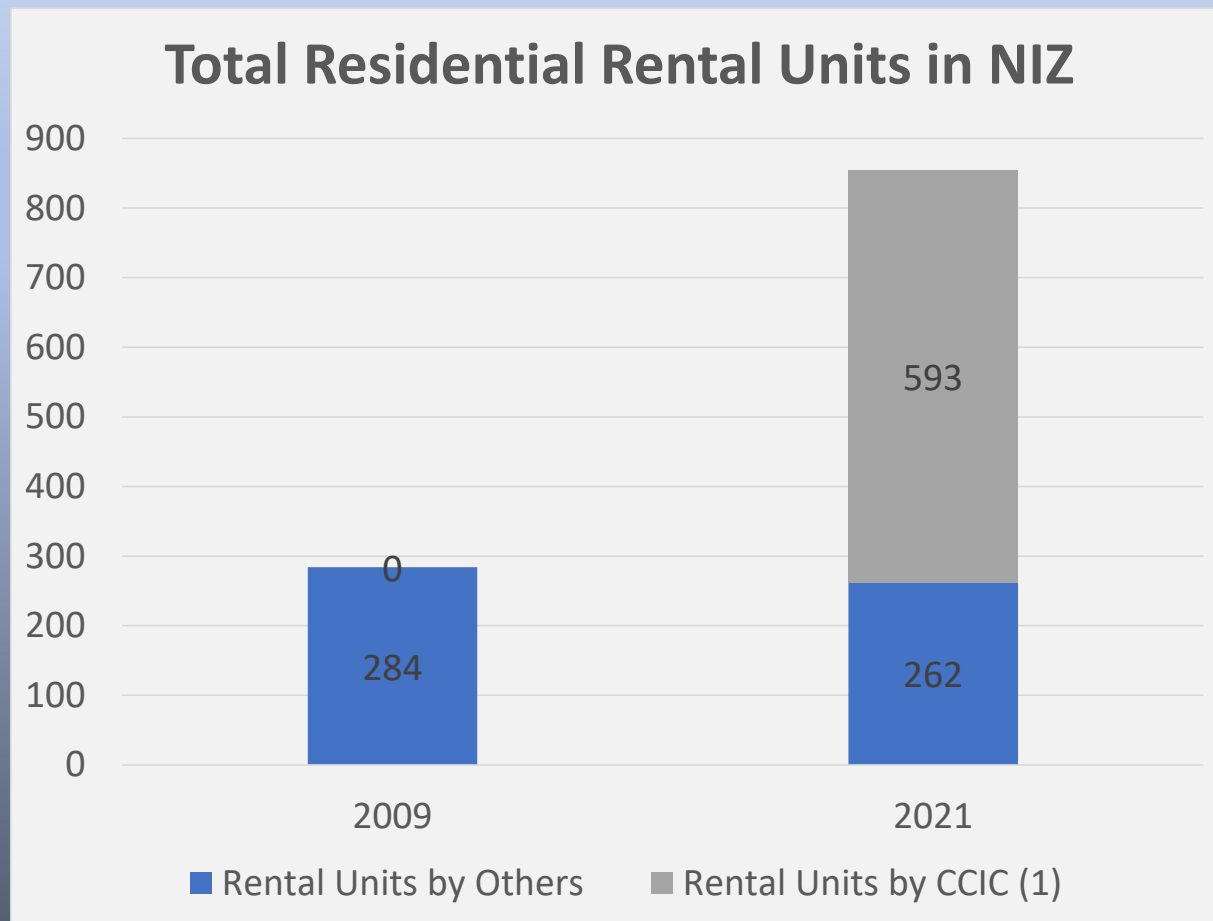
The Waterfront will transform a 29-acre site on the Lehigh River into a new mixed-use destination offering 600,000 square feet of Class A office and more than 500 residential apartment units in 12 buildings, each with street level retail and restaurant space.

- Features outdoor recreational opportunities, including a half mile signature River Walk, two outdoor plazas, and an amphitheater.
- Designs have been completed for the first four buildings to be constructed at The Waterfront campus, including 615 Waterfront Drive (Office), 645 Waterfront Drive (Office), 30 E Allen (Multifamily Apartments), and 525 Riverside Drive (Structured Garage).
- Construction of 615 Waterfront Drive is expected to commence in March

Residential Development in the NIZ

- The downtown plan developed by the City of Allentown in 2014 indicates that 1,000 additional market rate rental or for sale units need to be developed for a viable urban core
- **Benefits to Apartment Developer**
 - Very few NIZ financial incentives for apartment development in the NIZ. Taxes that are available for use by apartment developers for debt service must come from businesses, not from the individuals who rent apartments.
 - Incentive for developers to invest in apartment construction derived from need for additional housing units to attract workers for center city businesses, support restaurants and stores.
 - Street level or other businesses within apartment buildings may generate NIZ tax revenues that can be applied to debt service, but usually small in comparison to investments in commercial buildings
- **Benefits to City**
 - City earns additional real estate tax from all new construction including apartment buildings in the NIZ
 - City benefits by collecting earned income tax from individuals who rent and live in the NIZ but work outside of the NIZ
 - To date, 760 new apartment units have been developed within the NIZ and 61 apartments have been developed just outside the NIZ by City Center Allentown generating additional local earned income tax for the City and School District
 - More than 300 additional apartment units are currently approved for construction and will soon generate additional local earned income tax for the City and School District

- **Total residential rental units have grown dramatically since NIZ legislation was passed in 2009**
- **Source: City of Allentown rental license data provided by Department of Community & Economic Development**



(1) Does not include Center Square Lofts East

\$10.2 Million in Public Improvement Projects Approved

- **ANIZDA has approved funding of projects on public property that otherwise would have been funded using scarce City financial resources including:**
 - **LANta Bus Terminal Redesign & Relocation**
 - **Streetscape Improvements to Hamilton Street area including sidewalks, streetlights, curbs, ADA ramps, and street trees**
 - **Front & Hamilton Streetscape including sidewalks, streetlights, curbs, ADA ramps, and street trees**
 - **Court Street Artswalk Extension**
 - **Hamilton Street Artswalk Connector**
 - **Center Square Re-design**
 - **Soldiers & Sailors Monument Lighting**
 - **Parking Pay Station Kiosks**

LANta Bus Terminal

- Project Sponsor/Applicant:
Allentown Parking Authority
- Public Property Owner:
Allentown Parking Authority (leased to LANta)
- Total Project Cost
\$3,000,000



Public Improvement Projects

- **Selection of Projects and Role of Parties**

- Project must be constructed on property owned by the City, County, State or other public entity.
- Projects are proposed by the City and other organizations to the Public Improvement Committee of ANIZDA. City is involved in all presentations along with Project Sponsor. The Director of Planning & Zoning is a member of the Public Improvement Committee.
- Maintenance, programming, staffing, and ongoing operations are not fundable through ANIZDA.
- Role of parties involved in projects
 - City of Allentown – undertakes planning efforts to guide funding priorities, reviews projects, issues permits, and is often the public property owner
 - Funder – ANIZDA funds construction of public improvement projects through a revolving line of credit
 - Public Property Owner – City, County, State, or other public entity accepts completed project as public property
 - Project Sponsor – develops concept, completes application, executes agreement with ANIZDA and the public property owner, and completes the project
 - Project Improvement Committee – conducts initial review and makes recommendation to ANIZDA board
 - Credit Facility Guarantor – provides a conditional guarantee of the annual principal repayment pursuant to the terms of the revolving credit facility
 - ANIZDA Board - approvals take the form of a formal board resolution

Criteria for Evaluating Public Improvement Projects

- Project Sponsor Capacity
- The Public Prerequisite
 - For the primary benefit of the public
 - Accessible to the public, with sensible access restrictions for safety
 - On public property
 - Meeting all ADA criteria
- Project Impact Criteria
 - Leveraging other ANIZDA investments
 - Attracting more investment to the NIZ area
 - Physical Connectivity & Transportation
 - The Arts as Economic & Community Development
- Project Design Concept Criteria
 - Consistent with stakeholder goals
 - Within an appropriate cost range
 - With an excellent quality of design

The Benefits of Partnerships That Reach Beyond the NIZ

- **Companies doing business in the NIZ are providing financial support to create and expand diverse programs that benefit Allentown residents of all ages.**
- **Some examples of these programs are included in the slides that follow.**

Downtown Allentown Business Alliance

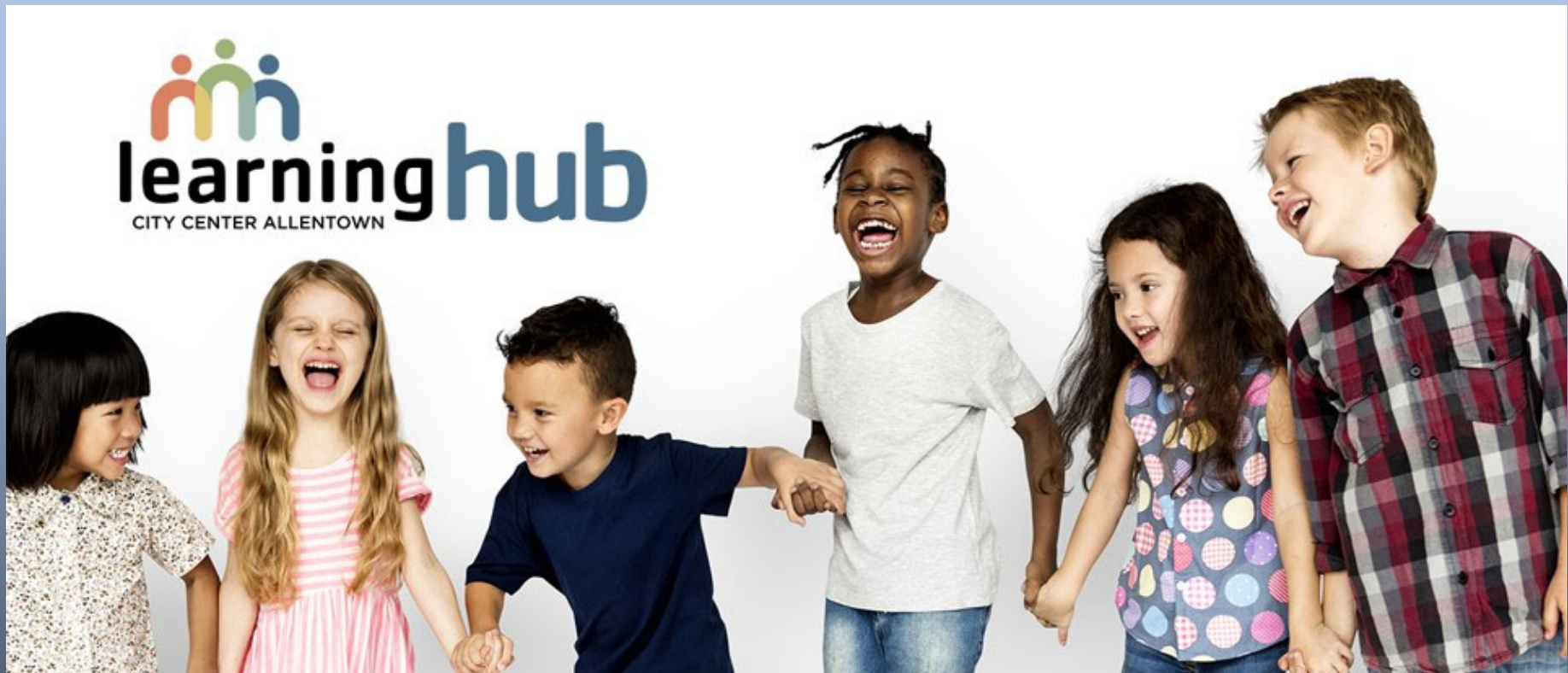


Tens of thousands gather in the NIZ each year for signature events such as Blues, Brews & Barbecue, Allentown Beer Fest, Tree Lighting Ceremony, and New Years Eve Celebration organized by DABA



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The Learning Hub



Operated by Community Services for Children, a primary goal of Learning Hub is to ensure school readiness and success for disadvantaged children by leveraging the resources of Head Start and other partners.



The Real Estate Lab



The Real Estate Lab is a multifaceted program designed to help participants develop the knowledge, networks, and capital needed to become successful real estate entrepreneurs in the community.



Building 21



Building 21 is a public high school with a unique competency-based approach. Start up funding and experiential learning opportunities have been provided by the business community.



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Conclusion

The urban core of the City of Allentown was declining for decades. Development in the NIZ started only 8 years ago. The NIZ legislation was specifically intended to jumpstart the commercial and residential redevelopment of the downtown and riverfront areas of Allentown. In the short term, the legislation has been successful in meeting these goals. The positive influence of the NIZ is beginning to spread and will continue to spread over the long term, improving the quality of life in Allentown, its school system, infrastructure, as well as its tax base and economy.

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