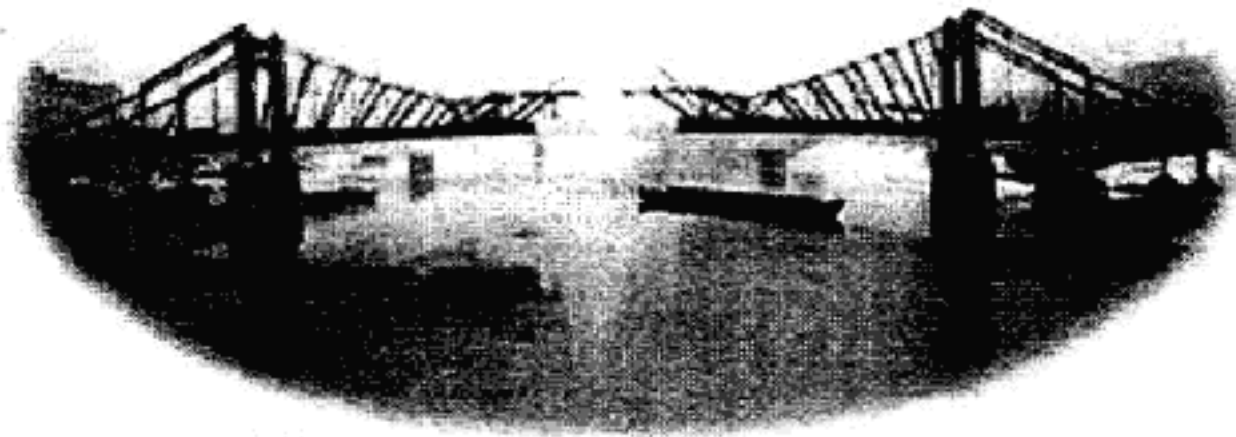




**Urban Competitiveness in Pittsburgh
Comparative Models of Development**



**The H. John Heinz School of Management and Public Policy
Carnegie Mellon
May, 1998**

Executive Summary

The Project

The report that follows is the product of the Urban Competitiveness Systems Synthesis Project of the H. John Heinz III School of Public Policy and Management at Carnegie Mellon University. Developed for the City of Pittsburgh's Office of Economic Development, the project examined ways in which inner city neighborhoods could enhance their economic competitiveness. The project created a framework for urban competitiveness and tested that framework in four Pittsburgh neighborhoods: Hazelwood, Homewood, Lawrenceville, and the South Side.

Findings

- Our model of urban competitiveness differs from traditional models of community development, which focused on transfer payments and housing subsidies. This model focuses on the community's ability to create wealth, attract private investment, create jobs, and enhance its standard of living for residents. It also examines the neighborhood's capacity to develop within its market position or niche and thus add value to the region's overall competitiveness.
- The project found that the economic factors for inner city competitiveness outlined by Harvard Business Professor Michael Porter are useful but have limits. According to Porter, inner city neighborhoods offer four competitive advantages for firms looking for locations: strategic location, access to regional economic clusters, available human resources, and under-served local demand.
- To better enable neighborhoods to fully capture these competitive advantages, we have identified urban competitiveness policy factors in which the private sector can act strategically to facilitate competitiveness. They include industrial site redevelopment, community management structure, workforce development, and public investment in the neighborhood.
- The project analyzed several outcome measures to determine the relationship between these urban competitiveness factors and neighborhood economic outcomes. These outcomes include private investment in the neighborhood, neighborhood population, the community's median family income level, and neighborhood property values.
- In terms of Porter's inner city competitive advantages, the South Side offers the best overall location with respect to the central business district and transportation nodes, followed by Hazelwood, Lawrenceville, and Homewood. The South Side again tops our neighborhoods in terms of regional cluster integration, with Lawrenceville, Hazelwood, and Homewood each offering the opportunity for integration into Pittsburgh's growing high technology economy. In terms of local demand, the more developed neighborhoods of the South Side and Lawrenceville have better served their local needs, but Hazelwood and Homewood both have highly underserved

markets to be tapped. Homewood offers the largest collection of available human resources, followed by Hazelwood, the South Side, and Lawrenceville.

- The South Side has clearly been the most successful of our target neighborhoods in meeting the four factors of urban competitiveness. The South Side has the best mix of available and prepared sites, followed by Hazelwood, Lawrenceville, and Homewood. Hazelwood has led in terms of attracting private investment, followed by the South Side, Lawrenceville, and Homewood. The South Side is the only neighborhood of the four with any sort of a workforce development plan, and possesses the strongest community management structure of the four, with Lawrenceville, Hazelwood, and Homewood trailing.
- We found a strong relationship between the four urban competitiveness factors and economic outcomes; the South Side had the most economic success in our outcome areas, followed by Lawrenceville, Hazelwood, and Homewood.
- In terms of industrial sites, local government should seek to provide financial incentives where possible to encourage private use and redevelopment. Government should purchase only those sites that would require serious and potentially expensive environmental cleanup and those sites that would be best used for something other than private development, like parks or recreational areas.
- Enhanced workforce development efforts are key in attracting firms to inner city locations and in improving the economic strength of a community. Job training programs and effective educational systems are key to this development.
- Effective public investment can be an excellent tool to generate private investment, and city should use their investment money wisely to maximize the generation of private capital.
- Strong community management is crucial to the overall success of any neighborhood. Those neighborhoods that organize effectively and efficiently are able to better leverage the kinds of public *and* private investments that will have an important impact on economic vitality. Strong communities can more effectively play a role in crafting site redevelopment efforts and workforce training efforts to meet the specific needs of that neighborhood.

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Chapter 1--Introduction

The Challenge

The Pittsburgh region is in the midst of a dramatic economic transformation. Once a national hub of traditional heavy manufacturing, Pittsburgh is attempting to recast itself as a serious competitor in the new technologically intensive economy of the 21st Century. Implicit in this new high technology model is the concept of national and global competition between cities for businesses, jobs, and investment. Cities that effectively attract economic growth opportunities will thrive in the global economy, while cities that do not will suffer and decline. In the fast-moving world that has developed in the information age, this competition is quickly becoming a winner-take-all proposition in which those cities and regions that can efficiently conduct the business of the world will "win" and those that cannot conduct this business will "lose."

On the surface, the Pittsburgh region seems more than adequately equipped to succeed in a globally competitive economy. The region's assets include strong universities, like Carnegie Mellon University, the University of Pittsburgh, and Duquesne University. Hundreds of acres of available riverfront land create additional opportunities for development throughout the city. Several neighborhoods have informal community political structures, which shows a high level of citizen concern for the region. Cultural and entertainment facilities such as those sponsored by the Pittsburgh Cultural Trust, the Pittsburgh Pirates, Steelers and Penguins, the many city parks, the museums and the amusement parks present entertainment options for all tastes.

The fact that Pittsburgh has not been fully successful in its transition to a global, high technology city is indicative of a significant regional problem. In the process of this economic transformation, several of Pittsburgh's urban neighborhoods have been left behind the region as a whole. The assets within these neighborhoods can be important tools in the struggle to improve the region's economic viability. Their underutilization hinders Pittsburgh's ability to compete within the world marketplace. For Pittsburgh to create an information age economy that can compete successfully with the rest of the world these neighborhoods must be drawn into the process of redevelopment and their assets must be fully utilized.

A 1997 report of the Working Together Consortium argued that "the Greater Pittsburgh region cannot be world-class if it is a region of two economies – one of opportunity and quality jobs, and one without."¹ The failure to incorporate several city neighborhoods into the regional economic revitalization effort has led to this dual economy, and prevents Pittsburgh from achieving true economic vitality. Enhancing the competitiveness of these neighborhoods will impact both the community's viability and the region's overall economic strength. The issue is simple: Pittsburgh's neighborhoods must be competitive, or the city's revitalization efforts will fail. Neighborhoods are the scaffolding upon which cities and regions are built. Strong,

¹ *The Greater Pittsburgh Region: Working Together to Compete Globally*, The Working Together Consortium, April 28, 1997, 5.

competitive neighborhoods can be the building blocks of a strong, competitive region; weak neighborhoods create a scaffold that is in constant danger of collapse. The dual economy that has hampered Pittsburgh's transformation to this point will put an end to that transformation if no steps are taken to correct the situation.

The Mission

The mission of this systems synthesis project has been to develop an urban competitiveness strategy for the City of Pittsburgh. This strategy has built partnerships between key stakeholders to connect disadvantaged neighborhoods to the ongoing economic revitalization of both the City and the Greater Pittsburgh region. To accomplish this mission, we have sought to assist these neighborhoods in identifying their key economic assets for the benefit of all. These strategies include developing competitive:

- sites for industrial and business development
- levels of public and private investment
- neighborhoods built upon shared values and active community organizations
- workforce strategies connecting people to emerging employment opportunities

The Urban Competitiveness Systems Team has tested this theory of neighborhood-based urban competitiveness by applying the model to four neighborhoods in the City of Pittsburgh – Hazelwood, Homewood, Lawrenceville, and the South Side. The results, recommendations and recommendation analyses that follow show the possibilities and constraints to this approach for enhancing neighborhood-based urban competitiveness. This model is meant to be a “first step” toward a workable theory that can be used to assess the competitiveness of any urban neighborhood.

The Model

The project has developed an urban competitiveness model for inner city neighborhoods based on the four strategies listed above. The model seeks to connect these urban communities to the economic strengths and growth areas of their larger cities and regions. The model seeks fundamentally to identify the competitive advantages and areas for growth in a neighborhood and offers recommendations to fully realize those advantages. This approach views neighborhoods as divisions of a corporation (the city or region) in an effort to determine how that neighborhood can provide maximum economic benefit to the city and how, in turn, it can reap the maximum economic benefit *from* the city. Finally, this model categorizes each neighborhood into a neighborhood-type model useful for differentiating it from other neighborhoods. The model type differentiation is based on neighborhood “niche”, land type, land use, and neighborhood location. Moreover, this portion will analyze the strengths, weaknesses and transferability of the lessons of each model and the role of industrial sites in that model-type of neighborhood.

Overview

Briefly, here is a preview of each of the coming chapters:

- Chapter 2 examines the theoretical underpinnings of the project. It analyzes the traditional model of urban renewal, then focuses on the competitive advantage model advanced by Harvard Professor Michael Porter. Synthesizing this model with the project's mission strategies, creating the urban competitiveness model.
- Chapter 3 will explore the project's research methodology, as well as the rationale for the selection of its four target neighborhoods.
- Chapters 4 through 7 detail the study of this urban competitiveness model in each of the four selected Pittsburgh neighborhoods:
 - Homewood (Ch. 4)
 - Hazelwood (Ch. 5)
 - Lawrenceville (Ch. 6)
 - The South Side (Ch. 7)
- Chapter 8 compares and contrasts the project's four case neighborhoods to form conclusions about the urban competitiveness model.
- Chapter 9 offers lessons learned during the course of the project as well as a set of recommendations for the four target neighborhoods to enhance their economic strength within the urban competitiveness model.
- Chapter 10 details our priority recommendations for our client, Steve Leeper, Director of Pittsburgh Mayor Tom Murphy's Office of Economic Development.
- Appendix A is a bibliography of sources used for this report.
- Appendix B is a special thanks to our advisory board and to the professional references that we interviewed during the course of the project.
- Appendix C holds the biographies of each member of the project team.
- Appendix D is a biography of our client Mr. Stephen G. Leeper, Director of Development Policy in the City of Pittsburgh.
- Appendix E details some of the environmental limitations associated with the Hazelwood LTV site.

Chapter 2--What is Urban Competitiveness?

Before examining the competitive situation in our four selected Pittsburgh neighborhoods, we must first begin to understand what we mean by "urban competitiveness." In a broad sense, we could argue that to understand urban competitiveness is to understand those factors that enable the inner city neighborhood to compete in areas like business development, job and wealth creation, and overall economic strength with the central city and the suburbs. Urban competitiveness, then, involves identifying those factors and utilizing them to create a sustainable economic renewal within those inner city neighborhoods. But what are those factors, what is the intrinsic value that an inner city neighborhood can offer to a firm that is in search of a location? What are the strengths that a community can capitalize upon to spur job and wealth creation? We will begin by examining why urban competitiveness is important to cities in the new economy. Then we will look at the theories that have come before – the social model of community development, the competitive advantage of the inner city, high performance economic development, and the model of the globally competitive community. Drawing from these theories, we will then create a workable model for reviving the economically depressed inner city, a model that will be applied to the four neighborhoods in question: Hazelwood, Homewood, Lawrenceville, and the South Side.

Why Urban Competitiveness?

Private corporations often measure their economic performance by determining their return on assets. Essentially, this figure determines how well the corporation has been using its assets to generate revenue. Companies that do an efficient job of utilizing assets to their maximum benefit have strong returns on their assets. If we consider the city or region as a corporation, the inner city neighborhood can be viewed as a subsidiary or division of that corporation. In order for the parent company – in this case, the city – to achieve peak economic performance, the assets contained within those neighborhoods must be used to their fullest potential. Just as a division that is performing poorly can be a detriment to the rest of the company, a neighborhood that is not fully competitive can be a hindrance to the economic strength of a city or region. For any region to maximize its economic strength, each neighborhood within that region must achieve its optimal level of competitiveness.

These ideas are as true in Pittsburgh as anywhere else. Neighborhoods in this city must be connected to the emerging economic revival of the greater region if that revival is to be fully successful. Each neighborhood must fully utilize its assets for the benefit of the neighborhood itself as well as the broader Pittsburgh region. The 1994 report *The Greater Pittsburgh Region: Working Together to Compete Globally* noted that the "imperative of building an economy which brings opportunity to all citizens and communities has emerged as a priority" in the effort to revitalize Pittsburgh.² It is clear that, for this region to compete on a "world class" economic level, it must extend economic growth opportunities to all of Pittsburgh's neighborhoods.

² *The Greater Pittsburgh Region: Working Together to Compete Globally*, Regional Economic Revitalization Initiative, November 1994, 23.

The Traditional Model of Community Revitalization

Traditionally, efforts to revive depressed inner city communities have revolved around a social model that focused on directly meeting the basic needs of community residents. Hence, this traditional model has spawned a revitalization model with two foci: transfer payments (income assistance, food stamps, etc.) and housing subsidies. Unfortunately, this social model of inner city revitalization has failed to produce a sustainable inner city revival, because it has failed to produce an effective model for true inner city economic development. These social programs, while valuable, do not approach a comprehensive economic strategy for attracting businesses and new jobs to the inner city and do not affect the key issue in urban revival, the creation of wealth. True economic growth can only come about when private firms realize an economic incentive to locate in the inner city for their own self-interest and profitability, and we must recognize that the social model will not solve the problems of the inner city alone.³

Harvard Professor Michael Porter argues that, in addition to the failure of the social revitalization model, those efforts that have been made at a sustainable economic development strategy have been misdirected. Rather than concentrating on the factors that might influence businesses to locate in the inner city, these past economic development efforts have tried to artificially create incentives through tax incentives and other government subsidies to those firms that do locate in the inner city. This model has treated the inner city as though it were disconnected from the broader urban and regional economies, choosing to develop small businesses to serve neighborhood demand while ignoring the potential benefit that the inner city could bring to the overall economy of the region. Rather than trying to create and attract firms that would be competitive on their own merits, this model has consistently promoted small firms that would likely fail without government assistance. Sustainable economic development must instead focus on attracting firms that can enhance the regional economy, firms that can thrive or fail on their own, without intervention.⁴

Competitive Advantage

Porter offers a new model for neighborhood economic development in his 1995 article, "The Competitive Advantage of the Inner City." This model capitalizes on the real advantages and assets of the inner city and seeks to attract those businesses that have a true economic rationale for locating there. Each community has its own competitive advantage, its unique niche that makes it an ideal location for a certain type of development; the trick is to identify that niche and develop in an intelligent way within that framework. Inner city neighborhoods in Porter's model must do more to determine their strengths and weaknesses within this model in order to understand what may attract firms to their community or drive them away.⁵

³ Michael Porter, "The Competitive Advantage of the Inner City," *Harvard Business Review*, May-June 1995, 55-56.

⁴ *Ibid.*, 55.

⁵ Description of this model comes from Porter, 56-65.

Strategic Location

The inner city neighborhood is ideally located for business development. Situated near the downtown urban center, these neighborhoods offer easy access to transportation infrastructure, communication nodes, central business districts, and high density, congested downtown areas. Firms that need to be close to downtown to be near consumers, suppliers, entertainment, or logistical infrastructure will find the inner city to be an inviting location for development. Land is in most cases cheaper than similar land downtown, thus offering firms the advantages of an urban location at a lower cost.

The inner city can and must capitalize on this strategic location to attract firms that would reap a real economic benefit from such a location. These could be, according to Porter, "location-sensitive industries now situated elsewhere, nearby companies and industries that face space constraints, and back-office or support functions amenable to relocation or outsourcing." Boston's Be Our Guest catering supplier is a case in point. Located in an inner city neighborhood within short distance of its customers in the central business district, Be Our Guest can offer faster and better service to its customers, and has used this advantage to become a very successful firm.

Local Demand for Goods

Inner city neighborhoods have historically been poorly served by existing businesses; in a period of overall market saturation, such neighborhoods can be an important untapped market for new and expanding firms. Retail, financial, and personal services are in especially high demand in the inner city, where market penetration may be less than 40% of penetration in the suburbs or downtown. Though per capita or per family income levels may be lower in the inner city than elsewhere in the metropolitan area, the higher population density of the inner city is enough to overcome these lower incomes. In Boston, for example, the inner city accounts for \$3.4 billion in total income, despite an average household income that is 21% lower than in the rest of Boston and the suburbs. Boston's inner city spending power per acre is very comparable with the rest of the metropolitan area and higher, in fact, than Boston's suburbs. Moreover, the racial diversity of the inner city represents untapped markets for goods tailored to a non-white customer base.

Several firms have been successful in focusing their efforts on underserved inner city markets. CareFlorida in Miami has tailored an HMO to meet the needs of inner city Latino residents, while Universal Casket in Detroit has carved a market niche by focusing on African-American funeral homes. These firms can carve out clear and important competitive advantages over established national firms in the same industries, and can in some cases parlay regional success into national success by appealing to similar communities across the country. Even better, companies like Baltimore's Parks Sausage can develop products for a inner city market that then find wider popularity in the national market, and become strong industrial players. Porter argues that inner city tastes often become the national mainstream, and companies focused on meeting those unique tastes can reap the benefits.

Proximity to Regional Clusters

Inner cities have the advantage of being physically close enough to emerging regional economic clusters to be able to connect to and capitalize upon them. Successful metropolitan regions typically offer some cluster or related firms that is competitive on a national or global scale. The challenge for the neighborhoods within those cities is to identify their regional cluster or clusters and what the neighborhood can do to adapt that cluster to its own economic advantage. Unfortunately, this type of integration has been lost in the more traditional model that ignores the potential for inner city success without outside markets and treats the neighborhood as an island with little or no connection to the region. Porter offers two specific ways in which proximity to regional clusters can be an asset in creating inner city development.

The first advantage of cluster integration is easy business formation. Companies could be created to tap into regional clusters and provide supplies or support services; Detroit's Mexican Industries, for example, provides head rests, arm rests, air bags, and other components for the regional automotive industry. A neighborhood that can identify regional clusters and develop or attract businesses that service the firms within those clusters will be tapping into well-established markets with well-established customers; the potential for sustained growth would be greatly enhanced.

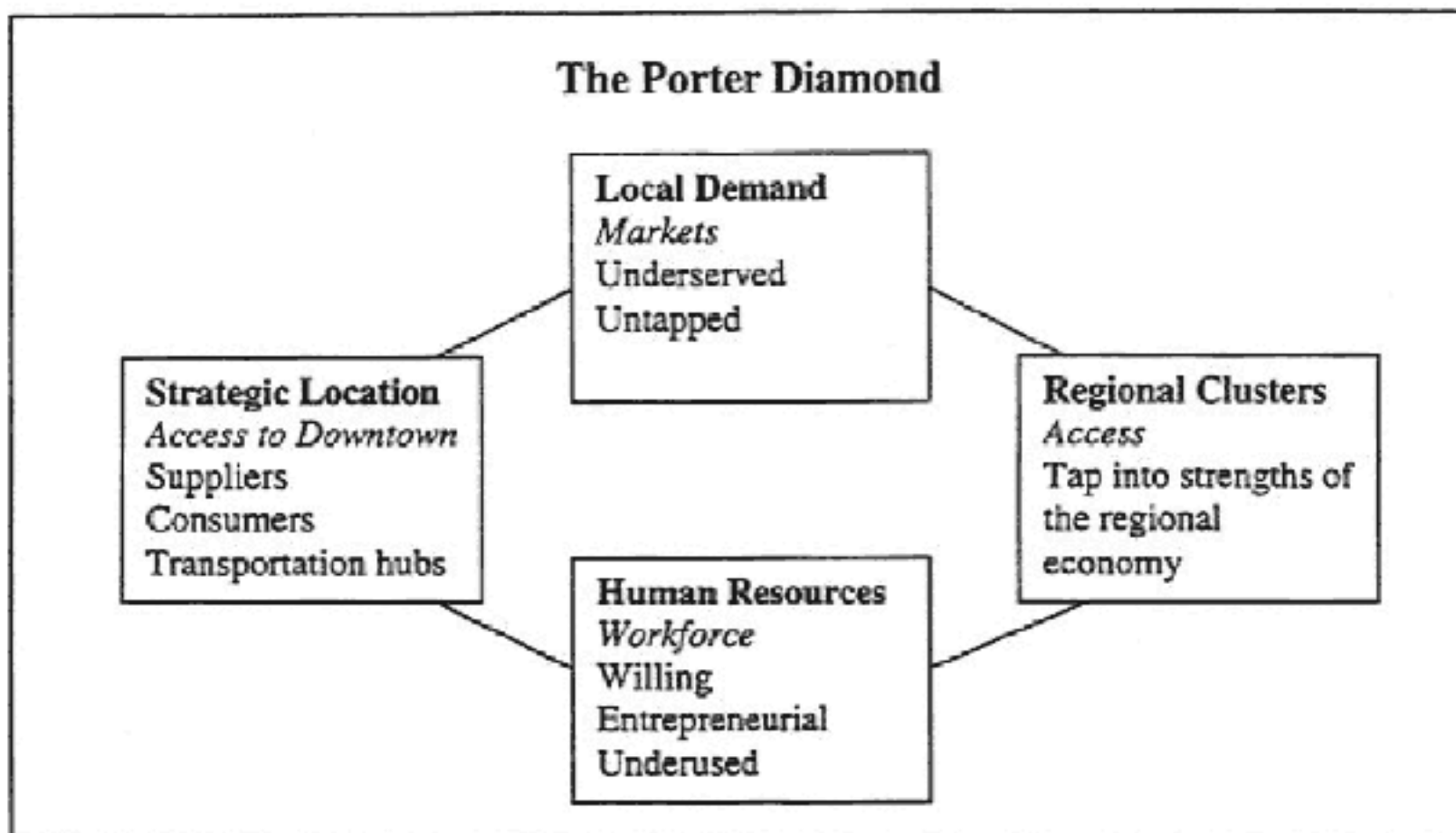
The second advantage of cluster integration is in the provision of what Porter calls "downstream services." Simply put, those firms that can tap into a regional cluster and adapt it to service an inner city market will be successful neighborhood firms. In Boston several businesses have sprouted in connection with the region's strong financial services cluster, providing services to match inner city demand like secured credit cards and mutual funds. These firms can tap into the aggregate demand among inner city residents and small inner city nonprofit groups to create a sizable market for their services.

Human Resource Availability

Porter attacks the notion that inner city residents are unwilling to work and make for unreliable employees. While acknowledging that inner city workers cannot compete for jobs demanding a high skill level, he argues that inner city residents are willing and hardworking when given the opportunity. These low-skill jobs, such as production line workers, may not offer the kind of salary or advancement opportunity that higher-level jobs would, but they are decent jobs in areas that are easily accessible to inner city residents. Rather than forcing those residents to search for jobs outside the city that may involve undesirable commutes, a firm located in the neighborhood can employ neighborhood residents sometimes within walking distance of their homes. Those residents who would be unemployed without a nearby source of low-skill jobs can benefit greatly from businesses locating in the inner city.

Porter also attacks the idea that the inner city is devoid of entrepreneurship. On the contrary, many inner city residents have a capacity for entrepreneurship that has been channeled in the wrong direction, into provision of social services to other inner city residents. Porter's model would channel this entrepreneurial spirit into for-profit ventures that can create wealth in the neighborhood. One source for such entrepreneurs could be the increasing pool of skilled minority residents who continue to reside in inner city neighborhoods. Over 2800 African-

Americans and 1400 Hispanics graduate from MBA programs every year, and these minority businessmen are beginning to use the entrepreneurial skills gained in school to form their own inner city companies.



Land

Land in Porter's model is a double-edged sword. While vacant land is abundant in the inner city, Porter argues that much of that land is unready for use. Inner city land is often divided into a number of parcels that are too small to be of real value to most firms,⁶ so the task of assembling those parcels into a site large enough to be of use falls to local government. This task is in many cases cost-prohibitive and made more difficult by the variety and number of parcel owners that may be involved. The construction of *one* Chicago shopping center, for example, took eight years and required the city to purchase over 20 parcels of land to assemble into one site. South Central Los Angeles is still recovering from the riots of 1992 because most of its land parcels are too small to be redeveloped. Beyond assembly, inner city sites usually involve prohibitive demolition costs and environmental cleanup costs that discourage investment.

Costs

In addition to land, Porter identifies a number of other costs associated with inner city locations, costs that must be accounted for in order to make the inner city a more desirable site for private development. Building and related infrastructure costs are often higher in the inner city than in the suburbs; this is due in part to outmoded government regulations and in part to higher city tax burdens. Cities are to some extent forced to impose higher taxes due to the large proportion of poor residents dependent on government to survive, but these regulatory and tax costs are a real

⁶ Many parcels are less than one acre in size while the average Wal-Mart store, in comparison, requires four to six acres.

impediment to urban development. Crime and the perception of crime necessitate security expenses that are not needed in suburban locations. Companies must spend more for security and perceptions of high crime make employees and customers less willing to "work in and patronize inner city establishments...Currently, police devote most of their resources to the security of residential areas, largely overlooking commercial and industrial sites."

Transportation, while in some sense an inner city asset because of close proximity to urban centers, is also a weakness as many cities have allowed transportation infrastructure to fall into disrepair. Finally, skill levels of inner city residents are lacking for most modern firms. Education levels in the inner city remain low at a time when the number of jobs for those with low education is declining rapidly. Inner city managers in particular lack the skills to drive a successful firm, and there is little initiative in the inner city to upgrade the management skills of residents.

Capital and Attitudes

Inner city business development is made more difficult by the lack of access to operating capital. Inner city firms have been historically ignored by large banks because of the low profit margin involved in small business lending. Governments have tried to remedy this lack of private investment, but Porter argues that their efforts have been fragmented, redundant, and generally ineffective. Compounding the lack of capital investment is a strong anti-business attitude in the inner city in general. A history of poor working conditions, environmental degradation, and eventual business flight has left community leaders and residents mistrustful of business. This attitude leads to a number of demands placed on firms seeking an inner city location, from building neighborhood amenities to allowing community groups to control personnel decisions. Such tactics, while arguably effective in the past when firms practically *required* inner city locations, merely serve to counter the natural advantages of the inner city and drive firms that would prefer an inner city location out to the suburbs.

High Performance Economic Development

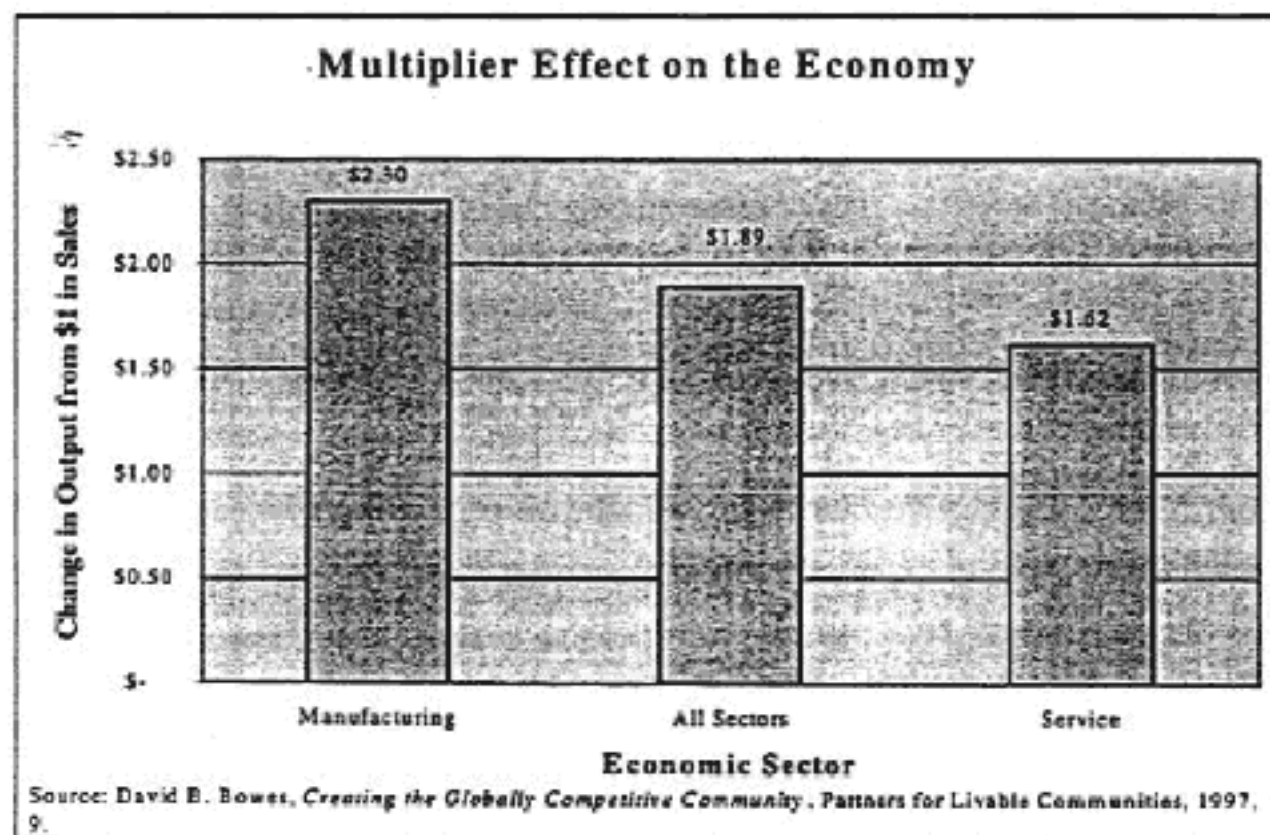
The American economy has changed fundamentally since the heyday of heavy industry in the 1960s. The dominant model in today's economy is "high performance manufacturing," defined as "a new model of work and production organization which harnesses the knowledge and intelligence, as well as the physical labor, of all workers across the value chain from the R&D laboratory to the factory floor." High performance firms focus on generating new innovation in the production chain, constantly upgrading the skill level of their workers and using the latest in technology to improve operations. They tend to locate in "clusters" of end users and suppliers, and are unresponsive to traditional economic development efforts to attract individual firms to a region. Arguably as many as 1/2 of modern American manufacturers are high performance manufacturers and the number is growing. Competitive communities must identify the needs of this new wave of high performance companies and rethink their existing economic development strategies to begin to address those needs.⁷

⁷ Richard Florida and Tim McNulty, "High Performance Economic Development," *Commentary*, Spring 1995, 22.

Business recruitment strategies have followed the heavy manufacturing model of attracting a single factory or firm to a region; this is no longer an adequate model.⁸ High performance firms require the creation of a complete environment that is conducive to their location and growth, rather than a recruitment plan designed for one particular firm or plant. Local government and community leaders must create a climate that will allow these firms to flourish, not target artificial grants and subsidies to individual firms. These high performance firms require proximity to other high performance suppliers and end users, and so are dependent on location to a much greater extent than traditional mass production firms. Government at all levels must allow for regulatory flexibility and timely provision of government services *when needed* instead of the bureaucratic, inefficient approach that defined the heavy manufacturing era.⁹

The Globally Competitive Community

Partners for Livable Communities examined the need for inner city neighborhoods to focus on attracting manufacturing firms in a 1997 report, *Creating the Globally Competitive Community*. They argued that manufacturing, more than other sectors of the economy, is responsible for effective job and wealth creation. Indeed, manufacturing does have a greater multiplier effect on the rest of the economy than other sectors, especially the service sector. This multiplier effect makes manufacturing highly desirable for a community in need of revitalization. Each new manufacturing job creates 2.5 additional jobs, and every \$1 billion increase in manufactured exports creates an additional 17,000 jobs.¹⁰



⁸ There are two reasons for the failure of this model. The first is the growing high performance revolution, and the second is that American cities can simply no longer compete for low skilled manufacturing jobs with foreign countries. Environmental, labor, and land costs, as well as taxes, are far lower in Latin America and the Pacific Rim, such that it would be economically foolish in many cases for firms to locate low skill manufacturing plants in American cities.

⁹ Florida and McNulty, 26-29.

With the impact of manufacturing on the local economy in mind, what can communities do attract manufacturing jobs? The Partners study offers the following ideas:¹¹

- Impart the work ethic to each new generation
- Educate for basics and school-to-work transition
- Pursue high-performance economic development
- Make a serious commitment to support exporting
- Develop logical clusters of manufacturing industry
- Extend incentives to smaller firms and start-ups
- Avoid adversarial relationships in local regulations
- Encourage productive uses for reclaimed "brownfields"
- Upgrade transportation and communication infrastructure
- Encourage competitive energy supplies and power quality
- Balance taxation with industry's need to reinvest
- Participate in regional planning/consolidation efforts
- Facilitate access to sources of debt and equity capital
- Promote public support for job-creating growth.

Urban Competitiveness: Linking Economic and Policy Factors

While capturing several of the factors involved in creating a sustainable environment for inner city development, Porter's model is not complete. His competitive advantage model focuses exclusively on the economic rationale for locating within an inner city neighborhood, building the case that government should let market forces determine where development occurs and the form that development takes. While there is certainly a case to be built for a more market driven approach to economic development, there is a risk of understating the important role that government and the community itself *can* play in identifying effective niche strategies and finding ways to develop those niches, a role that Porter himself does recognize. In building upon Porter's model, we would offer the following four factors for economic development: industrial site reuse, workforce development, social capital, and public and private investment.

Industrial Sites

Porter argued that land was both a benefit to the inner city, because vacant land is abundant, and a cost, because that land involved costly assembly and often environmental cleanup. The existence of abandoned industrial sites, or brownfields, would solve part of Porter's problem with inner city land in general; the assembly cost. With a former industrial site there is no need for government to go through the costly and length process of assembling parcels of land to be converted into a site; the company or companies that previously used the land for industrial purposes have already assembled the parcels. While environmental cleanup costs are still a prevalent and potentially risky aspect of industrial site reuse, more and more inner city neighborhoods are realizing the potential of these sites and finding the money to clean them up:

¹⁰ David B. Bowes, *Creating the Globally Competitive Community*, Partners for Livable Communities, 1997, 9-13.

¹¹ *Ibid.*, 20.

The economic boom, new commitments from local, state, and federal government agencies, and technical advances have opened the way to aggressive redevelopment of contaminated patches of inner cities, long shunned as environmentally hazardous and financially risky.¹²

Several states, as well as the federal government, are working to overcome Porter's environmental disincentive to investment in abandoned industrial sites. The Pennsylvania Land Recycling Program offers several abatements to owners of abandoned industrial sites to encourage cleanup and reinvestment. These include a set of graded environmental standards so that owners are not held to unreasonably stringent cleanup levels, liability protection to prevent site owners from being held liable for pollution caused by previous owners, and a program of grants and low-interest loans to defray the cost of cleanup. The LRP has already remediated 100 sites and is currently remediating 200 more.¹³ The EPA has also gotten into the act, having awarded over 120 grants to communities to pay for identifying and cleaning up environmentally hazardous brownfields.¹⁴ Local government and communities can also enhance the appeal of these brownfields by improving transportation infrastructure within the inner city. New transit initiatives like light rail lines, as well as a commitment to improving highway access points for manufacturing firms, can make the difference between a site that is considered undevelopable and one that can make a major contribution to the economic health of the neighborhood.¹⁵

Workforce

No urban neighborhood can truly be competitive without an existing workforce base that can compete with the surrounding region, and Porter's model falls short in this area. He argues that neighborhoods and local government should keep the workforce's skill level in mind when deciding what types of firms to attract into a particular community, but does not fully address the issue of training that is crucial for employees to thrive in better paying, higher level jobs. While attracting low-skill, lower-wage jobs is important, it is equally important to prepare the residents of the neighborhoods for better paying, higher skill jobs.

Strong workforce training will have two impacts on the economic viability of the neighborhood. One aspect of urban competitiveness involves using the neighborhood to enhance and expand existing regional clusters; i.e., attracting firms that are active in high-performance fields to the inner city. The second involves adapting those clusters and the other competitive advantages shared by inner city neighborhoods to improve the economic status of those neighborhoods. Without a solid workforce training plan, these two objectives are unconnected; placing a biotechnology firm in an inner city neighborhood may be good for the firm and good for the overall regional economy, but if the residents of the neighborhood are unprepared to work there then it will have scant impact on the economic viability of the neighborhood itself. By training the workforce of the neighborhood to compete within high-performance fields, we can insure

¹² Andrew C. Revkin, "Wastelands No More: Throughout the Rust Belt, Old, Polluted Industrial Sites are Sprouting New Businesses," *Pittsburgh Post-Gazette*, March 18, 1998, C-1.

¹³ *Pennsylvania's Land Recycling Program: Report of Cleanup Activities*, July 1997, 2-3.

¹⁴ Revkin, C-7.

¹⁵ Bowes, 44-45.

that the neighborhood will reap the full benefits of firm location by retaining the income that the resultant new jobs will generate. Indeed, some firms may depend on having a skilled local workforce, and may be attracted to a neighborhood specifically because of the level of training achieved by its workers.¹⁶

The second benefit to strong workforce training is more obvious. Simply improving the financial position of neighborhood residents by improving their ability to obtain high-paying jobs in rapidly growing fields will bring more aggregate income into the neighborhood. If neighborhood residents are able not only to compete for local jobs but to compete with workers throughout the region for high-level positions, they will bring make the neighborhood a job exporter, bringing in more money. More money moving into the neighborhood means a better financial climate for local retailers and other service providers and a stronger overall neighborhood.

Community Management Structure

Community based organizations (CBOs) have an important role to play in making their inner city neighborhoods competitive within the regional economy. Porter touches on a few specific tasks for these organizations, but his model overlooks the broader opportunity that neighborhood organizations represent; namely, the possibility of a strong management structure from within the community. Community organizations are in a unique position to speak to all of the various stakeholders in a neighborhood redevelopment effort, and because of that are in a unique position to formulate that management structure. CBOs can identify community needs by going directly to residents and local businesses, then create a plan for economic development that will benefit the neighborhood directly rather than just the broader region. The idea of a community plan is key; a strong plan can lead to a strong, revitalized community, while a weak plan or no plan at all can cause a neighborhood to struggle without achieving an economic niche. These CBOs are in the best possible position for identifying how their community can tie into regional economic initiatives and for marketing the community's assets to government and potential investors.¹⁷

With that in mind, what are some of the specific tasks that CBOs can undertake to spur competitiveness? The first is to identify the strengths and potential assets of the neighborhood. CBOs must take a broader view of their neighborhoods under this model, viewing them as potential players in the regional economy instead of focusing only on developing small neighborhood-owned retail and service firms. They must develop a strategy to utilize and market those advantages in order to attract potential businesses and residents into the community. They must identify important abandoned industrial sites with strong economic potential and market the competitive advantages of those sites to both private and public actors to encourage cleanup and development. Finally, these CBOs must prepare the neighborhood, its residents and existing businesses, for new investment and new firms through workforce training and a concerted effort to sway neighborhood attitudes to welcome new investment.¹⁸

¹⁶ Revkin, C-7.

¹⁷ Harry Black, "Achieving Economic Development Success: Tools that Work," International City Management Association, 1991 and Bowes, 6.

¹⁸ Porter, 69-71.

Public Investment

Private investment is perhaps the most direct measure of a neighborhood's competitiveness, in that it shows us in no uncertain terms exactly where the money is going. One of Porter's inner city disadvantages is the lack of such private investment. As the Globally Competitive Community model tells us, government can create incentives to small firms and start-ups that will enable these firms to "incubate" under governmental protection until they are strong enough to compete with larger firms without a government safety net. Small firms often lack the resources to succeed in the high performance environment without some form of assistance, and part of the Florida/McNulty "climate" for cluster development can be a package of fee waivers and tax credits to small firms to encourage their growth. Once these firms are at a point where they should be able to successfully compete on their own footing, these incentives can be removed, allowing Porter's more market-driven model to take hold.¹⁹

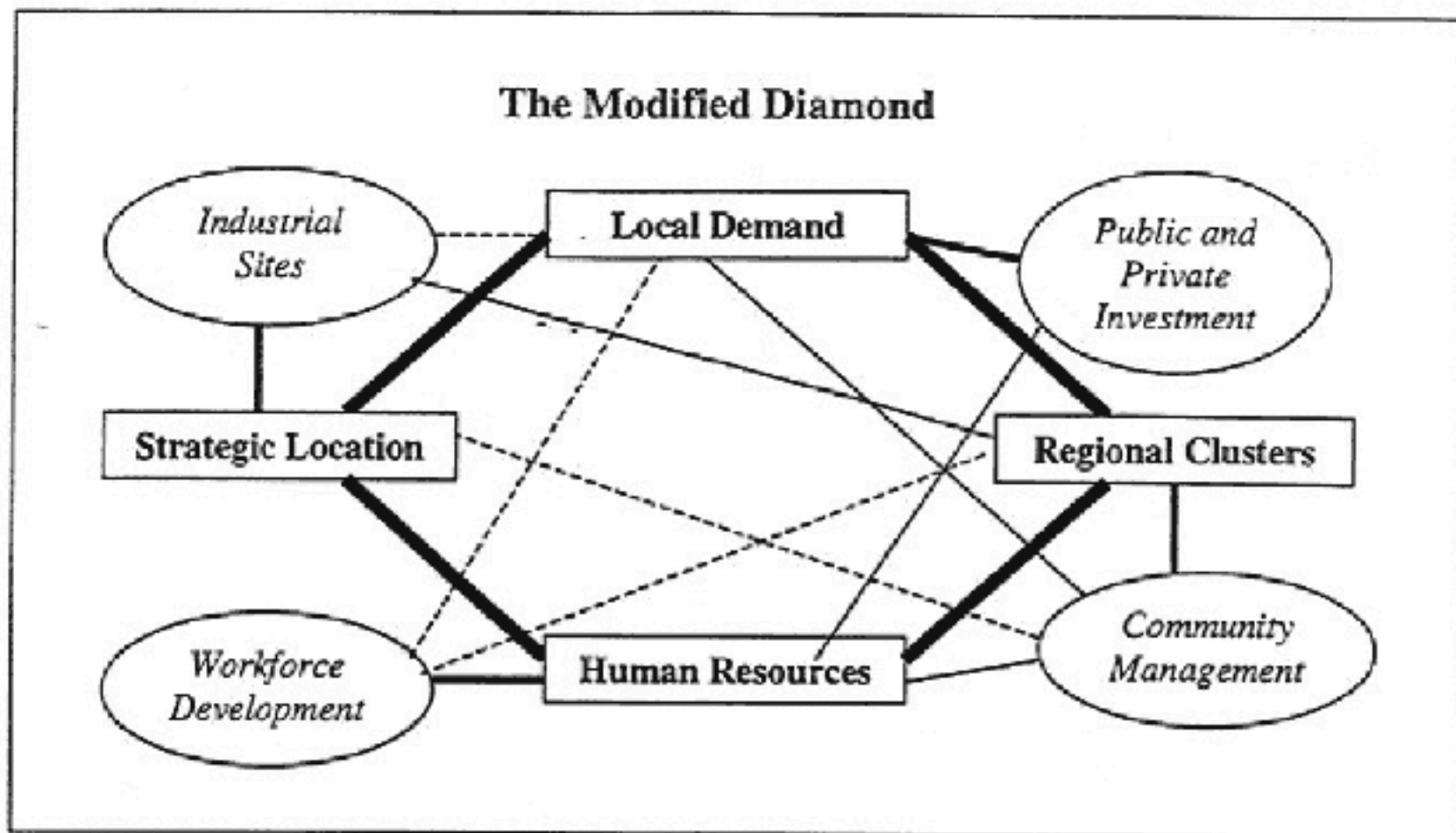
Additionally, smart government investment can open sources of private capital to firms that would otherwise be ignored by the private market. State and local governments can get into the business of providing direct loans to small firms, but in keeping with Porter's model are probably better served by serving as linkages between small firms and site redevelopment efforts and private capital. By guaranteeing private loans or simply serving as a "clearing house" for small businesses in search of venture capital (as in the case of Florida's Cypress Equity Fund, which links small high technology firms to national venture capitalists), governments can play an important role in the generation of private investment in inner city neighborhoods and especially in those neighborhoods that might not otherwise attract such investment. This type of targeted government assistance is another measure of neighborhood competitiveness.²⁰

Porter would agree that government does have a role in spurring private investment. Government alone can ease the regulatory environment that leads to high building costs and is an obstacle to the kind of development climate referred to by Florida and McNulty. Government can structure incentives to encourage more intelligent private investment by giving banks what Porter calls "transaction fees" in lieu of outright loan guarantees. A fee-based incentive program would have the added benefit of influencing banks to make good loans, an incentive that may be lacking in a guaranteed loan environment. Lastly, Porter notes (as we have already noted) that only government is in a position to direct investment toward those areas of the inner city that need it the most, areas that might not be desirable for private investment without government involvement.²¹

¹⁹ Bowes, 36-37.

²⁰ *Ibid*, 55-56.

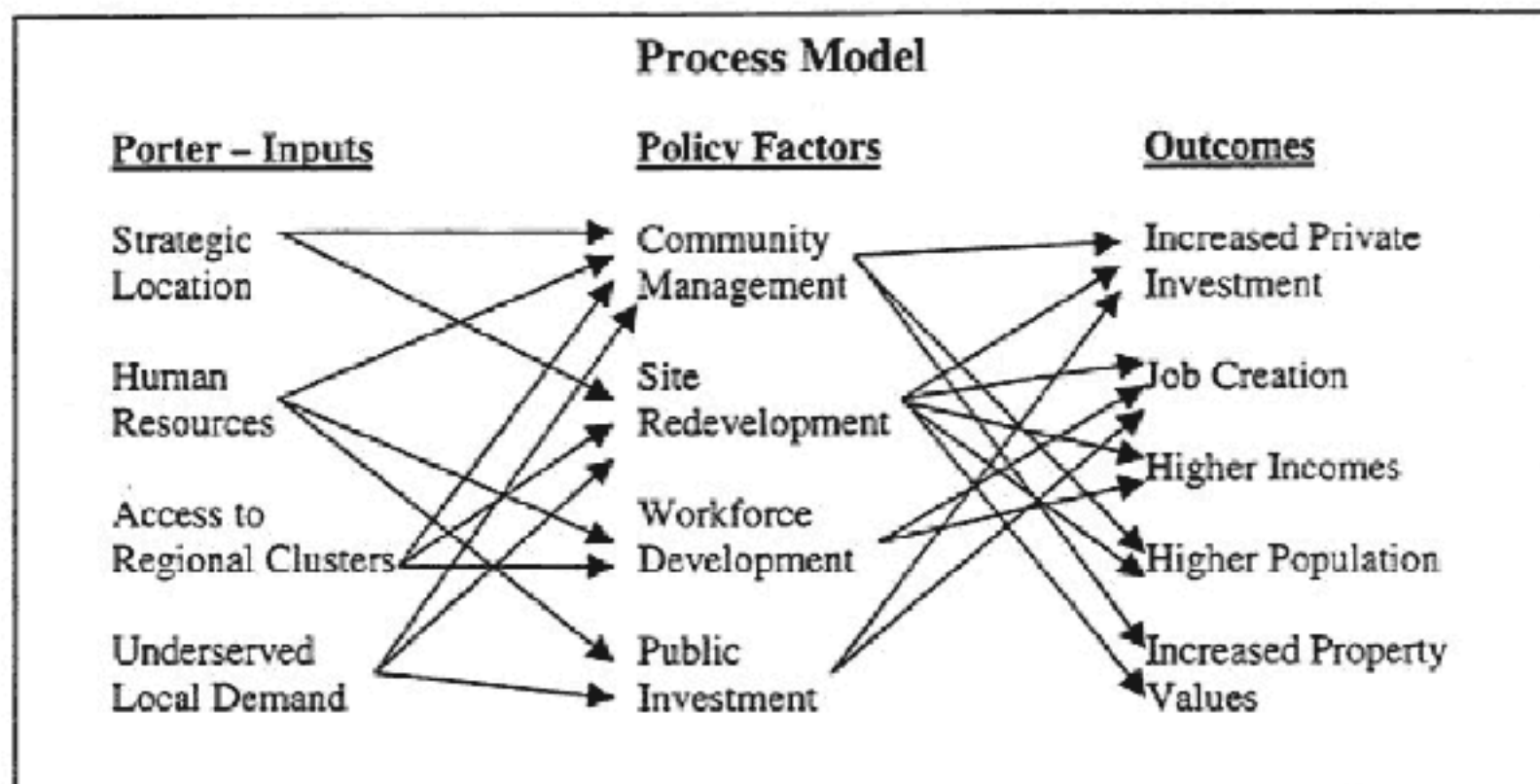
²¹ Porter, 67-69.



Competitive Outcomes

What can a neighborhood hope to gain from these four components? What are the measurable indicators of neighborhood economic performance under this urban competitiveness model? There are five key indicators that can demonstrate a neighborhood's ability to synthesize Porter's inherent advantages with the policy actions of the urban competitiveness model. First is private investment. As argued above, effective strategies for site redevelopment, public investment, and strong community management can enable a neighborhood to do a more effective job of leveraging new private investment. The second two indicators are related: job creation and higher income levels. Site redevelopment and public investment can encourage new business creation or existing business relocation into a neighborhood, bringing along new jobs for local residents. These jobs may complement the neighborhood's existing job market or may prove to be better paying than many of the jobs that previously existed within the neighborhood. Additionally, when coupled with workforce development strategies to improve the skill level of the neighborhood workforce and enable residents to obtain higher-skill, higher-wage jobs. Site redevelopment and strong community management also impact our final two outcomes, higher population and increased property values. Effective and attractive site redevelopment can not only improve the neighborhood job market, but the quality of life within the neighborhood as well; both are essential to attracting new residents and both will enhance the value of surrounding properties. Strong communities can identify the aspects of the neighborhood that would be attractive to potential residents and any neighborhood problems that might depress property values. The following process model diagram displays the interrelation between Porter's "input" factors, the urban competitiveness model's policy actions, and these competitive outcomes. The project analyzes each of our target neighborhoods based on these five outcome components.

Essentially, the urban competitiveness model can be measured in a simple question: where are people and money going? A competitive neighborhood can attract new residents, people visiting for recreational or commercial purposes, and new sources of money. Higher population is self-evident – it deals with attracting people. But our remaining four outcomes all deal in some form with the effectiveness of the neighborhood in attracting new sources of money. Attracting new private investment, creating jobs and enabling neighborhood residents to earn higher incomes, improving property values – all measure the neighborhood’s ability to improve its financial position.



The Niche

At its most fundamental level, this model of urban competitiveness seeks to identify each neighborhood’s competitive “niche” within the larger regional economy. Let us return to the analogy of the region as a corporation. Under that analogy, there is a two-way relationship similar to a multi-layered corporation; the neighborhood must fill a specific and definable role within the regional economy, just as a corporate division fills a specific and definable role within the larger corporation. It must receive benefits and resources from the larger region and use those benefits to become a valuable contributor to the overall regional economic base.

The neighborhood must determine its competitive advantage within the framework of the strengths and weaknesses of the region. In a city like Boston, with a strong financial services sector, inner city neighborhoods need to determine their roles within that sector and work to develop their assets in light of those roles. It must create a business environment that can support firms with connections to regional economic clusters; firms that benefit from the inner city’s proximity to those clusters and to the central business district; firms that can tap into the neighborhood’s unique demand for jobs, products, and services; and firms that can best utilize the human resources available in those neighborhoods.

More importantly, the competitive community must enhance its assets to enable it to compete within a high performance economy. The community must develop the skills of its workforce, develop the maximum potential of its abandoned industrial sites, leverage private investment through creative public means, and strengthen its level of community leadership and planning to identify inherent strengths and market them to the outside world. Every community must find its own niche; there is no magic formula or checklist for any neighborhood to follow. Some neighborhoods are and should remain strictly residential, others can serve regional commercial needs, still others can serve as hubs for high performance manufacturing, and many more may be some combination of these three. What is key is that each neighborhood must critically examine its own assets, its own potential for development, and determine its own most efficient niche within the regional economy and steer all development efforts toward maximizing that niche. Those neighborhoods that find their niche and occupy it will find themselves competitive; those that do not will continue to struggle in search of a competitiveness strategy.

Chapter 3--Methodology

Research Methodology

Neighborhood data was obtained through a number of sources. Demographic data was compiled from the 1970, 1980, and 1990 United States Censuses, publications of the City of Pittsburgh, and publications of individual neighborhood development corporations. Data on investment figures was obtained from city publications. Site information was collected through a mix of interviews with local and city professionals, city documentation, and on-site visits. Finally, interviews with neighborhood leaders provided the bulk of the information for our community management and workforce development estimates.

Neighborhood Selection Criteria

The four neighborhoods selected for detailed study were Hazelwood, Homewood, Lawrenceville, and the South Side. These four neighborhoods represent various levels or stages of economic development and provide a good cross-sectional analysis of the Pittsburgh region as a whole; this was the rationale for their selection. All four neighborhoods face issues of industrial site reuse, investment, workforce development, and social capital, but to differing degrees and in clearly different ways.

- Hazelwood is a neighborhood searching for a new role in the regional economy after the flight of heavy industry from the neighborhood. It offers an excellent example of the recently deindustrialized neighborhood with newly vacated industrial space to work with, due to the loss of the LTV Coke Works. Hazelwood has investment issues with the redevelopment of the LTV site and the Pittsburgh Technology Center, but suffers from a lack of a strong community plan and a workforce that needs more development to enable it to compete within a high performance economy.
- Homewood is perhaps the classic model of an inner city neighborhood. Once a thriving residential and small-scale commercial neighborhood, Homewood suffered from the flight of residents from the city to the suburbs. It lacks any large-scale abandoned industrial property, and as a result is in need of more creative method for attracting private investment to the community. Homewood's workforce is unprepared to meet the needs of modern industry and this neighborhood, perhaps more than the other four, lacks a true "niche" within the regional economy.
- Lawrenceville provides us with a Hazelwood-style neighborhood at a later stage of development. Having lost the bulk of its manufacturing base more than ten years ago, the neighborhood is still struggling to redefine itself within the region. The public investment in initiatives like the Robotics Consortium has yet to bring in private development along the Long neighborhood riverfront area. Lawrenceville has an abundance of vacant or

underutilized land to work with, but lacks a strong community management plan and a trained workforce. The presence of a strong community business district along Butler Street gives Lawrenceville a more commercial focus than Hazelwood, and presents a unique array of issues for the neighborhood itself.

- Finally, the South Side offers a look at a neighborhood that, like Lawrenceville, lost its heavy industry decades ago. The South Side, however, has been successful in redeveloping in a different direction, as a gentrified community of bars, restaurants, and unique cultural and retail opportunities. Arguably the most developed of our four neighborhoods, the South Side benefits from a strong community plan and organization, a strong workforce base, and significant levels of both public and private investment. With the presence of the LTV South Side Works, this community also faces some of the same choices facing formerly industrial neighborhoods like Hazelwood and Lawrenceville. However, the South Side approaches those choices from the perspective of a neighborhood that has already achieved a great deal of success in redevelopment, and may employ its land resources in a different direction than the other two neighborhoods because of this.

Neighborhood	Level of competitiveness
Hazelwood	Low; former industrial neighborhood that must redevelop to compete
Homewood	Low; classic inner city that is suffering from massive population flight
Lawrenceville	Moderate; many abandoned industrial sites that must be better used
South Side	High; healthy economic diversity, recovering from industrial flight

In the end, it is the diversity and breadth of the issues and perspectives embodied within these four neighborhoods that led to their incorporation into this project.

Chapter 4--Homewood

Homewood is perhaps the classic model of an inner city neighborhood. Once a thriving residential and small-scale commercial neighborhood, Homewood has suffered from suburban flight. It lacks any large-scale, abandoned industrial property, and as a result is in need of a more creative method for attracting private investment to the community. Homewood's workforce is unprepared to meet the needs of modern industry and this neighborhood, perhaps more than the other four, lacks a true "niche" within the regional economy. We will discuss demographics, economic factors and the neighborhood's competitiveness in further detail.

1.0 Homewood Overview and History

1.1 Neighborhood History

The estate, "Homewood," was located south of Penn Avenue between Dallas and Murland Streets. This estate was owned by Judge William Wilkins, formerly of Carlisle, PA. Wilkins served various roles during the 1800s, such as judge and Minister to Russia under President Andrew Jackson. The neighborhood, "Brushton," formerly known as McCombs' and Rice farms, was named in honor of Jared M. Brush, a prominent manufacturer and mayor of Pittsburgh (1869-1872). He resided one-mile northeast of Wilkins. During the mid-1860s, many tracts of land were bought and sold by prominent businessmen, such as Judge Thomas Mellon (founder of Mellon Bank). The influence of these capitalists aided Homewood's annexation to Pittsburgh in 1868 and the Borough of Brushton's annexation in 1894, when both were still predominantly farms and fields.

During the mid-1800s, residents were largely middle and upper middle class. The ethnic diversity of residents, both north and south of the railroad supported various church denominations. Businesses located in the neighborhoods during the mid-1800s were mainly labor-intensive industries. While most of the nation and the City of Pittsburgh were growing with the industrial revolution, Homewood-Brushton specialized in exporting products from brickyard operations, a clay-pot factory, and a white lead factory.

The bedroom community of Homewood continued to thrive as a cultural, social, and retail center until the 1960s. Homewood Avenue was full of small stores that allowed residents to shop in the community for most of their basic needs. The old Belmar theatre served as a key point for family entertainment. Neighborhood businesses included Isaly's Ice Cream Shop, the Chinese Gardens Restaurant, local 5&10 cent stores, clothing shops, hat shops, pool halls, flower shops, record shops, a hotel, and a Kroger's Supermarket.

1.2 Evidence of Decline

The 1960s were turbulent times for many neighborhoods in Pittsburgh. The construction of the Civic Arena in the Lower Hill District neighborhood of Pittsburgh (1959-1962) has been cited as a cause of decline for many neighborhoods. Thousands of Lower Hill residents were displaced and migrated to other neighborhoods, such as Homewood, without adequate payments or service accommodations from the City. As a result, a growing low-income population sparked disinvestment and caused commercial decline.

The ultimate event which led to the decline of Homewood was the assassination of civil rights leader, Dr. Martin Luther King, Jr. His death spurred the riots of 1968; Homewood was not spared by the destruction that ensued. "The area gained a black majority in the 1950s . . . [and the] middle and late 1960s saw the decline of the primary commercial area, Homewood Avenue, which was culminated by the 1968 riots."²² Homewood has been struggling to survive and fit in with the economic, social, and adverse political systems that dominate the City of Pittsburgh ever since.

1.3 Current State

The Homewood community is unique to our model of Urban Competitiveness. It does not have an ideal proximity to the urban center and does not have large industrial sites. However, this community does present an abundance of assets. It is surrounded by strong communities such as Shadyside and North Point Breeze, which should allow it to flourish. In addition, its current residential status can allow developers to capitalize on the neighborhood's solid housing stock.

Homewood is a largely residential community. However, a large percentage of the neighborhood's physical structures, including homes and businesses, are in need of rehabilitation. The neighborhood has public and private area schools (i.e., Holy Rosary Catholic School, Homewood Montessori, Belmar, Crescent, Baxter Performing Arts and Westinghouse High). In addition, Homewood is home to the Community College of Allegheny County (Homewood Branch). The neighborhood offers a farmer's market, diverse churches and a few thriving businesses including a bank, drug store, bakery, and dry cleaner. The Greater Pittsburgh Coliseum also adds to the neighborhood's attractiveness.

2.0 Demographics

2.1 Population

South, West, and North distinctions subdivide the Homewood neighborhood. Homewood North is the most populated section, while Homewood West is the least populated section of the three areas. From 1970 to 1990, the population dropped 43% from 20,266 to 11,511 in 1990. However, the City of Pittsburgh's population also decreased substantially during the same time period with a 28.9% decline from 520,117 to 369,879 (Please see Figure Hw3).²³ The City's

²² Department of City Planning, "A Community Profile of Homewood North," August 1974.

²³ Dept of City Planning, 1990 Census of Population and Housing Reports, Report No. 3, Whole City G-Q Population, Social, Economic and Housing Data by Neighborhood, 1940-1990.

population has continued to dramatically decline in recent years and Homewood is no exception. The decline in population has occurred in all racial groups throughout Homewood. In 1990, minorities accounted for about 98% of Homewood's population, much greater than the city's minority population of 27.9%.²⁴

Year	1960	1970	1980	1990
Homewood Population	26,975	20,266	15,158	11,511

Source: 1960-1990 U. S. Census of Population and Housing Census Tracts, Pittsburgh, PMSA.

While it is evident that residents left the neighborhood at an alarming rate, it corresponds to the loss in the city's population during this time with the decline in manufacturing jobs in the region. Specific to Homewood is the social economists' notion of "Black Flight." - the outmigration of middle class black families and the increasing concentration of low-income individuals. The absence of professional African-American role models in a predominately African-American community has decreased the morale of the community.

As evidenced by Figure Hw1, the elderly population (above age 64) has declined from 2,342 in 1970 to 2,108 in 1990, a 10% decline. Also, those aged 45-64 have dramatically declined. In 1970, Homewood was made up of 4,820 people aged 45-64, while in 1990, that number dropped to 2,109, an almost 44% decline. Proportionally, this age group made up 24% of the population in 1970, while in 1990, this age group made up only 18% of the Homewood population. Homewood's decline in this age group contrasts with the city's averages. The city's age 45-64 group increased from 1970 to 1990. In 1970, there were 70,034 people aged 45-64 which represented 13% of the city's total population at that time. This age group's actual number decreased to 66,336, yet proportionally to the population it rose from 13% to 18%. Those aged 75 and over rose dramatically from 1970 to 1990 as seen in Figure Hw1, while the number under 15 is decreasing.

2.2 Housing

The total number of housing units has decreased over the years, but the number of vacant units has increased. Homewood had an 11.2% vacancy rate in 1970, while in 1990 it was 11.8%. Overall, Pittsburgh has a substantially lower vacancy rate, although it has increased over the years. In 1970, the City's vacancy rate was 6.2% and in 1990, it rose to 9.2%.²⁵

According to a community representative, there are 4,000 units of Section 8 housing in Homewood. Moreover, many Homewood residents are on various types of government assistance. Homeownership therefore appears to be unattainable for many residents. Homewood homeowner occupancy rates from 1970 to 1990 grew only 4% from 38% to 42% (Please see Figure Hw6). The city's homeowner occupancy rates have slightly increased from 1970 to 1990.²⁶

²⁴ Department of City Planning, 1990 Census of Population and Housing Reports, Report. No. 3, Whole City G-Q Population, Social, Economic and Housing Data by Neighborhood, 1940-1990.

²⁵ *Ibid.*

²⁶ *Ibid.*

Prior to the March 1997 Treasury Sale by the City, Homewood had numerous tax-delinquent properties. The liens of all tax delinquent properties were conveyed to private companies, Capital Assets and GLS, during the Treasury Sale. Therefore, a large percentage of properties in Homewood will now have to be conveyed to either another private party or to the City through Capital Assets. In fact, community leaders affirm, of the \$32 million in tax liens that the City sold to Capital Assets in March 1997, \$7.5 million of them were in Homewood. This represents 23% of the total liens sold, a high percentage for a neighborhood that makes up only 3% of the city's population.

2.3 Income

Homewood's median family income levels from 1980 to 1990 is outlined below. In the 1980s, median incomes ranged from \$13,308 to \$18,608 for the three neighborhood subdivisions. In 1990 they ranged from \$9,840 to \$14,700. This is considerably lower than the City's 1990 median household income of \$20,747.

Median Household Income ²⁷	1980	1990
Homewood North	\$18,608	\$14,700
Homewood South	\$13,308	\$ 9,840
Homewood West	\$14,156	\$12,451

Source: 1970-1990 U. S. Census of Population and Housing Census Tracts, Pittsburgh, PMSA.

3.0 Competitive Assessment: Porter Factors

Harvard Business School Professor Michael Porter identifies four components that make up an inner city's competitive advantage. These include strategic location, local demand for goods, proximity to industrial clusters, and human resource availability. An assessment of Homewood based on Porter's four factors follows.

3.1 Strategic Location

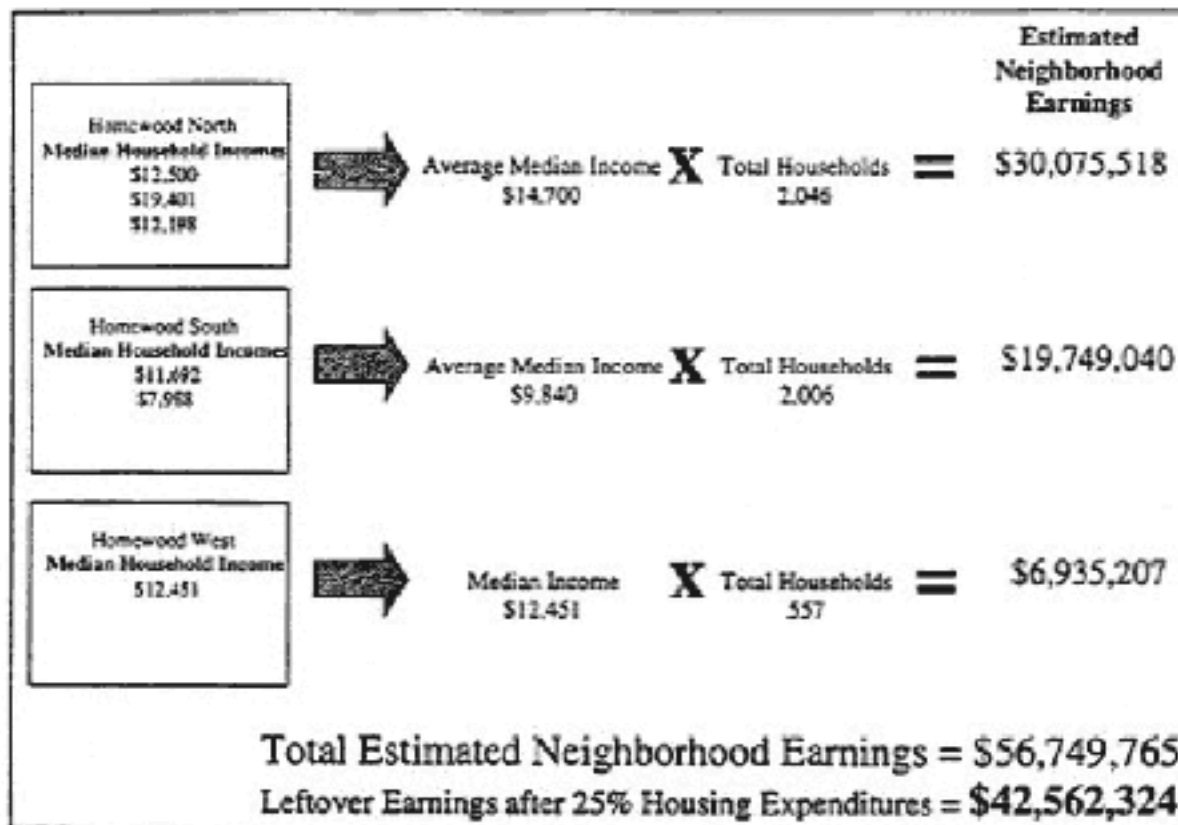
Homewood is not strategically located near Downtown. It is six miles from the Downtown business district. The East Busway and several other Port Authority buses service residents from Homewood working in the downtown and surrounding areas, providing a major public transportation connection to the neighborhood. Public transportation to the suburbs is possible but not convenient, because of total commuting time. This creates a difficulty because many jobs and employers have relocated to suburban areas. The neighborhood lies approximately five miles from a major highway, I-376 and two miles from Route 28. More prosperous neighborhoods such as Shadyside and North Point Breeze surround the neighborhood.

²⁷ Department of Commerce, Bureau of the Census, 1970 Census of Population and Housing, 1970.

University of Pittsburgh, University Center for Social and Urban Research, The Social Geography of Allegheny County: Social, Economic, and Demographic Indicators for Allegheny County Municipalities and Pittsburgh City Neighborhoods, v.2 Neighborhood Profiles, pp. 422-431.

3.2 Local Demand for Goods

There has never been a comprehensive market study done for businesses in the neighborhood. In order to capture the neighborhood demand, an analysis will need to be conducted in the future. As a substitute, we will use median household income and number of households to determine total spending capacity. As described by the figure below, the estimated neighborhood earnings after accounting for 25% of income going to housing expenses yields \$42,562,324 potential neighborhood money leftover for necessity goods. This \$42,562,324 figure represents an estimate of the spending potential that could support new neighborhood businesses. Currently, little of this estimated spending potential is captured by the limited number of commercial



establishments in the neighborhood.

At one time, Homewood had an abundance of amenities such as a grocery store, restaurants, and family entertainment centers. The people remain, yet the amenities disappeared. There is a need for small retail developments such as a grocery store, bookstore, a variety shoe store, and a children's clothing store.

3.3 Proximity to Regional Clusters

Homewood is located close to some spike industries like biomedical, but yet farther away from others like technology and chemical sectors. However, workers could commute to spike industry locations like Oakland's biomedical niche and downtown via the East Busway and other means. A representative from Operation Better Block classified the neighborhood as an island that needs to build from within in order to survive. If Homewood only focuses within, it will not survive. Certainly it should develop from within, but it should not attempt to isolate itself from positive advantages in surrounding areas, including growing employment sectors in the region.

The Oakland cluster of universities and other higher education institutions are close to the neighborhood. For instance, the Homewood branch CCAC campus lies in the heart of the neighborhood, while other institutions such as Carnegie Mellon University, University of Pittsburgh, and Carlow College are 3 ½ miles from Homewood.

3.4 Human Resource Availability

The unemployment rate in Homewood has slightly increased in proportion to the population, from 17.8% in 1980 to 19.2% in 1990.²⁸ Though there was less of a civilian work force in 1990 (4,361 vs. 5,294 in 1970), proportionally the unemployment rate for the neighborhood rose. On the contrary, the city of Pittsburgh's unemployment stayed equally constant from 1980 to 1990 (9.2% vs. 9.1%, accordingly).

The education levels of a neighborhoods' residents is a critical component in determining the level of work skills. Homewood has been consistent with its high school completion rate for those aged 25 and over. In 1990, 64% of Homewood residents over age 35 had completed high school. The city has a similar percentage of 68%. Homewood reveals a significant increase in the education for those with 1-3 years of college. For example, in 1980, those with 1-3 years of college made up 11.1%. In 1990, the figure climbed to 20.9%. One factor in this dramatic change could be the addition of the Homewood branch of CCAC. CCAC might play a critical role in the education of neighborhood residents. The City overall has a lower proportional education level than Homewood in the 1-3 years of college completed category (10.6% in 1980 and 17.8% in 1990 vs. 11.1% and 20.9% in Homewood). However, Homewood lags behind the City in educational attainment beyond 4 years of college. In 1980, this percentage was only 5% and in 1990, it rose to 7.2%, while the city was 14.6% and 20.1%, accordingly.

The human resource breakdown for Homewood shows that the majority of residents are in the service and technical, sales, and administrative support sectors. We speculate that the type of service jobs to Homewood residents are not necessarily quality kinds of positions that possess benefits. Many times, aside from the high technology and computer industries, service jobs tend to be low-paying. This high percent total of human resources in the service sectors may be a disadvantage to the neighborhood. Additionally, Homewood's workforce may be underutilized.

4.0 Competitive Assessment: Systems Policy Factors

Although Porter's four factors provide a good starting point for understanding the competitive advantages of inner city neighborhoods, they do not go far enough in identifying those factors necessary for neighborhood revitalization. The critical role of the public sector in the revitalization process involves promoting the following factors: Coordinated Community Management Structure (community organizations), Public Investment, Workforce Development, and Industrial Sites. The presence of these factors in Homewood is assessed below.

²⁸ Department of City Planning, 1990 Census of Population and Housing Reports, Report No. 3, Whole City G-Q Population, Social, Economic and Housing Data by Neighborhood, 1940-1990.

4.1 Community Management Structure

There are over 20 community and social service organizations in Homewood, including the Salvation Army, YWCA, YMCA, the Homewood Family Support Center, Homewood-Brushton Revitalization and Development Corporation (HBRDC) and Operation Better Block. Of that number, only Operation Better Block and HBRDC, have a mission to attract and retain businesses in the neighborhood. These organizations must work with City officials and partner with private businesses to encourage growth.

According to a conversation with Alexis Mootoo, Operations Manager of HBRDC, businesses start and soon fail, leaving physical structures to deteriorate. The major reason cited for the decline was the lack of an effective business plan and feasibility study. The Minority Enterprise Corporation of Southwestern Pennsylvania (MEC) was intended to be a resource for entrepreneurs but has failed to meet the demand for business assistance in Homewood in recent years. However, data obtained from MEC disputes this claim. Empirical data illustrates that from 1989 to 1994, ten out of 91 deals (development, expansion, or retention of businesses) were performed in Homewood. This represents about 11% of deals performed in the Southwestern region. Neighborhood data from 1994-1997 was not available. The MEC does not track businesses in operation and therefore, does not have any record on the status or existence of the ten deals in Homewood.

Alexis Mootoo and Sarah Campbell (a long-time resident of Homewood and community organizer), maintain that an effective community organization management structure has been absent from the community. As a result, neighborhood revitalization efforts have not stimulated further development actions. However, written plans for Homewood have resulted over the years. For instance, in 1963, the Homewood Brushton Renewal Council, funded through Action Housing and a Ford Foundation "Grey Cities" grant, addressed social and urban issues. Some of the plans were successfully implemented bringing housing up to zoning requirements, building the Baxter playground, creating parklets on some of the streets, and opening up the Homewood swimming pool. The Renewal Council also considered social needs like job training, unemployment, and the need for a Health Center. The Council felt these social services were imperative in helping a community grow economically. In the late 1960s, the Poverty Program replaced the Renewal Council under the Mayor's Office of Human Resources. This program provided eight impoverished neighborhoods with opportunities for social services, an employment office, day care, and improved housing.²⁹

More recently, circa 1990s, strategic planning has taken place through volunteer roundtable discussions with community organizations and business representatives. These roundtable discussions identified housing and social services as imperative in helping the neighborhood prosper. The roundtable represents a community action group addressing public concerns and implementing community-sought solutions in an attempt to strengthen the Homewood neighborhood.

²⁹ Interview, Sara Campbell, long-time Homewood resident and community organizer, April 14, 1998.

Homewood once had an effective management structure in its community organizations with HBRDC at the lead. However, in recent years, various directors have come into the organization with different agendas. None have stayed long enough to implement the tasks, oversee the outcomes, and be held accountable for their actions. This unfortunate trauma has impeded Homewood's ability to revitalize itself.

HBRDC has taken steps in the past at sparking renewed interest in the area. In 1984, HBRDC captured a corner for \$300,000 with city, foundation, and bank money and attracted a Dairy Queen, an Athletes Foot and other shops, and had plans to establish a \$4.5 million mini-mall. This community group did serve as an example for other community organizations, but served as an instrumental leader in the recreation of the community. Unfortunately, this plan failed.

HBRDC's mission involves providing affordable housing to low-to moderate income families and promote businesses along North Homewood Avenue. Their short-term goals include stabilizing their portfolio, completing projects in progress and pursuing funding for rehabing homes. Their long-term goals include housing rehabilitation, helping local entrepreneurs build businesses, and educating the community about home ownership.

The lack of collaboration among community organizations is another obstacle to devising an effective management plan for Homewood. Homewood's community organizations not only lack a management structure, but a commonality to bring them together and place the neighborhood's best interests at the forefront. The different agendas of varying neighborhood organizations often prevents needed actions for revitalization. If business practices and principles were applied to Homewood, one would classify Homewood's community organizations as having a vacant CEO, no Board of Directors, and passive Vice Presidents. Strategic planning and goals need to be analyzed, attacked, and implemented, but with buy-in from the residents, business leaders, community representatives, and community organizations.

In order for Homewood to effectively utilize and leverage resources, it must work together in a cohesive manner to make Homewood go beyond just a place where people sleep but a village as voiced by HBRDC's former director, Mulugetta Birru. "Commercial development," he says, "creates a sense of a village environment, where goods and services are available and people meet and talk while shopping." Community organizations have the power to leverage resources needed to revitalize the community. However, limited funds dictate that Homewood's Community Organizations must act together as one.

Sporadic attempts by public officials and the community to spur revitalization of the Homewood neighborhood have been unsuccessful. The lack of success can be attributed to the lack of a structured development plan by these organizations. Some of these projects are mentioned and explained below.³⁰

- Phase I&II of Frankstown Court Development was the successful completion of twelve single-family town homes developed by HBRDC and the Pittsburgh Frankstown Court Development Partnership. Total project phases totaled \$1.7 million of public and private

³⁰ Source: 1997 City of Pittsburgh Development Report: Development Projects and Financing Status by the URA and the City of Pittsburgh's Progress in the Neighborhoods 1994-1996.

investments. Future phases are in planning stages. North Homewood Avenue Housing Development consists of mixed-income rental units.

- The Black Contractors Association further developed its headquarters to include an office incubator and training facility. Total development costs were \$640,000.
- Lexington Technology Park redevelopment entailed acquisition and renovation of three industrial buildings by the URA for industrial site reuse for multiple tenants. The site is 95% occupied.
- Linett Corporation has been in the neighborhood for almost a decade. Recent improvements include acquiring additional sites for expansion purposes. The total development cost of Phase I is \$688,000. Additional phases are planned.
- Project Picket Fence was a neighborhood beautification initiative developed by Mayor Murphy to clean-up distressed neighborhoods. The project was not successful in making vacant sites or homes more attractive for investment. As a result, funding for the program was discontinued.
- The new YWCA construction is currently completed and the new facility now offers a wide array of services to local women and children.
- The Greater Pittsburgh Coliseum is the second largest meeting hall in Pittsburgh. Developed by the Antar Corporation, it removed blight and created a multi-purpose community center. Total development cost was \$505,000.

4.2 Public Investment

Homewood presents a more stable picture in the amount of investment received from 1994 to 1997. Of the \$463,517 invested in business and economic development projects in 1994, \$309,390 was provided from private entities, representing about a 2:1 ratio of private to public dollars. The neighborhood did not receive any public or private funds in 1995. During 1996 - 1997, the percent of private investment averaged 64%.

In 1996, the development of the Black Contractors Association produced private financing of \$276,000, comprising 62.59% of all investments. In 1997, the ratio of private to public dollars was nearly a 2:1, with the investment in Lexington Technology Park. Of the \$12.6 million invested in Homewood, more than \$11.1 million was directly applied to the Lexington site. Of this \$11.1+ million, over \$7.5 million in private funds were used, representing about a 2:1 ratio of private to public funds in this single project.³¹

4.3 Workforce

Homewood area vocational and community schools must ensure a match between the skills and courses taught and the real needs, current and future, of employers. These necessities are based on the high performance criteria of most manufacturing firms attempting to adapt to the transition of the economy. As mentioned Chapter 8—Comparative Assessment of Neighborhoods, the new economy will require a new and improved workforce with a high level of skills and flexible training.

³¹ Urban Redevelopment Authority of Pittsburgh Quarterly Reports, 1994-1997.

The important key factors for Homewood's labor market include:

- Assuring that the workforce has the ability to function in a team environment;
- Improving their problem solving skills; and
- Equipping them with education necessary to implement solutions.

Labor Quality:

- Basic literacy
- Computer skills
- Teamwork; and
- Communication skills (both oral and written)

Labor Costs:

"Companies today are particularly focused on obtaining a work force that offers the most quality, productivity, and trainability per wage dollar-rather than necessarily locating in the cheapest labor market."³²

A local job employment center for residents and a partnership with CCAC and local community groups to further initiate the educational process in Homewood should be created. This would provide a centralized focal point for workforce development, job placement, and knowing the needs of community businesses and the working needs of the residents.

4.4 Industrial Sites

One facet that separates Homewood from the other neighborhoods of South Side, Lawrenceville, and Hazelwood, is that it does not have an abundance of industrial sites. There are some light-to-medium flex industrial facilities (such as the Lexington Technology Center in North Point Breeze and sites along Hamilton Avenue in Larimer) abutting the neighborhood, which can play a significant role in recruiting and retaining businesses to a community. However, because of the predominately residential character, there is little to no land available for industrial development in Homewood. Land banking (consolidating vacant parcels for development) may be possible through collaboration with collection agencies, public, and private entities. A more important strategy should be a focus on improving living conditions and housing stock, using the development of sites as the means to reach this end. The North Homewood Avenue Commercial Corridor is recognized as a potential area for future business attraction efforts and redevelopment in Homewood.

³² Pennsylvania Economy League, Inc., Western Division, Creation of a Strategic Plan for Regional Workforce Development.

North Homewood Avenue Commercial Corridor

History

This corridor has experienced many phases over the course of time. Numerous stores have come and gone over the years, some have been successful and others have not. This corridor is a crucial component in supplying local residents with a business district to purchase goods and services. The once active corridor is now dominated by buildings in need of rehab and stores that the local economy can support.

Rationale for Public Investment

Since Homewood exemplifies a distressed community, it is imperative for public investment to maintain a critical role in the redevelopment of this neighborhood. The neighborhood retail needs to offer the goods and products local residents require (i.e., grocery store, small bookstore). Since the North Homewood Corridor is part of the entranceway into Homewood from Penn Avenue and Point Breeze, making this corridor an inviting and attractive area to generate more activity would stimulate this district. Refurbishing the shopping and recreational district in this area would attract residents and improve basic needs for current and future residents. There appears to be an untapped demand for local goods and services that could successfully meet residents' needs if an extensive market study were performed.

Recommendation

We recommend the development of a strategic plan to renovate the North Homewood commercial corridor, giving Homewood residents access to basic needs stores, where they can shop in the district and live nearby. This redeveloped corridor should also include an improved Welcome to Homewood sign along the North Homewood corridor entering from North Point Breeze.

We recommend recruiting a grocery store and retail options into this corridor in order to enhance its appeal as a residential neighborhood and provide residents with needed goods and services. Additionally, musical or theatrical options like a jazz or blues club may secure an entertainment niche for the African American community that is currently not served.

5.0 Homewood's Competitiveness

If Homewood is to be effective in this region's economy, then it must adopt the principles of the new economy, continuous improvement, new ideas, and knowledge creation. The Homewood community offers businesses the opportunity to boast having increased diversity through hiring urban employees and establishing good community relations. However, the Homewood community must provide the physical and human infrastructure that will facilitate the flow of knowledge, ideas and learning. The CCAC campus in Homewood serves as a prime resource for strengthening that human capital.

Develop priorities for neighborhood

Homewood was once described as a bedroom community, a place where people could come home. One of the ways in which Homewood can use that quaint residential image to its advantage and fit into the region's urban competitiveness is by improving upon its strengths. The key to Homewood's competitiveness is its ability to increase its population over time and attract

new investors to the area. The revitalization of Homewood is contingent upon its growth in population and effective land uses. Four major kinds of uses characterize Homewood—1) vacant land, 2) industrial buildings, 3) commercial buildings, and 4) residential uses. Priority should be given to the development of its residential uses, which in time will serve as a catalyst for the attraction of new residents, investors, and visitors.

The role of industrial sites in enhancing competitiveness

The industrial sites of Homewood have not played a significant role in the revitalization of the area. The industrial sites such as the Lexington Technology Center will be the exception to the rule because of its size and history at light manufacturing. Therefore, this site can offer more than just manufacturing services but social services as well, including employment training.

The continued development of residential sites in Homewood will help to attract new residents. The Frankstown Court Developments have aided in the elimination of slum and blight in this neighborhood. Further housing development will also help to create a mixed income community by attracting homeowners at the median income requirement, while also providing revitalized housing stock for low-to-moderate income residents.

The four urban competitiveness policy factors of public/private investment, industrial sites, workforce, and community management structure represent meaningful elements in determining a neighborhood's competitiveness. These factors must interact concurrently and are vital for the success of a neighborhood. However, Homewood has many issues that impact the neighborhood that are important to note. Crime rates (both real and perceived) and racial attitudes also affect a neighborhood's growth. These issues are extremely difficult to address.

The variation of property values in Homewood is significant. As seen in Figure Hw7, Homewood's median sales price has declined almost 44% from 1986 to 1997. In 1986, the median price was \$12,350, while in 1997, this figure declined to \$5,400. Over the last seven years (1990-1997), the price of homes sold was in the \$6,000-8,000 range, a substantially lower total than that of the City or the nation. Yet, over an eleven year period, one would expect the price of homes to increase. This is not the case in Homewood. On the contrary, the value of homes in this neighborhood continues to decline at an alarming rate.

6.0 Overall Recommendations

Our recommendations for Homewood include phases. Phase I should involve improving living conditions, cleaning streets and the neighborhood, improving housing stock (in-fill housing), and refurbishing basic shopping/recreational districts. These initial steps will be the catalyst for creating a mixed-income community.

Phase II includes creating jobs through the few industrial site developments that are currently in the area. Additionally, designating a "point person" involving a local job employment center and a partnership with CCAC and local community groups should be an element of this plan. Finally, securing neighborhood issues on the political agenda are first steps to growing Homewood.

Phase I

- Improve living conditions
- Clean streets and neighborhood
- Improve housing stock ("in-fill housing")
- Refurbish basic shopping and recreational districts

Phase II

- Create jobs through industrial site development
- Designate a "point person" involving local job employment center, CCAC, and community groups
- Place neighborhood issues on agenda

It is our recommendation that the Mayor's Office focus on strengthening the neighborhood's image, since Homewood's problems are many and overwhelming. Perhaps, a first step for the current administration would be to assist the community management structure in developing a strategic plan for addressing issues. Improving living conditions, cleaning up streets, and developing active neighborhood leadership all seem like valuable actions to promptly embark upon. More importantly, this requires collaboration among many parties and a concerted effort towards this partnership is desperately necessary.

If this neighborhood is expected to survive, or in this instance, expected to grow, then it is essential that community actions, financial investments, and workforce development happen. In order for these factors to develop, the community organizations, business leaders, political representatives and residents must collectively develop a vision of the future and a strategy to achieve this vision. There is no business or service entity in this region that has not had to restructure in the past twenty years in order to remain competitive and achieve its survival and growth. These same business principles can be applied to the public sector and particularly, community organizations.

Simply stated, the choice of strategies for economic development is between the following: 1) the more traditional approach of using government subsidies and tax incentives to bring new businesses to a region; and 2) a more modern approach characterized by promoting entrepreneurship, private investment, a collective community structure, and the development of regional economic clusters. In terms of these two separate strategies, we argue that Homewood should move away from a more traditional strategy of subsidies and incentives. Rather, a cooperation and coordination of many individual organizations, working together in the community interest. This allows economic development and community organizations to focus on priorities. Results should be measured, monitored and evaluated to ensure program viability. If program results do not achieve levels consistent with performance goals, the program should be evaluated and adjusted to be more effective.

A lack of leadership has been a barrier to Homewood's success, but having a plan allows a roadmap to be created and followed. For Homewood to effectively work towards successful revitalization, it is important to understand that the elements of a good growth strategy involve a clear focus on the industries that offer the greatest growth potential and a well-defined marketing effort that identifies why Homewood is distinctive."³³

Public Support is imperative for successful development. Economic development leaders in launching a new initiative or revitalization effort often overlook communications. They must realize that the strategic plan is only the first step in a comprehensive planning and implementation process. In order to implement a plan, the community needs to develop specific economic development programs with measurable goals, objectives, timetables, and assigned responsibilities to support the strategic direction discussed in this study. A detailed implementation/action plan should be formulated to achieve the program-related goals and objectives, and must include educating the community at large.

³³ Regional Marketing Coalition, Allegheny Conference on Community Development, November 20, 1997, McKinsey & Company.

Homewood

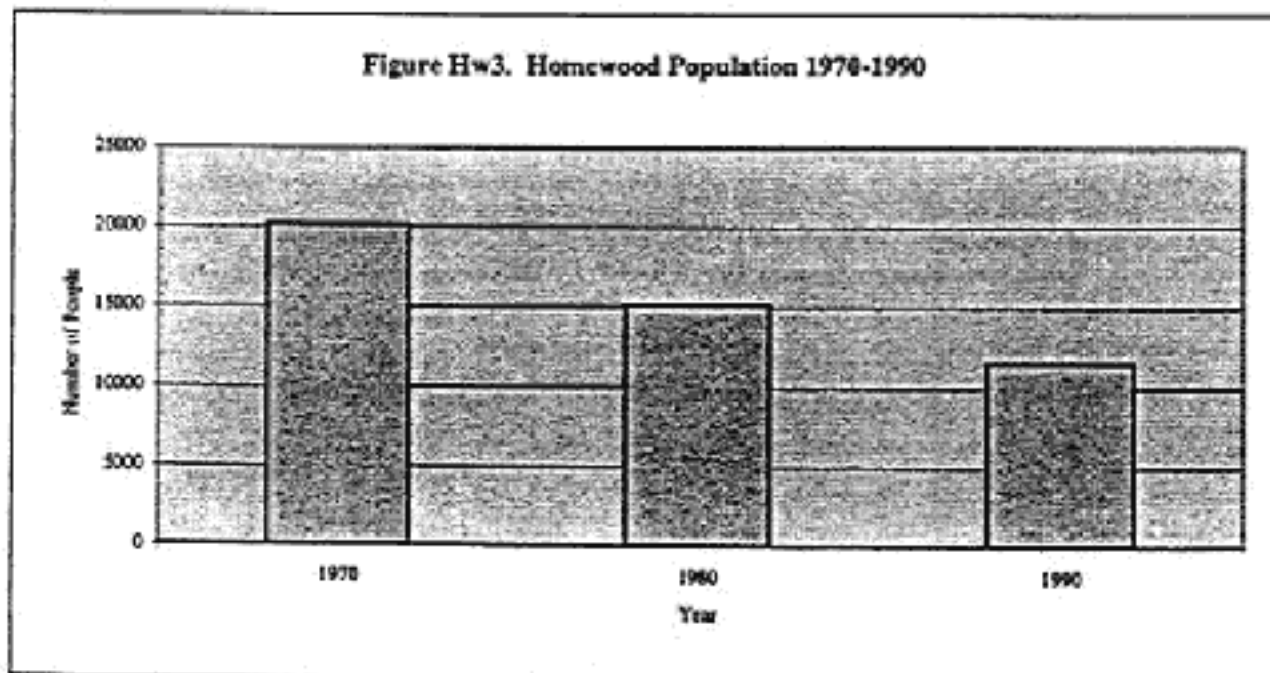
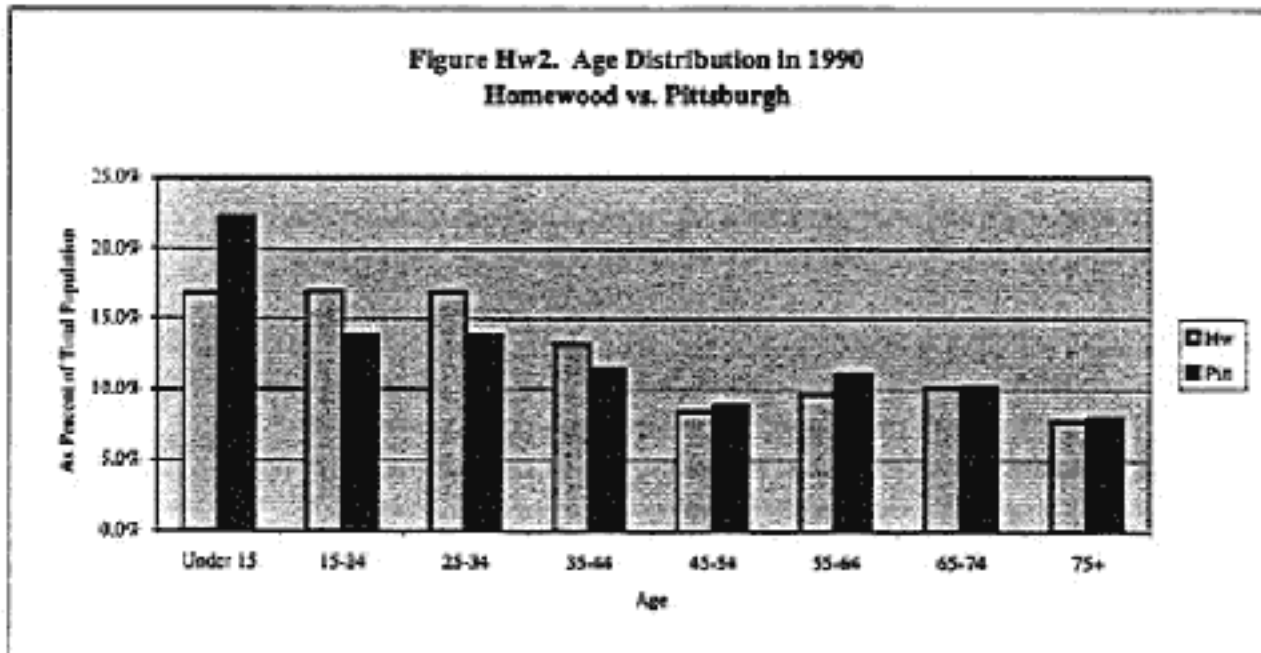
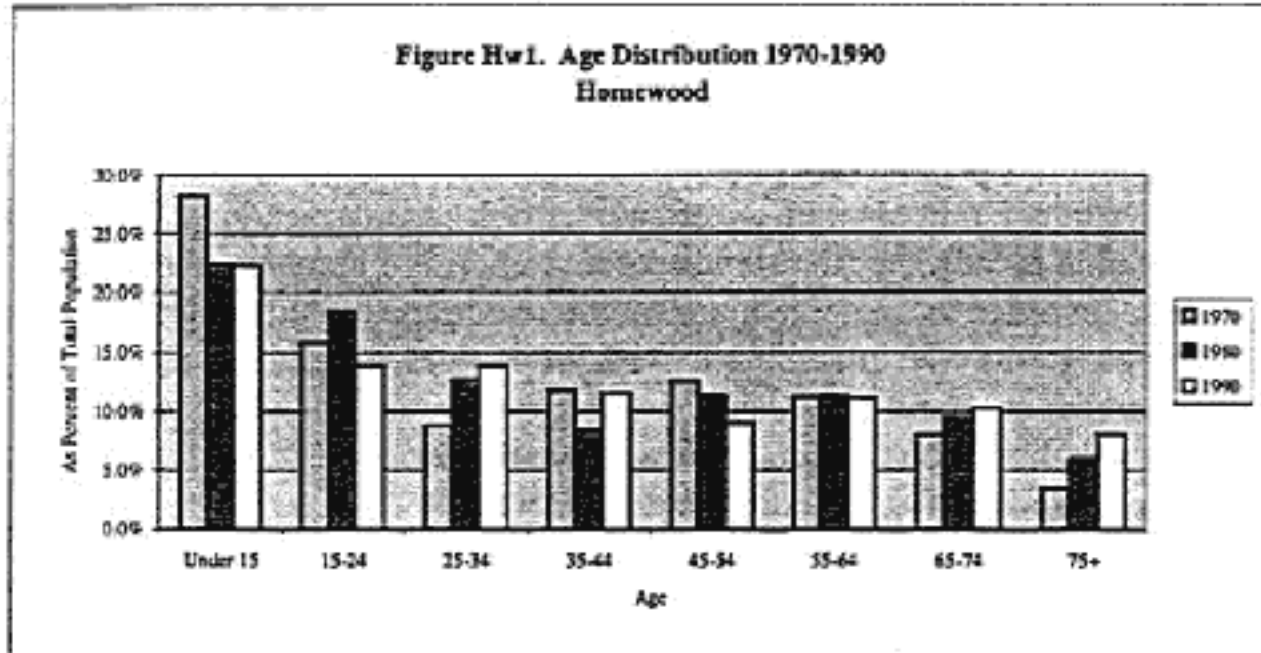


Figure Hw 4. House Vacancy Rates 1970-1990

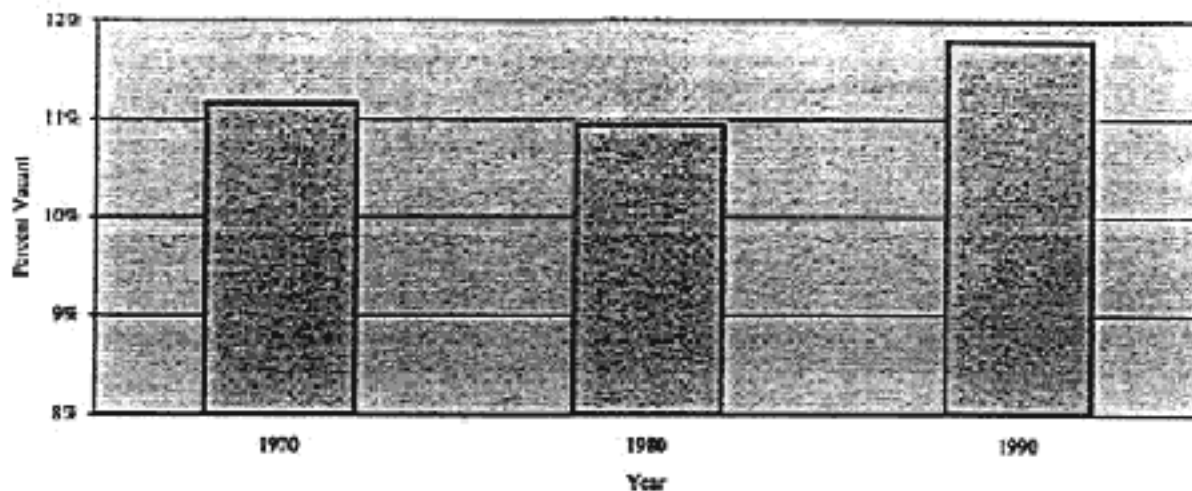


Figure Hw5. Homewood Median Family Income 1970-1990

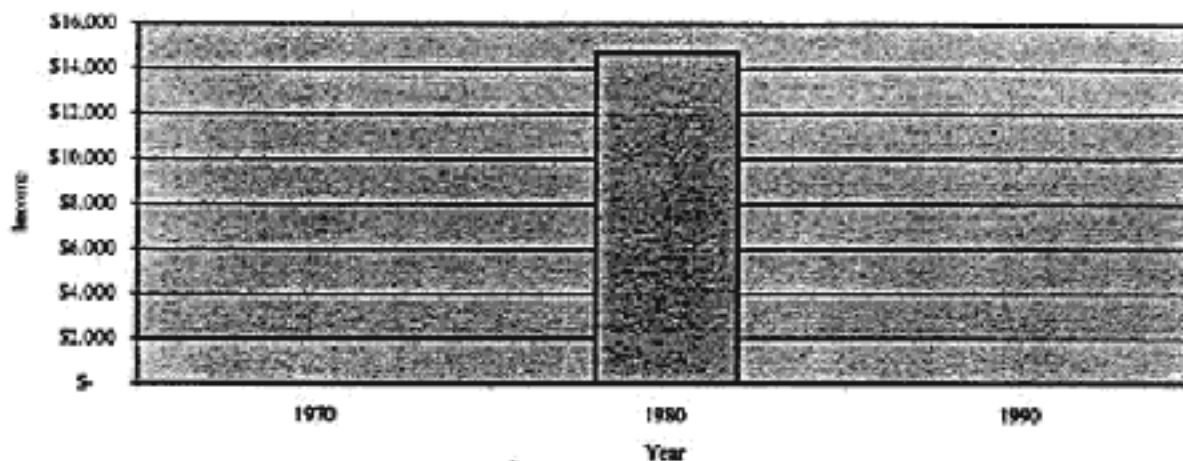


Figure Hw6. Homewood Homeowner Occupancy Rate 1970-1990

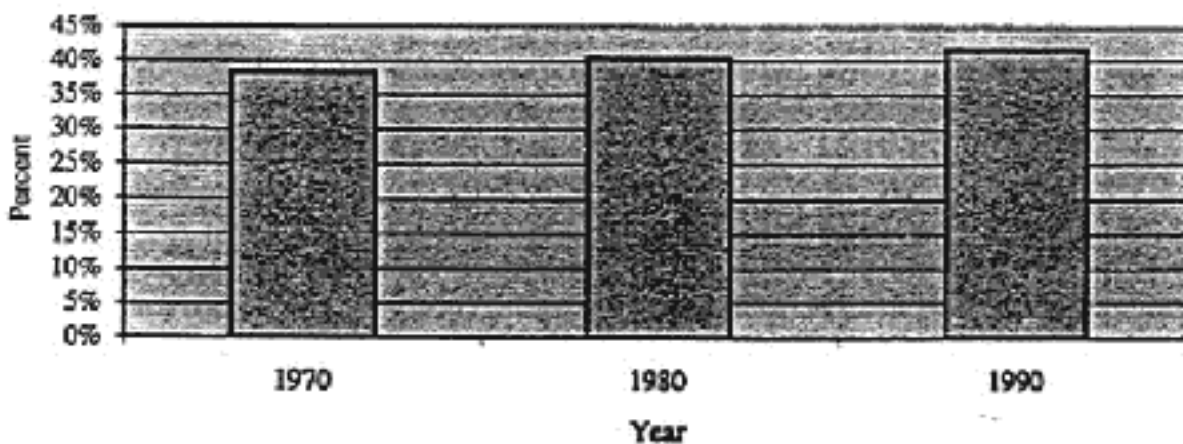


Figure Hw7. Homewood Median Sales Price 1986-1997

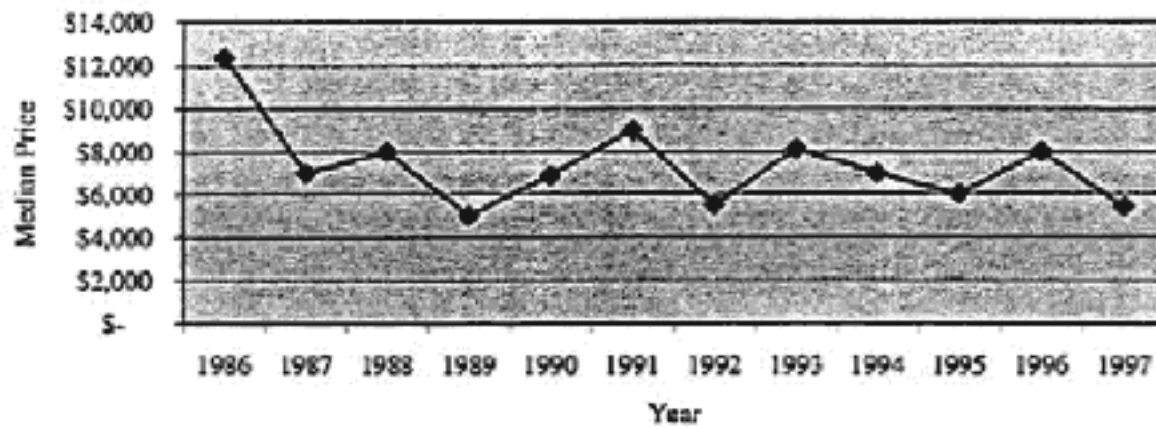


Figure Hw 8. Number of Conventional Home Purchase Loans for Homewood 1991-1995

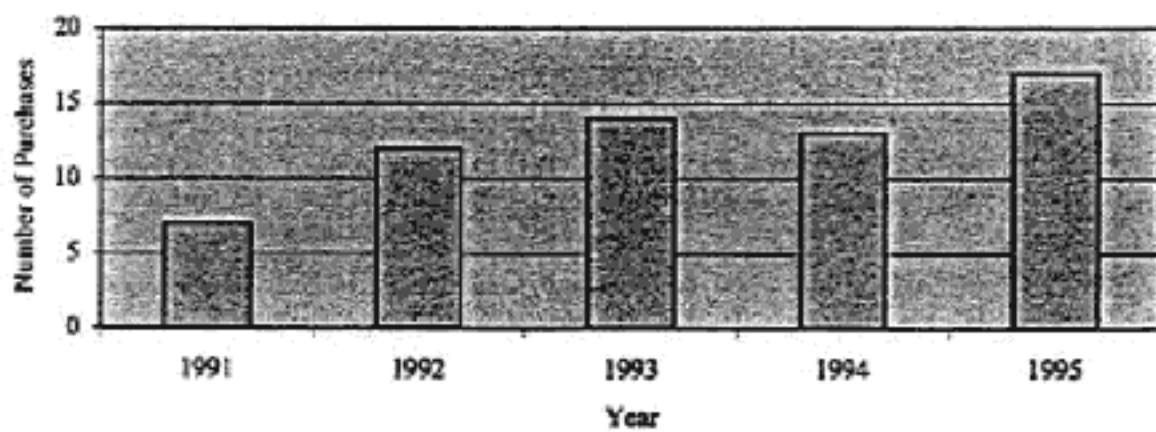


Figure Hw 9. Total Amount of Conventional Home Purchase Loans for Homewood 1991-1995

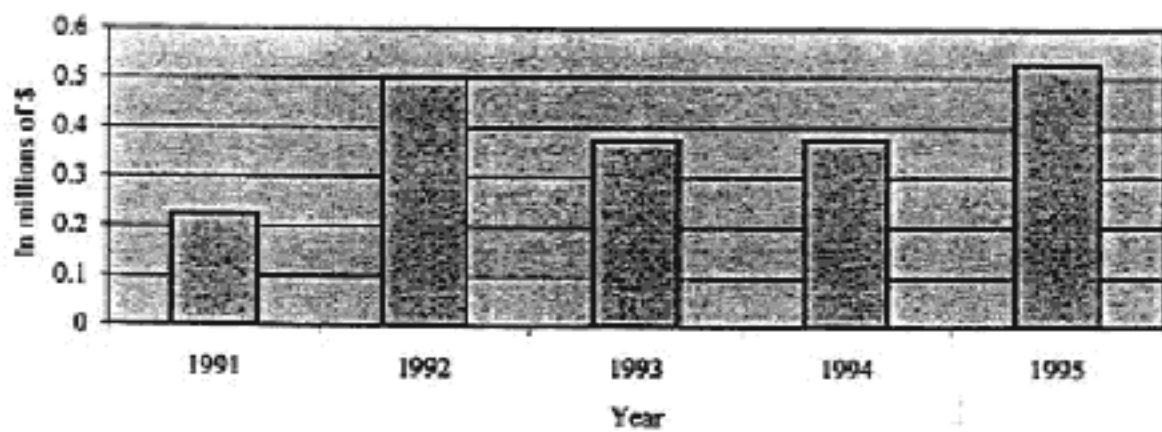


Figure Hw 10. Total Homewood Loan Amount 1991-1995

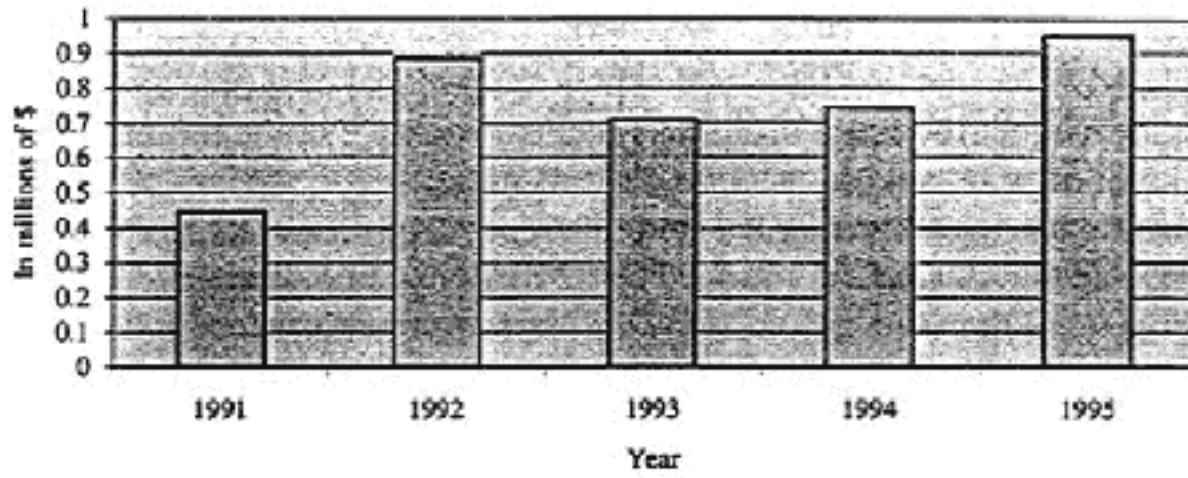


Figure Hw 11. Total Homewood Loan as Percentage Share of City 1991-1995

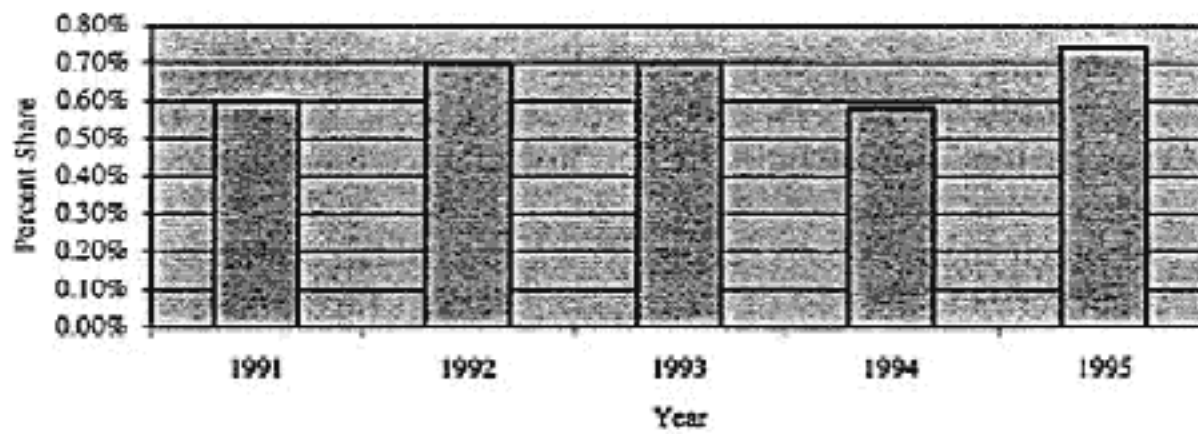
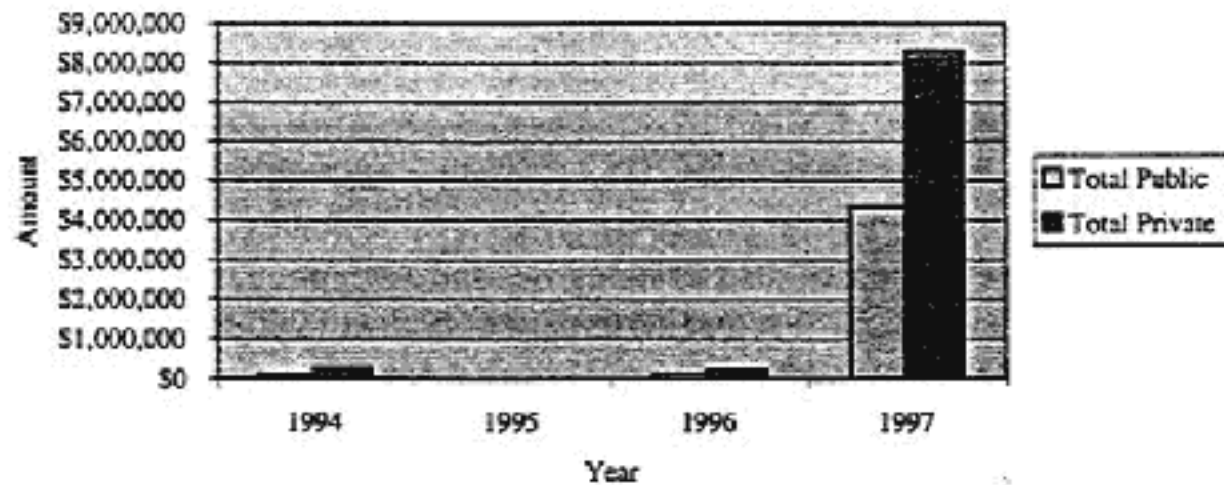


Figure Hw 12. Homewood '94-'97 Investment



Chapter 5--Hazelwood

Hazelwood is a neighborhood searching for a new role in the regional economy after the flight of heavy industry from the neighborhood. It offers an excellent example of the recently de-industrialized neighborhood with newly vacated industrial space, due to the loss of the LTV Coke Works. Hazelwood has investment issues with the redevelopment of the LTV site and the Pittsburgh Technology Center, but suffers from a lack of a strong community plan and a workforce that requires training in order to compete within a high performance economy.

1.0 Hazelwood Overview and History

1.1 Neighborhood History

One of the first settlers in Hazelwood was John Wood who settled there in 1784 and built an estate, which he named Hazel Hill. Following him, many other wealthy families were attracted to the area because of the proximity to the river and the surrounding wooded hillsides. These families took advantage of the flat land between what is now Second Avenue and the Monongahela River, carving out farms and building large estates. However, the tranquillity of Hazelwood would not last long. The strategic location between the coal fields of Connellsville and the City of Pittsburgh made this an ideal area for industrial uses. In 1861, Mr. B.F. Jones of the Pittsburgh and Connellsville Railroad built the first line of track through the rural land³⁴.

In 1868 the City of Pittsburgh annexed both Peebles Township, which encompassed what is now Hazelwood, and other territories to the east of the city boundaries (Tarr). Also around this time, James Laughlin built two blast furnaces along the river in Hazelwood. The construction of these two furnaces, known as the Eliza furnaces, would mark the beginning of what would eventually become Jones and Laughlin Steel Corporation (J&L). By the turn of the century J&L would have a coke plant, blast furnaces and other steel facilities located in the neighborhood. "The former occupants moved away to avoid the unpleasant associations which smoke or grime or the plebeian air that inroads of the wage-earners' class [gave] the neighborhood"³⁵. As the upper class abandoned the neighborhood, working class families replaced them. Grand old homes were torn down to make way for smaller worker housing. As the Coke Works along the Monongahela River expanded, the neighborhood became less attractive as a residential area.

Although the character of Hazelwood changed after the industrialization of the area, it remained a strong, working class neighborhood for decades. The booming steel mills and the LTV Coke Works provided countless jobs for a diverse mix of neighborhood residents. The new jobs in industry supported a booming commercial district along Second Avenue. During the height of the business district's prosperity in 1962, Second Avenue was home to 206 businesses, including several supermarkets, a movie theater and numerous clothing stores.³⁶

³⁴ http://www.clpgh.org/exhibit/neighborhoods/hazelwood/haze_n4.html

³⁵ Pittsburgh Leader, "Industrial Expansion Driving Out Old-Fashioned Homesteads". January, 1901.

³⁶ http://www.clpgh.org/exhibit/neighborhoods/hazelwood/haze_n4.html

1.2 Evidence of Decline

Hazelwood has traditionally been a strong and integrated community with a thriving manufacturing base. Since 1960, however, Hazelwood's population and manufacturing have been in decline. This is evident from the 49% decline in Hazelwood's population since 1960³⁷ as well as from the recent closure of the LTV Coke Plant. The decline of the local manufacturing industry has created large amounts of vacant industrial land that should be used as the catalyst to spur investment and development in the entire neighborhood. Furthermore, the decline of the local industry has created a situation that would greatly benefit from a coordinated community development strategy.

1.3 Current State

Lack of coordination among local community organizations has impeded the development of a coherent workforce strategy. Relatively low levels of private and public investment have further complicated the situation. As a result, Hazelwood finds itself in need of a comprehensive strategy in order to revitalize itself so that it can remain competitive with the more prosperous neighborhoods of Pittsburgh.

In developing this strategy, Hazelwood should take advantage of its many assets, like available land and strategic location. As of 1992, Hazelwood's business district on Second Avenue is comprised of over 33,500 square feet of gross leasable area of retail space³⁸. One study reveals extremely high vacancy rates for Hazelwood's business district, with up to 37% of the ground-level buildings unoccupied and up to 39% of the upper-level buildings unoccupied.³⁹ The recent closing of LTV Steel could potentially provide more land for future revitalization efforts. It is important that Hazelwood emphasize its relative strengths and work within its current "niche". This involves utilizing Hazelwood's proximity to Pittsburgh's important areas as well as taking advantage of the amount of land that is currently available in order to fulfill its local market demand. Furthermore, the proximity to adjacent markets and employment centers allows for the potential to attract an outside market demand into the area with a carefully constructed strategy.

2.0 Demographics

2.1 Population

Several key demographic figures are given below for Hazelwood according to the Department of City Planning's "1990 Census of Population and Housing Reports". After examining these figures, it is clear that the population decline in recent years in Hazelwood is greater than the decline for the city as a whole. It is also clear that Hazelwood's inhabitants are slightly older and generate less income when compared to the overall rates for the city.

³⁷ Hazelwood Market Study. Urban Redevelopment Authority of Pittsburgh.

³⁸ *Ibid*, page 3.

³⁹ Department of City Planning, "A Proposal for the Revitalization of Second Avenue in Hazelwood". April, 1997.

Between 1970 and 1990 the total population for Hazelwood fell from 9,937 to 6,456. This represents a 35% decline. In comparison the total population for the City of Pittsburgh fell from 520,117 to 369,879, or 28.9%, during this same period. The 1990 proportion of age groups in Hazelwood mirrored the City's in terms of the percent of residents over age 65 (19.2% for Hazelwood, 18% for the City), and the number of residents ages 25-44 (32% for both). Similarly, the percent of minorities in 1990 was 27.6% for Hazelwood and 27.9% for the City of Pittsburgh. Figures Hz1 - Hz3 illustrate this decline.

2.2 Housing

Hazelwood's homeowner vacancy rate decreased from 2.6% in 1980 to 2.4% in 1990 while the City's overall rate increased from 1.8% to 2.7% during the same time period. These homeowner vacancy rates, however, are misleading in that the percentage decrease can be attributed to a decrease in the total number of housing units rather than to an increase in home owners. In fact, an examination of the current housing stock in the neighborhood indicates a significant level of disinvestment. More specifically, the number of total housing units in the neighborhood declined from 3,414 in 1970 to 2,940 units in 1990, a decline of approximately 14%. During the same period, the City of Pittsburgh experienced a 10.3% decline in the number of housing units. In the case of Hazelwood, many units were demolished after abandonment. During the same time, the number of vacant units has increased from 227 in 1970 to 282 in 1990.

2.3 Income

The average median household income for the four census tracts in Hazelwood was \$18,575 in 1990. This is slightly lower than the City's \$20,747. (1989 dollars)

3.0 Competitive Assessment: Porter Factors

Any urban area should formulate strategies for economic development that take into account the inherent strengths and weaknesses of the inner city. Porter (1995) identifies several such strengths and weaknesses and claims that the successful revitalization of a disadvantaged area depends largely on how each is addressed. Specifically, Porter identifies four strengths of the inner city that may provide a competitive advantage, each of which is important in devising our recommendations for Hazelwood. These four strengths are strategic location, local demand for goods, human resources, and proximity to industrial clusters.

At present, there are few plans in existence that address the revitalization of Hazelwood as a neighborhood and ultimately integrate the area into the city as a whole. A recent proposal prepared by the Department of City Planning discusses the revitalization of Second Avenue in Hazelwood⁴⁰. This proposal addresses the aforementioned issues of available land and local market demand. However, it neglects to utilize one of the key strengths of Hazelwood, namely its proximity to other thriving and important areas of Pittsburgh. In making its recommendations, it fails to recognize the potential for new markets that could attract visitors from outside the neighborhood as well as attracting industries that could take advantages of Hazelwood's proximity to spike industry clusters. We hope to consider all four of Porter's factors in making our recommendations so that a comprehensive plan may be achieved.

⁴⁰ *Ibid.*

3.1 Strategic Location

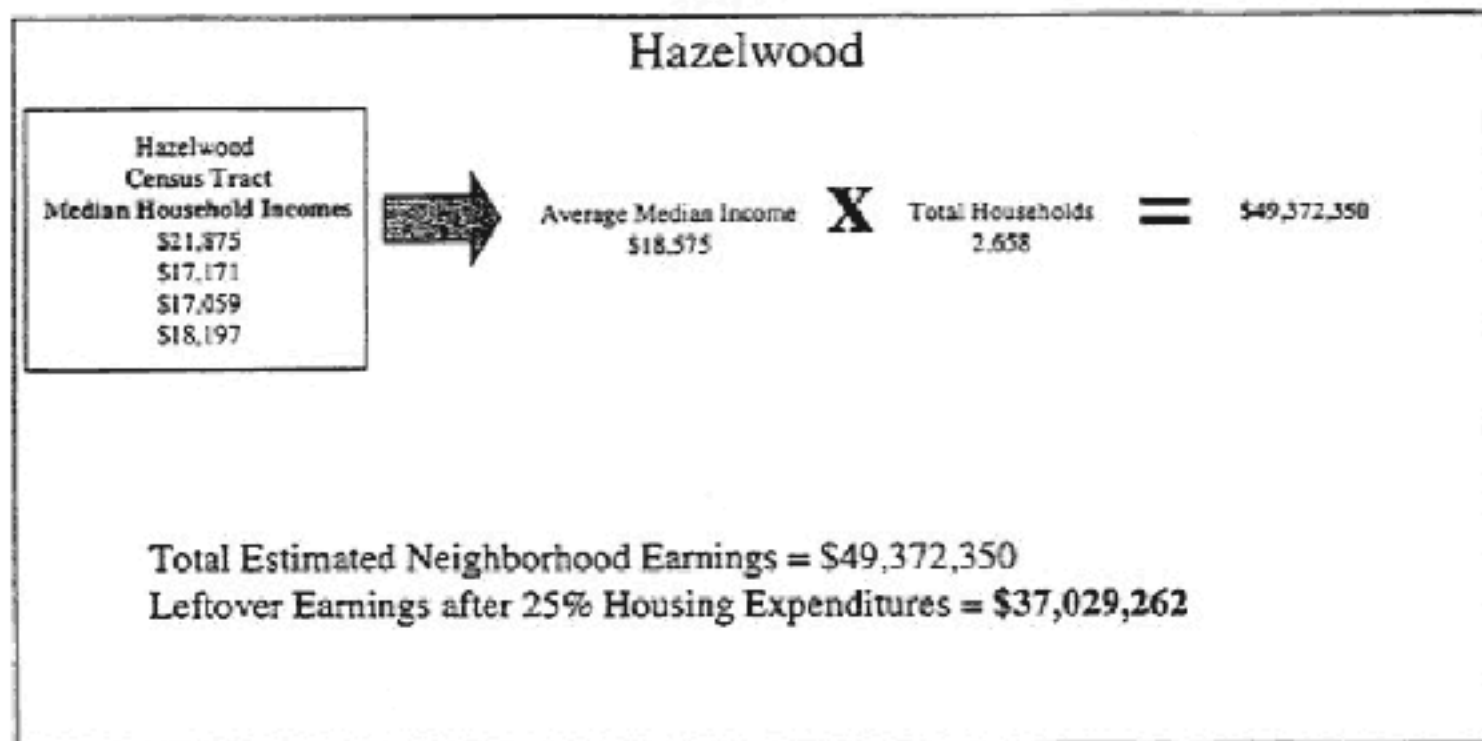
Hazelwood has excellent proximity to the downtown area and universities such as Carnegie Mellon, University of Pittsburgh, and Duquesne University. Hazelwood is also located in close proximity to thriving areas such as the South Side and Squirrel Hill.

Finally, it is important to note that the road infrastructure connecting Hazelwood to the aforementioned areas is excellent, providing easily accessible vehicular transportation routes. This accessibility will only be improved with the refitting of the Hot Metal Bridge in Hazelwood, which will connect to the South Side. Thus, Hazelwood's proximity to Pittsburgh's "hot spots" makes it suitable for development of "location-sensitive industries" that could take advantage of the surrounding areas by bringing patrons into the area as well as exporting services to these "hot spots." Clearly, Hazelwood has a competitive advantage over other neighborhoods with regard to strategic location and it is important to focus on this competitive advantage in devising a strategy that will lead to revitalization of the area.

3.2 Local Demand For Goods

Porter claims that a strength of the inner city involves "an immense market with substantial purchasing power". Unfortunately, it is difficult to make this claim of Hazelwood as the local population and manufacturing base has experienced a significant decline in recent years. A recent URA study has found that "convenience businesses located in the Second Avenue business district are roughly capturing a realistic share of the available business" and that there is the need to "develop potential new market opportunities".

This study also estimates that Hazelwood residents spend \$42,793,000 in retail stores and services somewhere in the Pittsburgh metropolitan area as determined by number of households and average annual household income. Another estimate, using data from the "Department of City Planning 1990 Census of Population and Housing Reports", has the total disposable income for Hazelwood to be approximately \$37,000,000 (see below). Clearly, if we accept the claim that the "convenience" market is saturated in Hazelwood, it is critical to devise new strategies and develop new market opportunities to help keep more of this \$37-\$43 million within the neighborhood. The "immense local demand" that Porter describes must be tapped by catering to new markets that are currently not served by neighborhood commercial. This is an important concept that will be addressed in the recommendations section.



3.3 Proximity to Regional Clusters

Hazelwood has an advantage over other neighborhoods in that it has excellent proximity to several spike industry clusters. Most importantly, the Hazelwood neighborhood is located in close proximity to the biomedical cluster that is focused around Oakland. Again, an excellent road infrastructure allows for easy vehicular travel to and from these industries. The refitting of the Hot Metal Bridge will only strengthen these travel routes.

3.4 Human Resource Availability

The unemployment and education demographics for Hazelwood reveal that the neighborhood is equipped with the necessary resources to remain competitive in the workforce. The unemployment rate in 1990 for Hazelwood was 13%, compared to 9.1% for the City. This indicates that a potential workforce exists and could be utilized as more and more employment opportunities are created. Furthermore, the education level for Hazelwood is also comparable to the City as a whole with 67.6% of the population high school graduates in the neighborhood and 72.7% in the City. However, only 9.4% of Hazelwood residents were college graduates in 1990, while 20.2% of City residents have a college degree. The low rate of higher education among neighborhood residents is a cause for concern because it indicates that residents will be unprepared to compete in the job market.

Hazelwood supports a wide range of occupations that is consistent with the variation of the City as a whole. This cannot be said of the managerial and professional specialty, however, because Hazelwood has not followed the overall trend of the City. More specifically, the increase in this occupation for the city from 1980 to 1990 is clearly higher than the corresponding increase in Hazelwood, suggesting that Hazelwood may be lagging behind in this area.

4.0 Competitive Assessment: Systems Policy Factors

Although Porter's four factors are certainly important determinants of urban competitiveness, we believe that several other factors influence the success of neighborhoods in attracting investment and residents. The strength of community organizations, available sites for development and public and private investment levels in the neighborhood have a significant impact on the competitiveness of neighborhoods.

4.1 Community Management Structure

Unlike other communities in the City of Pittsburgh, like the South Side, Manchester, Bloomfield, and Garfield, that are blessed with active community development organizations, Hazelwood does not have the same representation. The major community development organization is Glen Hazel Citizens Corporation. Although the organization has attempted to focus on housing revitalization issues, it has met with only limited success. In recent years, Glen Hazel Citizens has renovated eight houses in the neighborhood with the assistance of the Urban Redevelopment Authority. The organization has also renovated an office building with URA support. While these projects were successfully completed in budget, a later project, O'Connor Square experienced serious cost overruns. The O'Connor Square project entailed the construction of four new townhouse units on Glen Caladh Street just off of Second Avenue. The project, monitored by Glen Hazel Citizens, required an additional infusion of \$210,000 by the URA, increasing the development's cost by 38%. In addition, the units took twice as long as typical townhouse units to complete.⁴¹

Hazelwood does benefit from its designation as a federal "weed and seed" community. This designation provides federal funds through the Department of Justice to combat neighborhood crime and fund development within the neighborhood. In order to plan the expenditure of federal funds, the Mayor's Office has convened several neighborhood committees, including the safety and development committees. In conjunction with the Mayor's Office, committee members have taken an active role in planning community revitalization efforts. This process was the impetus for a recent Department of Planning report about revitalization plans for the Second Avenue business district.

In order for Hazelwood to revitalize and attract new investment the neighborhood needs organizations that actively guide investment decisions and lobby for local funding on behalf of the community. Based on visits to the Glen Hazel Citizens Corporation it is readily apparent that this organization does not fill this role in Hazelwood. The neighborhood needs one active development group that is able to speak on behalf of the neighborhood and prioritize development projects. Currently, the lack of consensus among community groups and the perception that the groups are not professionally managed, hampers the ability of the community to attract public and private investment.

⁴¹ Pittsburgh Post-Gazette. "Overruns Plague Townhouses: URA and Councilmen Debate the Blame". March, 1997.

4.2 Public Investment

Public investment for Hazelwood peaked in 1995 when it surpassed \$32 million. Since then, however, there has been a gradual decrease in public investment. In fact, public investment was only \$167,780 in 1997. Despite of this decline, public investment has traditionally played a major role in Hazelwood. In 1995, over 70% of total financing for City sponsored projects was provided by public funds. This level of public investment decreased to 42% in 1995 but returned to high levels in 1997 at 78.2%.

The ratio of private to public investments also illustrates the variations of the funding sources. In 1994 and 1996, the ratio of private to public funds averaged 1.6:1. However, in 1995, the ratio of private to public investments was only 0.3:1 (\$12,545,000 in private funds and \$32,719,130 in public funds). And by 1997, the ratio of private to public investments had dropped to .2:1.

Hazelwood's dramatic increase in public investments for the years 1994-1996 can be linked to the development of the Pittsburgh Technology Center (PTC) and the relocation of Kerotest to Second Avenue. In fact, \$46 million of public investment was used for the PTC in these two years, with the remainder coming from private investments. Additionally, the city invested a significant amount of money in Kerotest, one of the leading manufacturers of natural gas gate valves. Kerotest began operations in September 1995 in a new 63,000 square foot facility on Second Avenue after relocating from the Strip district. The relocation effort was partly funded through public investments totaling over \$5 million. The following table is a list of sources that were involved the Kerotest relocation effort.

Industrial Development Bond	\$3,250,000
Urban Development Fund (URA)	\$700,000
Enterprise Zone (Allegheny County)	\$500,000
Machinery & Equipment Loan Fund (State)	\$500,000
Department of Community Affairs (State)	\$220,000
Manufacturing Technology Loan Fund	\$150,000
Purchase Money Mortgage (URA)	\$125,000
Total Public Investment	\$5,445,000

source: <http://www.tcp.com/sponsors/city/Comparative/kerotest.htm>

Hazelwood experienced variations in the amount of financing received for its business and economic development projects in recent years. In 1994, over 66% of total financing for projects was provided by private funds. This level of private investment decreased to 27% in 1995. While the percentage of private funding decreased between 1994 and 1996, the actual dollar amount of private investment in the neighborhood gradually increased between 1994 and 1996; however, private funding decreased significantly to \$46,825 in 1997. Perhaps this can be explained by the fact that the Pittsburgh High Technology Center expansion reached its saturation point and the Kerotest relocation was complete. Nevertheless, it is clear that activity warranting private investments was absent in 1997 and that there is a need for new developments to continue the development of Hazelwood.

4.3 Workforce

From 1950 – 1975, the size of the workforce employed by the Pittsburgh Works of Jones & Laughlin Steel fluctuated from a high of over 11,000 in 1959, to a low of 5,704 in 1975.⁴² Of these, between 50% - 60% worked in Hazelwood, while the remainder worked on the South Side. In 1975, 3,604 workers were employed in the J & L Hazelwood Works. Approximately another 100 to 175 men worked for the Monongahela Connecting Railroad owned by J & L. During these years, the numbers employed by the B & O Railroad also declined greatly. In 1956, the B & O employed 849 workers in its three Pittsburgh shops; in 1967, 460 workers were employed in its Hazelwood shop.

The eventual decline of the industrial base in the ward, plus the environmental diseconomies produced by J & L resulted in a great decline in the residential workforce in the area. Young adults, seeking job opportunities plus more residential amenities, migrated out of the ward leaving an older population and a predominantly African American population in the Glen Hazel public housing community. Although there is no direct evidence, it is probable that low-cost housing rather than job opportunities attracted young minorities to Ward 15.

The key factor in improving workforce conditions in Hazelwood depends on the community organizations. The management structure of these organizations is the dynamic that will increase the effectiveness of workforce training programs. The community organizations in Hazelwood must unite and use their collaborative efforts to improve their business orientation. They are the ones that have the capability to mobilize residents for participation in training programs. They are also the driving force in updating the residents on potential business relocations to the neighborhood. More importantly, they can connect regional programs to Hazelwood residents. Currently, workforce programs in the region are not centralized. There exists many programs and organizations which become successful because of their direct linkage with community groups. Hazelwood residents need to improve their develop new job skills and hone old ones. There are programs in the region that are offered but mobilization efforts need to be increased through improved community management structure, so that community residents can benefit from the extensive job training programs in the region.

4.4 Industrial Sites

Hazelwood has an abundance of available and relatively inexpensive land scattered about the business district due to the recent decline in the manufacturing industry and a decrease in population. One study reveals extremely high vacancy rates for Hazelwood's business district, with up to 37% of the ground-level buildings unoccupied and up to 39% of the upper-level buildings unoccupied.⁴³

The key site in Hazelwood is the LTV Coke Works, which recently shut down. The strategic reuse of this site is essential to the economic revitalization of Hazelwood. Unfortunately, the site has the environmental contamination associated with coke plants. The contamination is certainly deep and remediation efforts will prove to be costly. Furthermore, it is unknown as to the extent

⁴² Tarr, Joel A. "Growth, Stability, and Decline in an Urban Area: One Hundred Years of Hazelwood."

⁴³ Department of City Planning, "A Proposal for the Revitalization of Second Avenue in Hazelwood". April, 1997.

the contamination has effected the surrounding parcels. Thus, Hazelwood has the competitive advantage of cheap and available land that Porter discusses but the environmental degradation of the surrounding area and the high cost of remediation largely offset this advantage.

Other key sites include the CSX Repair Shed, the Second Avenue Gateway, and the 4800 block of Second Avenue. The next recommendations section details specific actions for these sites in order to develop a strategy that will revitalize the area and foster competitiveness.

LTV Coke Works

Background

This site occupies an approximately 140-acre site along the Monongahela River. Until late February of 1998, the site was an active byproduct coke plant. Because of steep costs to bring the plant into compliance with the Clean Air Act, LTV made the decision to close the plant and lay off more than 700 employees. Under intense pressure from the United Steel Workers (USW), the Murphy Administration worked with LTV and other parties to try to keep the plant open. Although LTV eventually closed the plant, the efforts by the USW have resulted in a "gentleman's agreement" to try to locate a new, environmentally friendly coking facility on the property.

Rationale for Public Investment

The LTV site should be considered for a publicly guided development effort similar to the Pittsburgh Technology Center or the South Side Works. Although there does seem to be limited private interest in using this site for a new "environmentally friendly" coke plant and cogeneration facility, this is not the highest and best use for the site. A continued industrial presence on this site will do little to benefit Hazelwood and will only provide limited job creation for the Pittsburgh region. Given the employment pattern of the former Coke Works, where a majority of workers commuted from suburban communities, the Hazelwood neighborhood would play host to a new coke plant that will benefit suburban workers but will not add any significant value to the immediate community. According to the Pittsburgh Post Gazette, the new coking technology will require only one-third as many employees as the old byproduct coke plant.⁴⁴ Based on an employment level of approximately 750 prior to the shutdown of the byproduct plant, the new facility would employ around 250 workers. Although this is not an insignificant number jobs, a site of this size could be the catalyst for much larger job growth. The LTV site is over 140 acres, larger than both the Pittsburgh Technology Center and the South Side Works site.

An examination of another publicly sponsored redevelopment project provides clear justification, from a job creation standpoint, and for public investment in the Hazelwood LTV site. As a result of publicly guided investment in the Pittsburgh Technology Center (PTC), also in Hazelwood, the site is now home to Union Switch & Signal, Aristech Chemical, and research facilities for the University of Pittsburgh and Carnegie Mellon University. Total employment at the Pittsburgh Technology Center is approximately 1,000. Consider that this job creation occurred on a 50-acre site, approximately one-third the size of the Hazelwood LTV site. With responsible site

⁴⁴ NEW LTV PLANT IN WORKS. Jim McCay. Pittsburgh Post Gazette. February 20, 1998.

remediation and an active business recruitment effort, the Hazelwood site could spark even greater job creation than PTC. Certainly the site has the potential to accommodate business and light manufacturing uses that would employ more than 250 individuals, the employment that the site would generate if it was developed into a coke facility.

If the Hazelwood site is used for an industrial use like a new coke plant, the Hazelwood neighborhood will experience continued disinvestment in its housing stock. As was previously mentioned, the majority of the neighborhood above Second Avenue is residential. It should be no surprise that given a declining regional population and a multitude of other residential neighborhoods, a neighborhood that borders on an unsightly, polluting industrial use will be less likely to benefit from investment and continued stability. In order to ensure the long-term stability of Hazelwood's residential neighborhoods, this significant piece of river-front property should include some public amenities. River access and improved recreational facilities for neighborhood residents will do a great deal to make residential properties more attractive to potential buyers. The best way to provide neighborhood access to the Monongahela River and additional recreational facilities is through a publicly guided redevelopment process.

A look at another development project in Pittsburgh provides a perfect example of this phenomenon. The URA guided transformation of Herr's Island into Washington's Landing, a mixed use development consisting of offices, upscale townhouses and recreational facilities, is a perfect example of how amenities like jogging trails, tennis courts and well-designed public space add value in the site redevelopment process. In the case of Washington's Landing, these amenities have made the site incredibly attractive for both residential and business development. Townhouses on the Island are selling briskly, with a starting price of \$260,000 and business parcels have been easy to sell to developers. The same principles should be applied to the redevelopment of the LTV Coke Works site in Hazelwood. By setting land aside for open space and recreational uses, the development provides amenities for the existing Hazelwood residents, but it also adds value to the remaining development parcels on the site.

Recommendation

Due to other development priorities in the City of Pittsburgh, the site acreage, and the potential environmental pollution, we do not recommend an immediate effort to redevelop the LTV Coke Works site in Hazelwood. The most important limiting factor is the current effort to redevelop the South Side Works site, another former industrial site in close proximity to the LTV parcel. Although some infrastructure and remediation work has occurred at the South Side Works site, the entire 130 acre site has yet to be developed. Clearly this massive site will occupy the attention and resources of City officials as they attempt to turn the barren landscape into a mix of residential, commercial, business and light manufacturing uses. As a result it is unlikely that the Urban Redevelopment Authority will have the necessary resources to guide site development on the Hazelwood site for at least the next decade or so. However, the City of Pittsburgh should not pass up the opportunity to purchase this site for future development. While it would not result in immediate benefit to the City or the region, the purchase of the site for land banking purposes the City is making an investment in its future.

We recommend partial usage of the site for the interim, until full-scale site development can take place. In order to minimize the investment required from public sources and maximize the benefit for future site development, some form of recreation development should be the first use after this site is cleared. The benefits of starting this redevelopment process with a recreational development are: low construction costs, environmental compatibility, increased traffic for Hazelwood businesses and value added to the remainder of the LTV site. Environmental limitations associated with this site are discussed in Appendix E.

A 1995 analysis of the South Side Works site by Policy and Management Associates, Inc., details a significant demand for recreational facilities like softball and soccer fields. According to discussions that they had with amateur soccer associations, there is a critical shortage of soccer complexes in Pennsylvania. In order to successfully attract soccer tournaments with teams from outside of the region, a facility should have between 10 and 20 fields. The National Sports Center in Blaine Minnesota, for example, contains 28 soccer and rugby fields on a 90 acre site; by hosting The USA Cup soccer tournament, the facility generated an estimated economic benefit for the Blaine region of \$2.5 million in 1988. "The economic impact of a soccer complex in Pittsburgh could reach similar proportions. Assuming a 10% capture rate of the total mobile events for youth and amateur soccer championships and comparable special events, the potential direct economic impact would be \$2,539,560 per year [1995 dollars]"⁴⁵

While the Blaine facility occupies 90 acres, we recommend a facility of roughly 40 acres containing between 10 and 15 soccer fields or a comparable number of softball fields. The development should also include open space for use by neighborhood residents such as a playground and basketball courts or tennis courts. A 68-acre facility in Cherry Hill North Carolina, including 5 softball fields, 5 soccer fields, bicycle and jogging tracks, picnic areas and concession facilities was developed for a total cost of \$4.6 million. Due to the severe shortage of recreational facilities in the Pittsburgh region and the potential for profit it is likely that private investors would be willing to construct and operate a portion of this facility on the Hazelwood site. As an additional benefit, a 40-acre recreational development on the Hazelwood site would occupy only about a quarter of the total site. However, because of the investment made in this small area, the remainder of the site will be easier to market to businesses and high technology firms hoping to locate in close proximity to downtown Pittsburgh, the Pittsburgh Technology Center and the South Side Works development.

Second Avenue: Gateway

Background and Rationale for Public Investment

In an effort to improve the image and change the negative perceptions associated with Hazelwood, steps should be taken to improve the "public face" of the neighborhood. The majority of exposure to Hazelwood occurs on the heavily travelled Second Avenue commuting corridor. While commuters cannot see the well-kept homes on Hazelwood's residential streets, they do see the abandoned houses and businesses, billboards, and trash that characterize Second

⁴⁵ Socio-Economic and Market Analysis of Redevelopment of the LTV-South Side Works Site in Pittsburgh. Policy and Management Associates Inc, March 1995.

Avenue. The section of Second Avenue from Greenfield Avenue to Berwick Avenue, the western entrance or gateway to Hazelwood, should welcome drivers and potential investors to Hazelwood and not give them the impression that they are entering an urban wasteland.

Although it is possible to secure private funding for an improvement of the Second Avenue gateway area, it is likely that demolition of abandoned properties, removal of billboards, and landscaping efforts will require a public investment. However, this does not mean that the City of Pittsburgh will be the sole provider of funds. The Pennsylvania Department of Community and Economic Development provides funding for community improvement. The federal weed and seed program, of which Hazelwood is a participant, also provides funding for neighborhood "seed" efforts—community revitalization plans.

It is important to change Hazelwood's image as a decaying former industrial neighborhood. In order for private developers to consider the abundant abandoned commercial and industrial land in the neighborhood, they will need to be confident in the vitality and long-term potential of Hazelwood. First impressions are crucial. The current state of Hazelwood's gateway does not instill confidence in even the most optimistic of individuals. Public sector leadership and investment are needed to resolve this problem.

Recommendation

We recommend a comprehensive plan to transform Hazelwood's Second Avenue gateway from Greenfield Avenue to Berwick Avenue into an urban greenway. The planning efforts should address the removal of blighted properties and billboards along Second Avenue, replacing them with trees and extensive landscaping. The redeveloped greenway should also include a Hazelwood welcome sign at the western edge of Second Avenue near the intersection with Greenfield Avenue.

CSX Repair Shed:

Background

This facility is currently owned by CSX. Prior to closing it was used to repair railroad locomotives. The site is currently vacant, although it has undergone some internal demolition work in order to make it more attractive to potential buyers.

Rationale for Public Investment

While this facility could definitely be used to support a light manufacturing operation, it does not warrant public investment unless significant job creation would result. The CSX Repair Shed is a large building that has the potential to add great value to the neighborhood and the City. Strategic location near major transportation arteries, an active rail line and the Monongahela River give this site a distinct advantage over suburban greenfield sites. Rather than spend limited development dollars on the redevelopment of this site, the City should concentrate their efforts on publicizing the benefits of this site to private developers. In order to encourage private development, the City may need to provide low interest loans for site remediation or capital equipment purchases. However, the site should be attractive to private investment and thus does

not deserve substantial public subsidy. In the event that the site reuse could provide significant (100+ jobs) and direct employment benefits to the Hazelwood neighborhood, then the site may merit a greater City investment. A massive infusion of City funds, similar to the investment in the Kerotest facility, is not warranted on this site.

Recommendation

The site is clearly well-suited for light manufacturing or warehousing uses. Although there are residential uses in close proximity to the CSX site, the surrounding area is dominated by industrial and business uses. The Kerotest facility is less than a block from this site. Due to the vastly superior employment potential, we recommend that this site be marketed for a manufacturing use rather than a warehousing center. Moving forward, the Mayor's Office of Economic Development should continue their efforts to promote this site to private developers and tie neighborhood residents into new employment opportunities.

Second Avenue: 4800 Block

Background

The existence of many vacant and underutilized buildings in the 4800 block of Second Avenue provides an opportunity to concentrate revitalization efforts in an area that is strategically located in Hazelwood. This area not only represents an entrance point into the neighborhood business district but is also surrounded by key community institutions such as the post office, the local YMCA, and the Carnegie Library. High vacancy rates create a strong potential for the area.

Rationale for Public Investment

As previously mentioned, the vacancy rate among businesses along Second Avenue is high. The 4800 block is perhaps the worst in terms of abandonment and vacancy. Most of the structures in this area from Hazelwood Avenue to Glen Caldah Street are vacant, with many in such poor condition that they are not structurally sound and should be demolished. Clearly, the private market has not supported redevelopment and investment in this area. In order to reclaim this section of Second Avenue, the City and other public entities will need to make investments in demolition, site preparation and neighborhood infrastructure improvements.

Recommendation

The Department of City Planning has completed a preliminary revitalization plan for an area of Second Avenue that encompasses the 4800 block. The plan calls for extensive demolition and site assembly in order to attract back office operations and other new facilities to the area. The report does not emphasize the reestablishment of neighborhood commercial uses along Second Avenue. While the preliminary plan is comprehensive and would overall be a positive investment for Hazelwood, we believe that some neighborhood commercial should be incorporated in any redevelopment plan along Second Avenue. The estimated purchasing potential of the neighborhood, at \$42,793,000⁴⁶, indicates that substantial demand for goods does exist within the neighborhood. Additionally, redevelopment efforts on the Hazelwood LTV site will attract new people to Hazelwood, increasing the market for businesses that locate in close proximity to the site. The 4800 block of Second Avenue is well positioned to benefit from future redevelopment of the site because of its proximity.

⁴⁶ Urban Redevelopment Authority. "Hazelwood Market Study"; 1995.

5.0 Hazelwood's Competitiveness

Both businesses and residents make location and investment decisions based on the attractiveness of the neighborhood to them. Businesses will be motivated by among other things the presence of cheap land, access to transportation and markets, location near suppliers or customers, neighborhood amenities like local restaurants and the perceived crime level in the neighborhood. Residents will decide for or against a particular neighborhood based on several factors: the quality and affordability of the housing stock; neighborhood amenities like parks, stores and local schools; safety; and sense of community.

In light of the comparison between Hazelwood and the City of Pittsburgh found in the demographics section, it is apparent that Hazelwood is not competitive as a residential location. Additionally, the business district of Hazelwood and the vacant industrial land along the river indicates that the business community does not consider the neighborhood a viable area in which to make investments. The business district along Second Avenue is full of boarded up, vacant storefronts. Only one block of this business district between Glen Caladh and Flowers Streets appears to be doing moderately well. The notable exception to the lack of investment in the business district is the recent construction of a Rite Aid Pharmacy along Second Avenue.

It also appears that the industrial land in the area does not attract private investment without substantial subsidy from the City of Pittsburgh. The recent relocation of the Kerotest manufacturing company from the Strip District to Hazelwood, necessitated public subsidies and incentives. The CSX repair shed, which is in close proximity to the new Kerotest facility, is currently vacant and has not prompted much interest from private developers.

One indicator of neighborhood revitalization is the value of the housing stock. The following data, obtained from CitySource, outlines the annual median sales prices for houses since 1986.

Hazelwood Median Sales Price

Year	Median Sales Price	Number of Sales
1986	\$15,900	16
1987	\$12,000	72
1988	\$9,250	57
1989	\$6,800	64
1990	\$10,000	75
1991	\$13,500	74
1992	\$8,200	88
1993	\$10,885	86
1994	\$16,250	80
1995	\$12,000	83
1996	\$16,000	71
1997	\$11,000	64

We analyzed housing sales statistics from 1986 through 1997 in order to determine the level of confidence private investors have in Hazelwood. Based on the 11 year housing value trend, it is readily apparent that Hazelwood does not instill confidence among home buyers. During the eleven years we studied, the median home sales price in Hazelwood never exceeded \$20,000. In fact, the median sales price dipped to \$11,000 in 1997, the last year of our study. In general there was no identifiable trend in housing values for the neighborhood.

6.0 Overall Recommendations

Hazelwood will have to differentiate itself from other industrial neighborhoods in order to compete for investment and residents. While the industrial land between the Monongahela River and Second Avenue is considered a good location for light manufacturing operations by local officials, the redevelopment of vacant sites for light manufacturing or industrial uses will do little to improve the overall Hazelwood community. An examination of the Kerotest project provides the perfect example. The City of Pittsburgh invested \$7.2 million in the project. While the City in general does benefit from the jobs and tax revenues associated with the facility, the Hazelwood neighborhood gains only minimal benefit from the project. Currently Kerotest does not employ anyone from the neighborhood. However, one possible benefit is that workers may patronize convenience businesses along Second Avenue, like Rite Aid and National City Bank and may eat at neighborhood establishments.

As an overriding principle for the Hazelwood recommendations, it is important for decision makers to remember that the majority of the neighborhood is dominated by residential uses. In fact, almost all of the land uses above Second Avenue are residential. Efforts to revitalize the neighborhood need to focus on the reasons for disinvestment among residents of the neighborhood. Considering that communities throughout the Monongahela River valley are competing against each other and against suburban communities for a share of the continually decreasing county population, Hazelwood must do something that sets it apart from other communities. The future of the neighborhood as a whole will hinge on whether or not it can be marketed and redeveloped as an attractive area in which to live and work.

Our recommendations focus on the reuse of currently vacant industrial and business sites between Second Avenue and the Monongahela River. Although the recommendations focus on a fairly narrow geographic section of the neighborhood, the appropriate reuse of these sites will be crucial for the long-term stability of the neighborhood as a whole. These sites must be used as catalysts to promote economic growth in the region as a whole, but must also complement the remainder of the neighborhood, making it a more attractive place for businesses and residents to locate and make investments.

Hazelwood

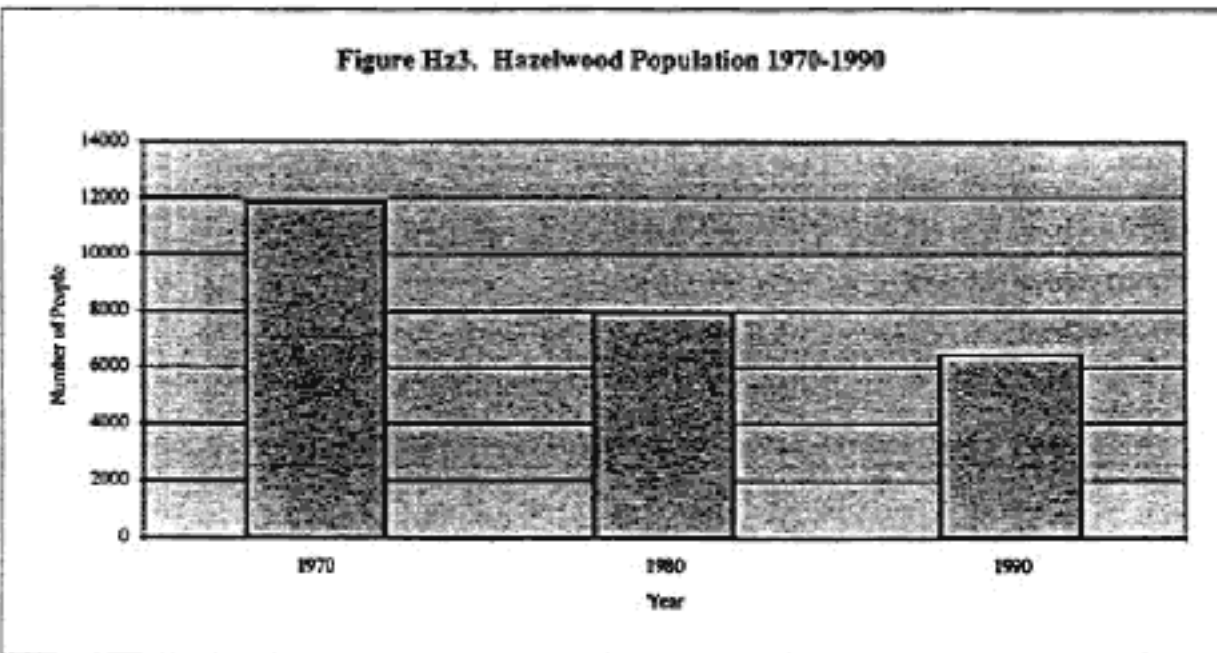
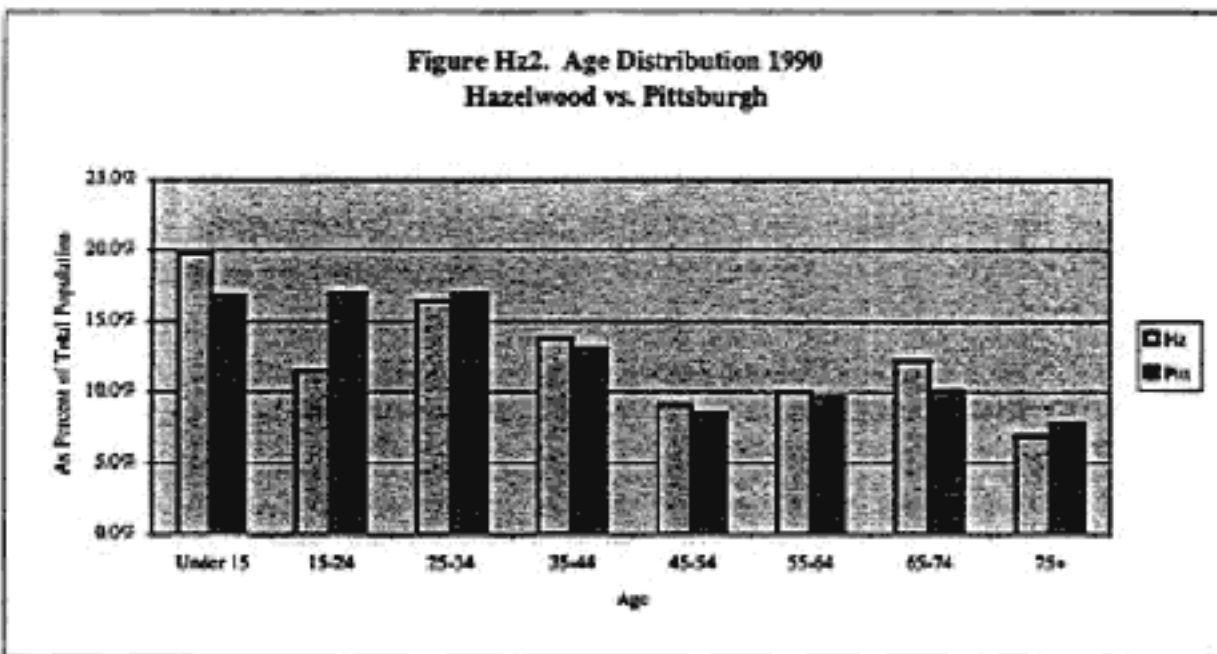
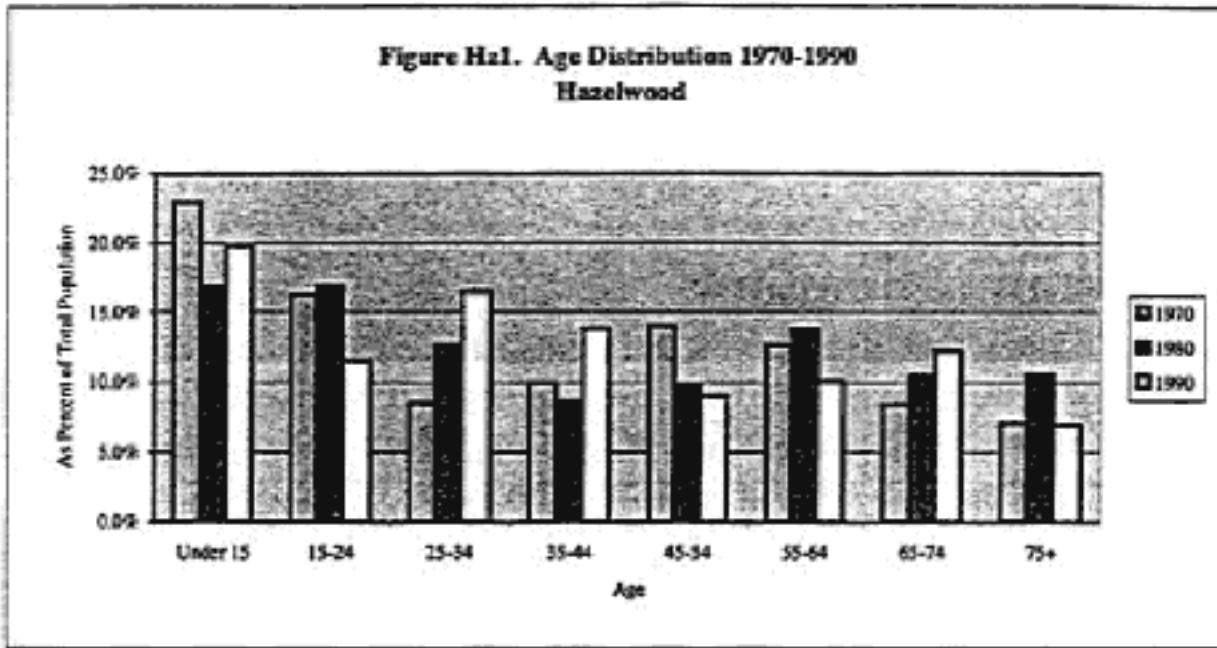


Figure Hz4. Hazelwood Median Family Income 1970-1990

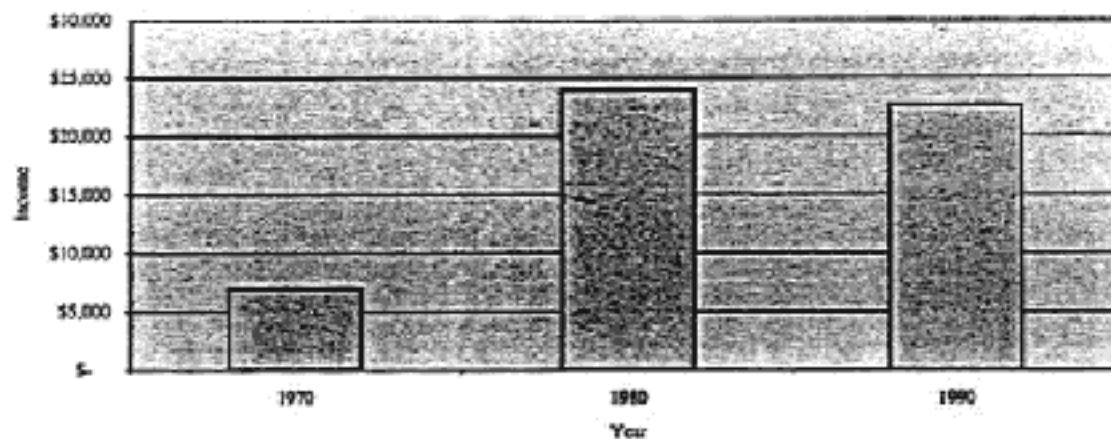


Figure Hz5. Hazelwood House Vacancy Rates 1970-1990

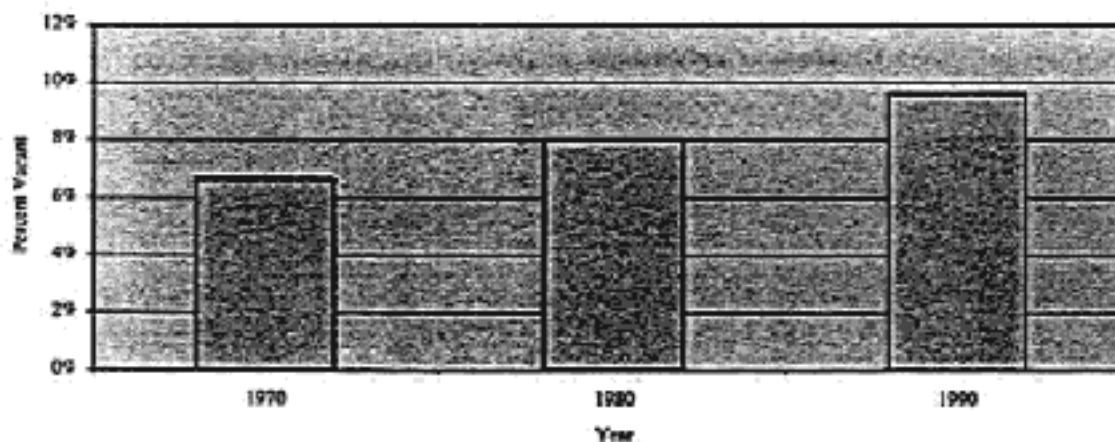


Figure Hz6. Hazelwood Homeowner Occupancy Rates 1970-1990

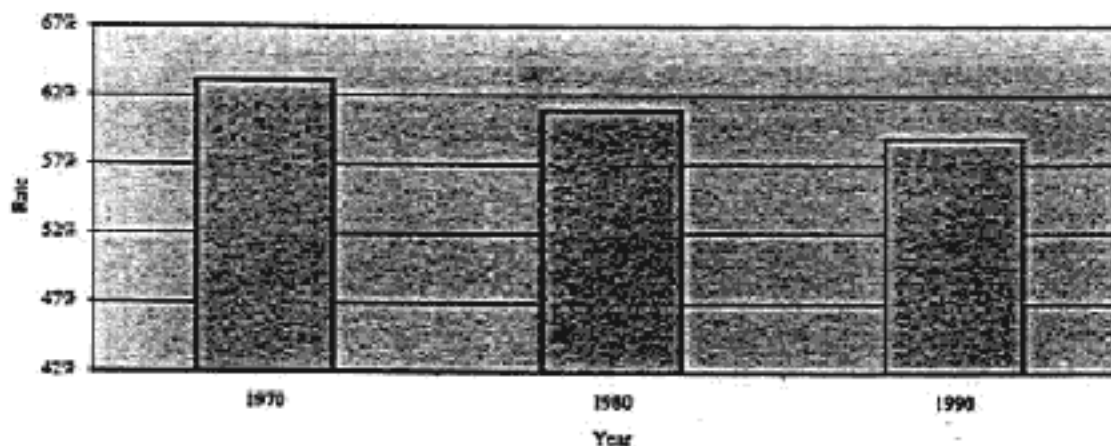


Figure Hz7. Hazelwood Median Sales Price 1986-1997

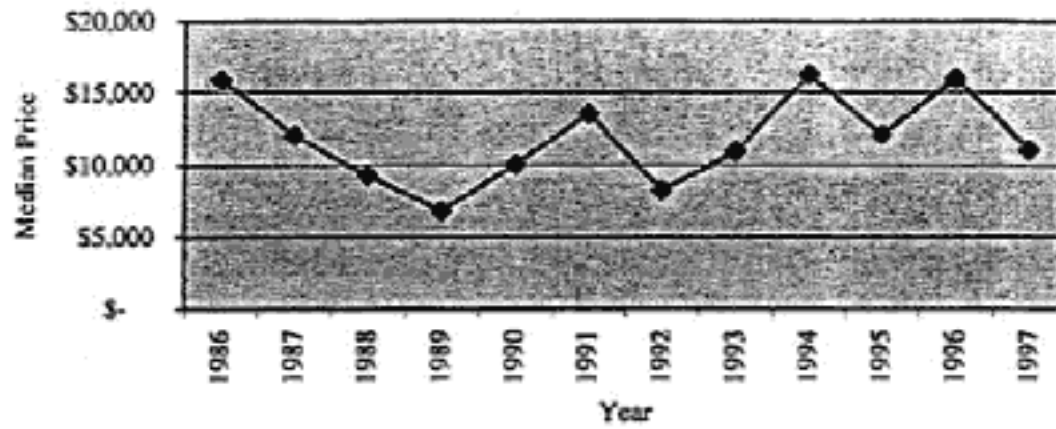


Figure Hz8. Number of Conventional Home Purchase Loans for Hazelwood 1991-1995

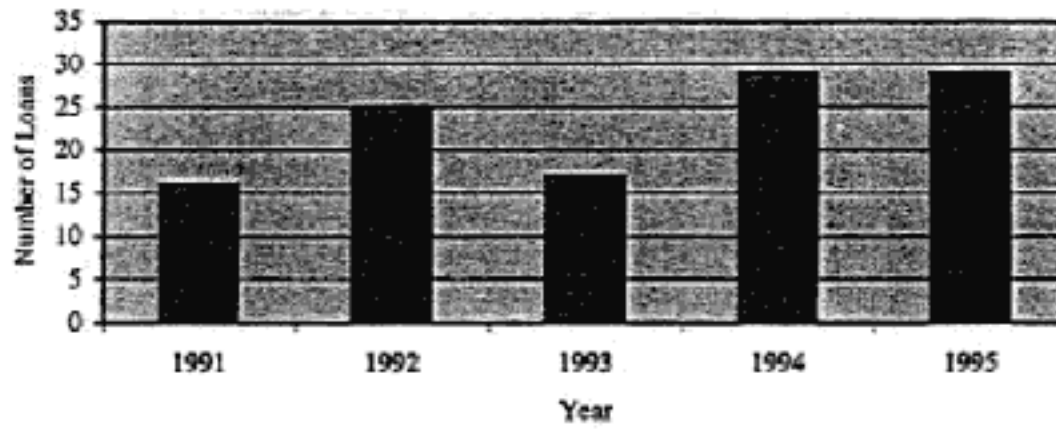


Figure Hz9. Total Amount of Conventional Home Purchase Loans for Hazelwood 1991-1995

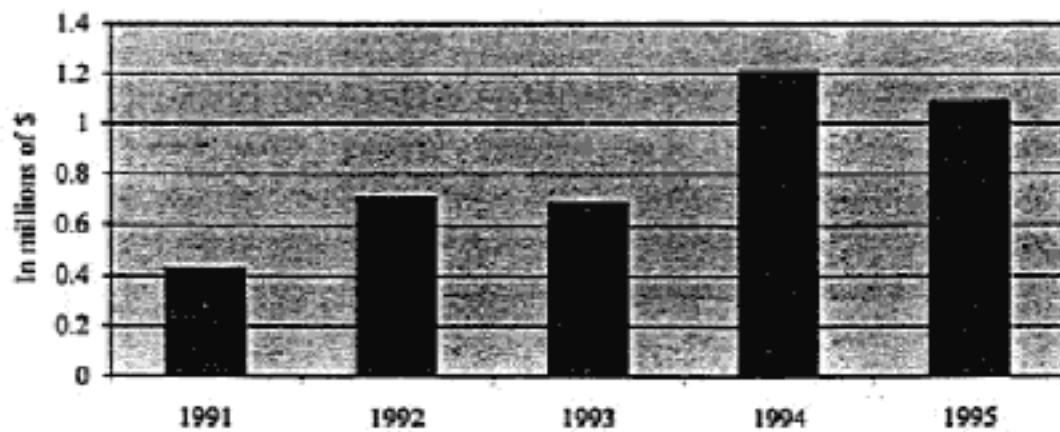


Figure Hz 10. Total Hazelwood Loan Amount 1991-1995

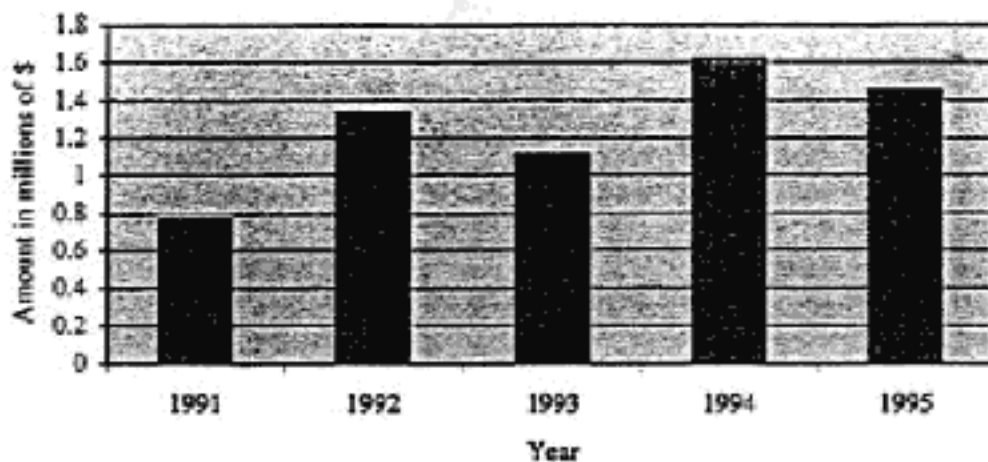


Figure Hz 11. Total Hazelwood Loan as Percentage Share of City 1991-1995

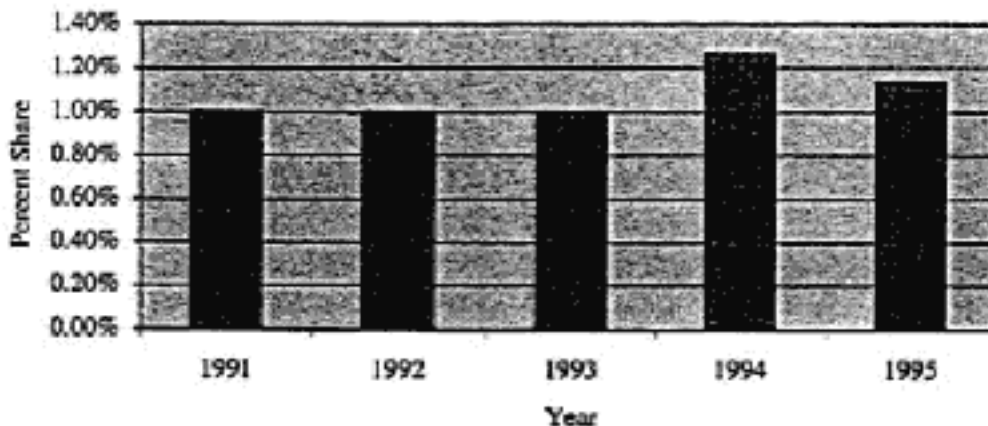
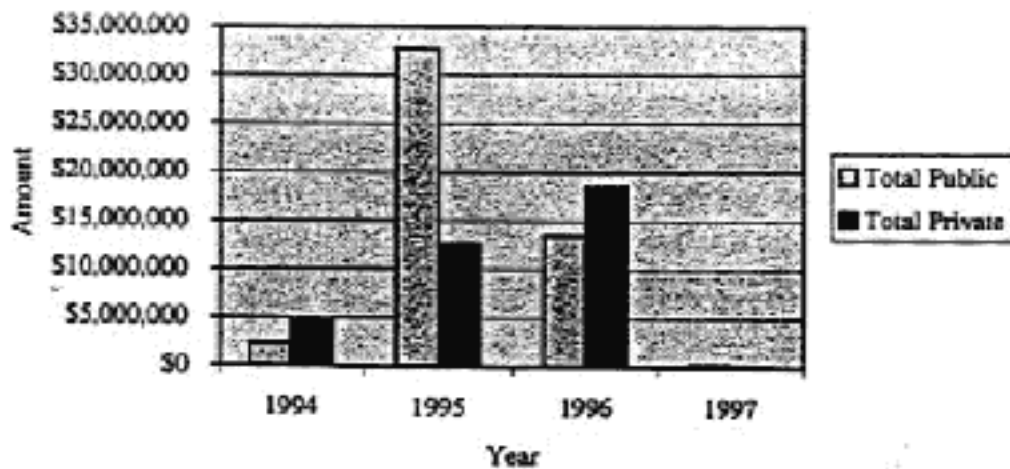


Figure Hz12. Hazelwood '94-'97 Investment



Chapter 6--Lawrenceville

Lawrenceville provides us with a Hazelwood-style neighborhood at a later stage of development. Having lost the bulk of its manufacturing base more than ten years ago, the neighborhood is still struggling to redefine itself within the region. The public investment in initiatives like the Robotics Consortium has yet to bring in private development along the Long neighborhood riverfront area. Lawrenceville has an abundance of vacant or underutilized land to work with, but lacks a strong community management plan and a trained workforce. The presence of a strong community business district along Butler Street gives Lawrenceville a more commercial focus than Hazelwood, and presents a unique array of issues for the neighborhood itself.

1.0 Lawrenceville Overview and History

1.1 Neighborhood History

Lawrenceville was constructed around the Allegheny Arsenal, built in the early 1810 to supply military needs during the War of 1812. William Foster handled the real estate purchase for the Federal government, buying roughly 30 acres for the Arsenal site, along with its adjacent land for himself. Foster created the town of Lawrenceville in 1814, named after Captain James Lawrence, who coined the phrase "don't give up the ship" and died in a naval battle with a British ship in 1813.⁴⁷

In 1834, the town of Lawrenceville was incorporated as a borough. The new borough "extended from the present 33rd Street to 51st Street up to Butler Street, and above Butler Street from 48th by an irregular line along Bluff reaching Penn Avenue near 44th Street."⁴⁸ The Arsenal was essentially destroyed in an explosion in 1862, although it continued to serve as an arms center for another six years. The borough was annexed to the City of Pittsburgh in 1868.⁴⁹

While the Arsenal was Lawrenceville's first industrial enterprise, it was certainly not the neighborhood's last. The first ironworks purchased by Andrew Carnegie and Henry Phipps was the Atlas Works, which was located between 27th and 28th Streets. A number of Carnegie-owned iron and steel factories were located in Lawrenceville, along with the Crucible Steel, the Iron City Brewery, O'Hara Glass Works, Westinghouse Airbrake, and Westinghouse Electric.⁵⁰ The 3200 block of Smallman Street is home to the first factory operated by the Pittsburgh Reduction Company, now known as the Aluminum Company of America (ALCOA). On Thanksgiving Day, 1888, this factory produced the first ingot of commercially produced aluminum using the Hall electrolytic process.⁵¹ Westinghouse demonstrated in 1886 that electrical power could be

⁴⁷ Borkowski, "Miscellaneous History of Lawrenceville," 1996, p.20

⁴⁸ *Ibid*, p.22

⁴⁹ *Ibid*, pp.22-23

⁵⁰ *Ibid*, pp.159-161

⁵¹ *Ibid*, p.162

successfully transmitted over distances by powering a house in Lawrenceville from a generator located in downtown Pittsburgh. The Pittsburgh Brewing Company (PBC) was formed in 1899 and thrived in Lawrenceville through the 1970s. The City of Pittsburgh acquired the PBC for \$33,000,000 in 1997, preserving 275 jobs in the neighborhood.⁵²

1.2 Evidence of Decline

This rich industrial heritage left Lawrenceville vulnerable to the decline of heavy industry in the Pittsburgh region during the period between 1960-1980. Local population plummeted as residents who were no longer able to find work moved away from the neighborhood. As the population left, so did the local labor supply. This further encouraged business flight. The neighborhood's riverfront area, once a great source of employment for Lawrenceville residents, was abandoned as the manufacturing industries declined. The vacant and/or underutilized land along the Allegheny River and throughout the neighborhood is a testimony to this industrial decline and its impact on Lawrenceville.⁵³

1.3 Current State

Lawrenceville is a neighborhood still struggling to redefine itself in the absence of heavy industry and manufacturing in the City of Pittsburgh. Once at the forefront of Pittsburgh's heavy industrial base, Lawrenceville has been searching since the late 1970s for a new niche within the fabric of the City. Lawrenceville is comparable to Hazelwood in this regard; both are searching for a viable niche within the regional economy in the absence of thriving industry. The neighborhood has coped with these changes by developing a strong commercial corridor along Butler St., with a variety of small retail stores, dining establishments, and banks. The neighborhood's housing stock remains strong and benefits from the rich historical and aesthetic nature of many of its units. However, increasing levels of poverty and an aging population have contributed to a deterioration of much of the neighborhood's housing stock. These trends must be reversed. Many positive development opportunities exist in Lawrenceville, mostly in the form of several large and under-used or vacant tracts of former industrial land. In order to succeed in its re-development, Lawrenceville must use these sites in order to find a new niche within the regional economy.

2.0 Demographics

2.1 Population

Lawrenceville has experienced a steady decline in the number of residents throughout the latter half of the century. In 1940, the area was home to some 30,000 people. By 1990 that figure had shrunk to 11,845. Although this is a stark drop, it does mirror general population decreases in the City of Pittsburgh as a whole. From 1970 - 1990, Lawrenceville's population has decreased by 31%, while Pittsburgh's decreased by 29%. More telling of the dire demographic situation in Lawrenceville is that its population less than 34 years of age has decreased from 46.9% (1970) to 42.9% (1990) of the total neighborhood population. The City, meanwhile, dropped from 51.5%

⁵² *Points in Time: The City of Pittsburgh's 1997 Development Report*, City of Pittsburgh, 1997, p.21

⁵³ Lawrenceville Development Corporation, *Study and Analysis of the Physical and Human Conditions in Lawrenceville*, May 6, 1996, p.6.

to 50.7% during the same period. Compounding this is the increase of elderly (ages 65+) from 1970 to 1990 of 13.2% to 25.5% of the neighborhood, versus an increase of 13.5% to 17.9% for the City. In terms of actual numbers, Lawrenceville's elderly population increased an incredible 93% between 1970 and 1990, while Pittsburgh's elderly population increased 33%. The aging population and loss of young people are a reflection of the changing work conditions in Lawrenceville. Most heavy industry, the main employers of young people in a past era, has left. The workers of that era have stayed behind, while their children, not finding the same local opportunities, have departed to other parts of the country. The population of Lawrenceville is significantly less ethnically diverse than the rest of the City. Only 5.2% of Lawrenceville residents identified themselves as minorities in the 1990 census, as opposed to 27.9% for the overall City. Figures L1 – L3 illustrate these facts.

2.2 Housing

Neighborhood demographics reveal the fact that the area will soon face a shortage of a fresh worker supply, a decline in demand for services and products, and quite dangerously, a deteriorating housing situation in the neighborhood. The loss of young residents has affected the housing situation with two telling statistics. First, the homeowner occupancy rate fell from 53.5% in 1970 to 49.5% in 1990. This means that a decreasing proportion of the homes in Lawrenceville are owned – a sign of a less stable, more transient population settling in to the neighborhood. Second, the "house vacancy rate" doubled from 1970 to 1990 (5% to 10%). As a greater percentage of homes in Lawrenceville are vacant today than in 1970, both the attractiveness and competitiveness of the neighborhood decreases. The growing number of vacant homes presents a steep opportunity cost to the neighborhood, as not only is the land upon which this housing sits being wasted, but the neighborhood's image suffers too. Figures L5 – L9 illustrate housing information in greater detail.

2.3 Income

The average median household income for Lawrenceville's five census tracts was \$16,860 in 1990. This is comparably lower than the City's median of \$20,747. This may be due to the large percentage of residents in Lawrenceville over the age of 65. This information is detailed in Figure L4.

3.0 Competitive Assessment: Porter Factors

Porter identifies four components that make up an inner city's competitive advantage. These include strategic location, local market demand, proximity to industrial clusters, and human resource availability. An assessment of Lawrenceville based on Porter's four factors follows.

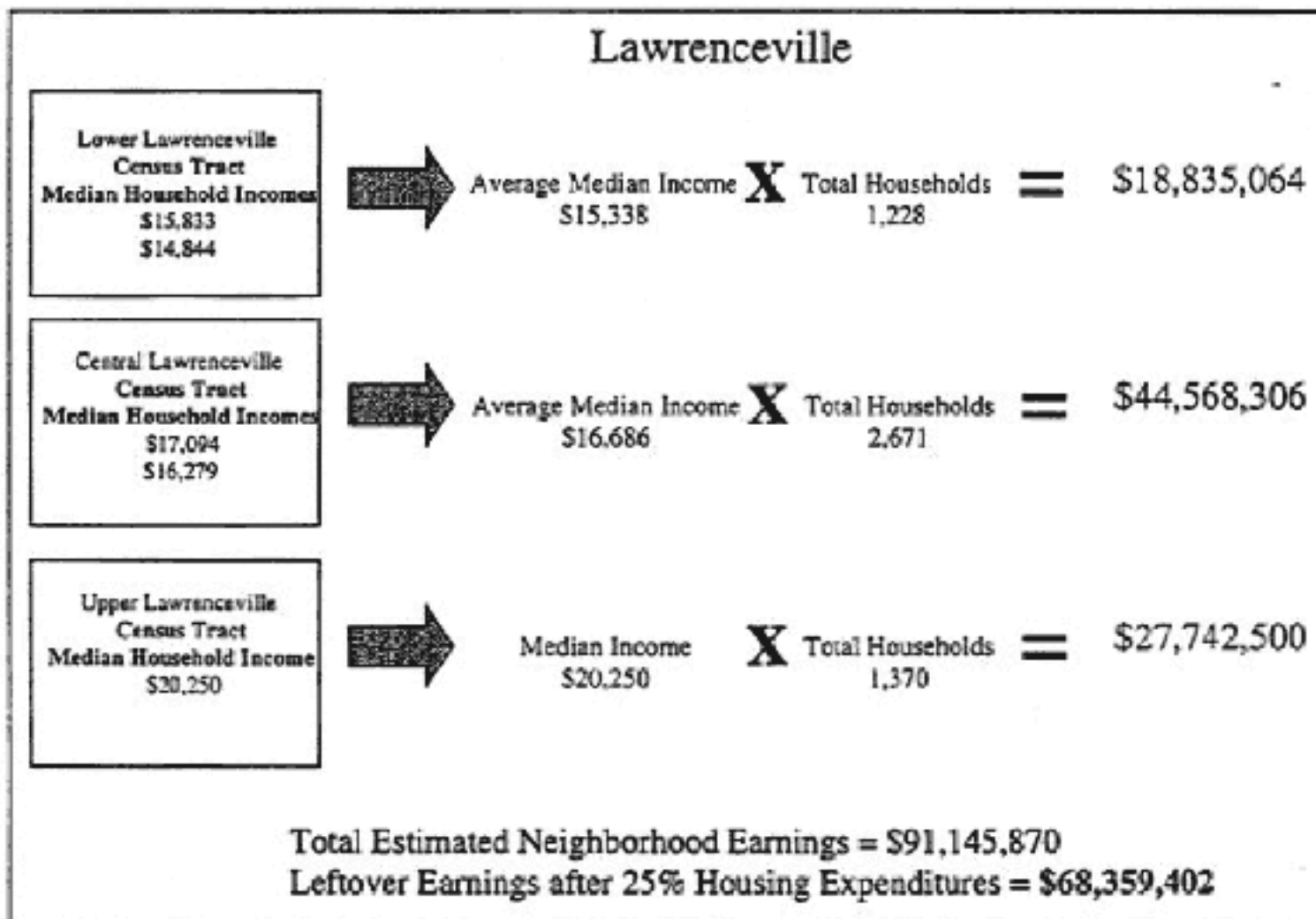
3.1 Strategic Location

Lawrenceville is in excellent location with regards to downtown Pittsburgh. It is located only four miles from downtown and just across the Allegheny River from Route 28, a major transportation artery. It is also located just four miles from the major university centers and hospitals in Oakland, thus making it an accessible location for student residents.

3.2 Local Demand for Goods

Porter defines this competitive advantage as untapped demand for goods and services. The current business district which serves the community includes:⁵⁴ 71 automobile firms, including sales, maintenance, and service, 57 bars and restaurants, 15 churches, 26 community and service organizations, 74 construction firms, 15 convenience stores, 29 distributors, 17 furniture stores, 68 manufacturing firms, 35 medical businesses, and 39 wholesale traders. In general, the business district has focused on destination-type retail shops like clothing stores, diners and restaurants, car dealerships, professional service firms, bakeries, supermarkets, and banks. This healthy mix suggests that the gap between services required by residents and services available is relatively narrow. The next step for Lawrenceville, then, is to begin to attract consumers from outside the neighborhood.

The availability of spendable income (total income minus a 25% allowance for the purchase of housing) is another estimate of local demand. This chart provides a rough indication of the neighborhoods total earnings, and thus spendable income as of the 1990 census.



Local demand for goods is generally satisfied by the existing infrastructure along the main shopping areas. The upcoming construction of a new grocery store offers the opportunity to retain community dollars in Lawrenceville. Entertainment dollars apparently leave the

⁵⁴ Lawrenceville Business Association and Development Corporation, *Lawrenceville Business Directory: A Comprehensive Listing of Businesses within the Enterprise Zone*, October 1992.

neighborhood for other areas such as "Waterworks" and the "Strip District." The main problem for Lawrenceville however, does not involve spending within the community. Instead, it is centered on Lawrenceville's inability to attract spending from other areas of Pittsburgh. An infusion of outside capital is not present in the shopping area – a problem for business development potential.

3.3 Proximity to Regional Clusters

The center of the neighborhood is located less than four miles from the Oakland universities and within walking distance of Lawrenceville's NASA/CMU Robotics Engineering Consortium. The neighborhood has yet to capitalize on the consortium's presence, but should use this as a catalyst for new industrial development.

The competitive advantage of Lawrenceville is that its low property values and the availability of industrial sites can attract commercial development that feed off of these clusters. The Robotics Center is a good example of this opportunity, as it is built upon an open site that is close to the University. A site such as this can only be found in Lawrenceville. As these sites are redeveloped, they will be able to attract more interest from regional clusters.

3.4 Human Resource Availability

Porter focuses on this factor in order to emphasize the available workforce population in many inner city neighborhoods. Lawrenceville's unemployment rate decreased from 8.4% to 9.9% from 1980 to 1990. The City's unemployment remained relatively steady during this time, 9.2% in 1980 and 9.1% in 1990. Lawrenceville's decline in comparison to the City as a whole is likely due to the loss of manufacturing jobs.

The greatest rate of employment in Lawrenceville is in the "administrative support" area. From 1980 to 1990, this sector increased by 9% (1600 to 1750 workers). At the same time, the manufacturing sector decreased by 52% (from 1250 to 600 workers). The decreases are not surprising, as this was the general trend throughout the City. What this implies however, is the need for young people to be trained for the new job market, a job market that values office skills over "blue collar" labor. This new reality demands an educational system that provides such skills for its students. The advantage of Lawrenceville's educational system is that it is located within the neighborhood. Arsenal Middle School is located near Butler Street. This school has the opportunity to meet the economic changes within the community. 57.6% of those individuals 25 and older in Lawrenceville had completed four years of high school as of 1990. In contrast, the graduation for the City as a whole was 68%. Along with Arsenal, there is also a "Boys and Girls" club which provides services to the community's youth. These institutions are well placed to help Lawrenceville's youth prepare for the current economic transformation.

4.0 Competitive Assessment: Systems Policy Factors

Although Porter's four factors are important in determining urban competitiveness, we believe that several other factors influence the success of neighborhoods in attracting investment and residents. We believe that the role of the public sector, downplayed by Porter, is crucial to the

revitalization process. Important factors to consider, in addition to those identified by Porter, include community management structure, public investment, workforce, and the strategic use of industrial sites. An assessment of Lawrenceville on these factors follows.

4.1 Community Management Structure

Lawrenceville's community groups include the Lawrenceville Business Association, the Lawrenceville Development Corporation, the Arsenal Board of Trade, the Lawrenceville Citizens Council, and some smaller workforce related groups. The groups appear to be well organized and communicative with one another. They also appear to have a good sense of the needs of their community and of the residents. These organizations could improve in their connection to the broader economic development trends in the city, region, and country. These groups appear to be pursuing a very laissez-faire approach to business development, allowing the "market" to determine the future without mapping the community onto initiatives in other parts of the City. One potential weakness has been a lack of a well-developed marketing plan to advertise the neighborhood's assets to potential business and residential recruits.

The most recent major development initiative in Lawrenceville involved a plan to develop a riverfront entertainment complex and industrial park in 1988. The Lawrenceville Development Corporation proposed a site between the 40th Street Bridge and 48th Street, now the home of the NASA/CMU Robotics Engineering Consortium. This project would have housed a public park, marina, a limited access road along the river, and one or two industrial parks. CSX Rail agreed to abandon its rail line in the proposed area. Buncher Real Estate had also made plans to develop 14 acres of adjacent property for office space, and the project was seen as a potential job generator.⁵⁵ The plans won the approval of local politicians and city officials, and later came to include an outdoor amphitheater and riverfront stage. The American Waterways Wind Orchestra was rumored to be considering the neighborhood as a permanent home. This plan was in response to a City Planning Department study that called for the construction of new riverfront parks and cited Lawrenceville as a prime location for such development.⁵⁶ Aside from the Robotics Center, the development plan was never fully implemented.

4.2 Public Investment

From 1994 to 1997, Lawrenceville experienced fluctuations in the amount of public and private investments occurring in the neighborhood. The public sector contributed nearly \$17 million during this period, which assisted in leveraging private investments of \$2.2 million in 1994, a little less than \$1 million in 1995, \$55 million in 1996, and \$12 million in 1997. The percentage of private investment to total project costs were the highest at 86% during this period in 1996. The growth in the percentage of private investment was about 37% from 1995 to 1996. The ratio of private to public dollars decreased from 1994 to 1995 and again from 1996 to 1997. In 1994, the private to public ratio was 2.7:1 and from 1996 to 1997, the ratio averaged approximately 6:3:1 of private sources to public dollars.

⁵⁵ Sam Spatter, "Public Park Funding Key to Lawrenceville Marina," *Pittsburgh Press*, August 22, 1988, pp. B1, B5

⁵⁶ Andrew Sheehan, "Authorities Support River-Front Plans," *Pittsburgh Post-Gazette*, September 10, 1988

The spark for the immense private development in Lawrenceville is undoubtedly attributable to the development of CMU/NASA Robotics Engineering Consortium. Financing the Consortium made up over 99% of total URA guided investment in 1996.

4.3 Workforce

There is very little concerted workforce development in the neighborhood. Jack Horgan of the East End Employment Project identified his center as the only one in operation in Lawrenceville, and they do little beyond the welfare to work initiative. Residents are in desperate need of a more aggressive and broad-based workforce development program; only 19.3% (1990) had some type of post-high school education, a pre-requisite for competitiveness in a high technology economy. The neighborhood needs to do more to improve the quality of its existing workforce, particularly if it hopes to attract high technology industrial development. The following charts demonstrate the decline of "low skilled labor" jobs.

4.4 Industrial Sites

Lawrenceville is home to many large vacant and under-utilized industrial sites. Strategic development of these sites can add to the revitalization of Lawrenceville and the region as a whole. The following sites were identified as crucial to neighborhood revitalization.

Central Business District (CBD): Butler Street Corridor

History

The main business district runs along the length of Butler Street. Stores began closing as the factories started moving out of the area. Today, neighbors often go to Waterworks for shopping and entertainment needs.

Rationale for Public Investment

This district stretches for too many blocks to fully thrive. The most vital part of the business district is between 40th and 46th Streets, with a variety of small bars, a bowling alley, restaurants and diners, and destination retail shops (antique stores, small clothing and shoe stores, and bakeries). Several banks line this stretch, including PNC and National City; there is also a Giant Eagle Supermarket to service the neighborhood. The span between 46th and 55th Streets, while not as active as the 40th-46th Street section, is still somewhat active with the presence of successful car dealerships. This stretch promises to be more successful when construction of the Lawrenceville Shopping Center at 55th and Butler Streets is completed.

Recommendation

Set the 55th St. shopping center as the "bookend" for the Butler St. business district, and for future commercial development. Moving forward, the City should only use public funds to encourage investment in the 40th to 55th Street stretch of Butler Street.

Doughboy Area

History

The "Doughboy" statue, honoring World War I veterans, was unveiled on May 30, 1921. It cost \$10,000 and was sculpted by Allen Newman of New York.⁵⁷ Standing at the intersection of Penn Avenue and Butler Street, the "Doughboy" statue is essentially the *entrance* to the neighborhood from downtown.

Rationale for Public Investment

Lawrenceville has been lacking a concentrated neighborhood cultural community. A new cultural center could offer added quality of life to neighborhood residents while bringing young artists into the neighborhood.⁵⁸

Recommendation

Convert the unused lots around the doughboy statue into lofts for young artists, with the hope of creating a cultural/artistic community along the South Side model.

Area between Butler Street (CBD) and Allegheny River

History

The Butler St. corridor between 40th to 46th Street is the strongest commercial zone in Lawrenceville. This area has been the historical "spine" of the neighborhood's commercial efforts.⁵⁹

Rationale for Public Investment

To take advantage of and build upon this strength, the corridor's development should not only extend north to south along Butler St. but should also reach north towards the river. Strengthening the development of this commercial zone lies not solely in fortifying business along the street, but also in ensuring strong neighborhood development surrounding that area.

The spaces lying between the Allegheny River and Butler St. are currently inhabited by "non-sustainable" housing, as expressed by the Lawrenceville Development Corporation (LDC).⁶⁰ This housing is in overcrowded areas and should be removed. The LDC identifies the housing that lies along this stretch as some of the weakest housing in the entire neighborhood⁶¹. Currently, this housing is in a decrepit state that forms a weak link between Butler St. and the riverfront. However, this presents a unique opportunity for development.

If this housing were converted into an asset, it would strengthen the area north of Butler St., thereby improving development prospects for the main business corridor. It would also strengthen the link between Butler St. and the Allegheny River. This connection is vital, as past City efforts to connect housing developments to the river have met with great success. The best example of the impact that improved housing stock can have on this area comes from the example of the "Penn Avenue Town Homes" housing development at 37th St. and Penn

⁵⁷ Borkowski, p.156.

⁵⁸ Lawrenceville Development Corporation, p.44.

⁵⁹ Lawrenceville Development Corporation, interview, 3/27/98

⁶⁰ Study and Analysis of the Physical and Human Conditions in Lawrenceville, LDC, 1996, p.48.

⁶¹ *Ibid*, p.27.

Avenue.⁶² This area has been revitalized due to the creation of 12 new housing units. These units have brought in middle income families to the community through a venture jointly initiated by the City of Pittsburgh and the LDC.⁶³ The model of improving housing stock through coordinated efforts between the neighborhood groups and the City is the type of development envisioned for the 40th to 44th Street. By injecting a housing project in that area that is similar to the "Penn Avenue Town Homes," Lawrenceville's link between the river and Butler St. will be strengthened. As previously stated, this improved link will enable positive growth to occur along Butler St.

One of the main goals of both the LDC and the Lawrenceville Business Association (LBA) is to make Butler St. into a "destination" site for city shoppers.⁶⁴ This may depend upon the quality of housing construction built between Butler St. and the Allegheny River. This new housing concept can fortify and lead a determined effort to foster a "customer friendly" Butler St.. As suggested by Conservation Consultants, Inc. (a South Side based non-profit working in Lawrenceville), improving the green spaces, park areas, and public artwork along Butler St. must complement new housing.⁶⁵ The use of Urban Redevelopment Authority (URA) "Streetface Program" grants to refurbish storefronts, is a local effort that should be continued and complemented by implementing the new housing plans.

These efforts, along with the improved housing stock, should set the stage for integrated development from Butler St. towards the river (along 40th to 44th St.) in order to create a strong mid-section in the heart of the neighborhood. An integrated strategy of industrial -> residential -> commercial should be pursued in Lawrenceville, as this is also the traditional neighborhood development pattern. This strategy will address regional, urban, and community needs, and will strengthen Lawrenceville's natural assets. It must be conducted in an integrated fashion. We will next discuss the final stage of opening up access for community residents to the rivers, as two specific opportunities are present in Lawrenceville.

Recommendation

We propose tying the business corridor development to a revitalized stretch that extends northward from Butler St. towards the river. This development goal will integrate commercial, residential, and industrial development between Butler St. and the river, as opposed to the current state of "disconnect" from the river that the businesses and residents experience.

Our recommendation is to open up the area along 40th and 44th streets between Butler St. and the Allegheny River, to clear out the old housing stock, and to inject both open spaces and new housing into that area.

The opportunity exists to revitalize the Butler Street area by creating clear visibility towards the river from Butler St. - a goal that should be adopted.

⁶² Lawrenceville Development Corporation, interview, 3/27/98

⁶³ Points in Time, City of Pittsburgh - 1997 Development Report, p.23.

⁶⁴ Lawrenceville Development Corporation and Lawrenceville Business Association, interview, 3/27/98

⁶⁵ Conservation Consultants Incorporated, interview, 4/3/98

CMU/NASA Robotics Consortium

History

Constructed on the site of what was once an automobile service center, the CMU/NASA Robotics Consortium is a potential hub for high-technology development in Lawrenceville. The consortium, funded by a \$2.5 million grant from NASA in mid-1994,⁶⁶ moved into its current site at 40th and Almond Streets in 1996. Purchased and renovated by the City, this former service center for Samson Buick cost the City \$26 million for site purchase, cleanup, and renovation and is expected to eventually employ 80 people, though it currently employs roughly 60.⁶⁷

Rationale

To finalize the concept of connecting the 40th to 44th Street areas to the river, it is imperative that the land on the river be used well. The CMU Robotics Center sits within these boundaries, yet there is no adjacent land development. The existence of this facility presents the City with an opportunity to not only revitalize Lawrenceville as a neighborhood, but to also connect the City to the greater regional and national economic trends of high-technology development. These river sites are currently barren, thus adding to the desolate impression given off by the neighborhood to outsiders. Without this effort, not only will Lawrenceville fail to attract needed people to its community, but the City will also miss a unique opportunity to cluster economic development around a national high technology center.

Recommendation

With high-technology development encouraged to surround the Center, the riverfront sites can be linked to the regional economy. This could also bring healthy growth opportunities to the local economy in terms of property value increases and increased local spending levels. These sites should be developed promptly so that high technology companies will relocate as soon as possible.

Northern Sites

History

The Riverfront presents Lawrenceville with two potentially exciting development opportunities. The first of these is the development of the riverfront area between the 40th to 46th Street area. The second is the area defined by our group as the "northern sites", from 51st Street to McCandless Street (53rd). These two areas can be used as mixed development sites, with the evidence of their potential success coming from the example of Washington's Landing.

Rationale for Public Investment

The Washington's Landing project⁶⁸ has been a great riverfront development success for the City. After more than \$40 million of public and private investment, this strip of land has been developed for use by businesses, government agencies, and homeowners. It is expected to "pay for itself," and is a "green" area in what was formerly one of the most polluted spots in the City.

⁶⁶ "Advanced Technologies: Robotics Consortium Puts Food on the Table," *Space Technology Innovation*, July/August 1994, <http://ncta.hq.nasa.gov/innovation/Innovation24/Robotics.html>

⁶⁷ *Points in Time: 1997 Development Report*, City of Pittsburgh, 1997, 27. Current employment data comes from an interview with Jim Martin, Facilities Manager.

⁶⁸ Washington's Landing, MRRC Development Associates

The impetus for this development was to connect the City's residents and businesses to the river, as it was felt that this presented the city with a competitive advantage over suburban sites. Building upon this logic, the "Boardwalk" entertainment complex created along the Allegheny River in the Strip District has been a startling success, as revelers have taken to the river to fulfill their entertainment needs. Taking advantage of the rivers through development of housing, small business, and entertainment projects has worked well in Pittsburgh and should be encouraged in the future.

Recommendation

We encourage that these efforts be replicated along the Northern Sites.

5.0 Lawrenceville's Competitiveness

Lawrenceville is a neighborhood of post-industrial natural assets. It is a neighborhood in the midst of economic collapse, yet with definite bright spots. The community groups, while not large, are effective. The population is family oriented, even though its numbers are dwindling. Pockets of new industries and close proximity to regional clusters allow for innovative development efforts. These are the assets that Lawrenceville must present to the rest of the Pittsburgh community.

One indicator of neighborhood revitalization is the value of the housing stock. Recent housing sales data obtained from CitySource is outlined below. It appears that, with the exception of 1995, housing values have risen slowly from 1991 to 1997. The number of actual sales transactions has increased significantly since 1986. This illustrates a slow but steadily increasing growth for Lawrenceville. A good sign for what many predict will be the next South Side.

Lawrenceville		
Year	Median Sales Price	Number of Sales
1986	\$25,000	27
1987	\$20,000	66
1988	\$22,000	65
1989	\$20,000	74
1990	\$21,350	79
1991	\$19,000	121
1992	\$22,000	109
1993	\$22,000	121
1994	\$25,000	141
1995	\$20,000	125
1996	\$25,000	142
1997	\$25,500	126

6.0 Overall Recommendations

A concerted effort led by the public sector is needed to empower revitalization in this neighborhood and stop the continued decline in population. The private sector must be encouraged to see the tremendous opportunities in development of entertainment, housing, and high technology enterprises on Lawrenceville's abandoned sites. These sites occupy valuable riverfront land that can and must be used to attract new jobs and residents to the community. The opportunity cost of not taking advantage of this situation will result in a net loss for both the City of Pittsburgh and the residents that remain in the neighborhood.

Lawrenceville

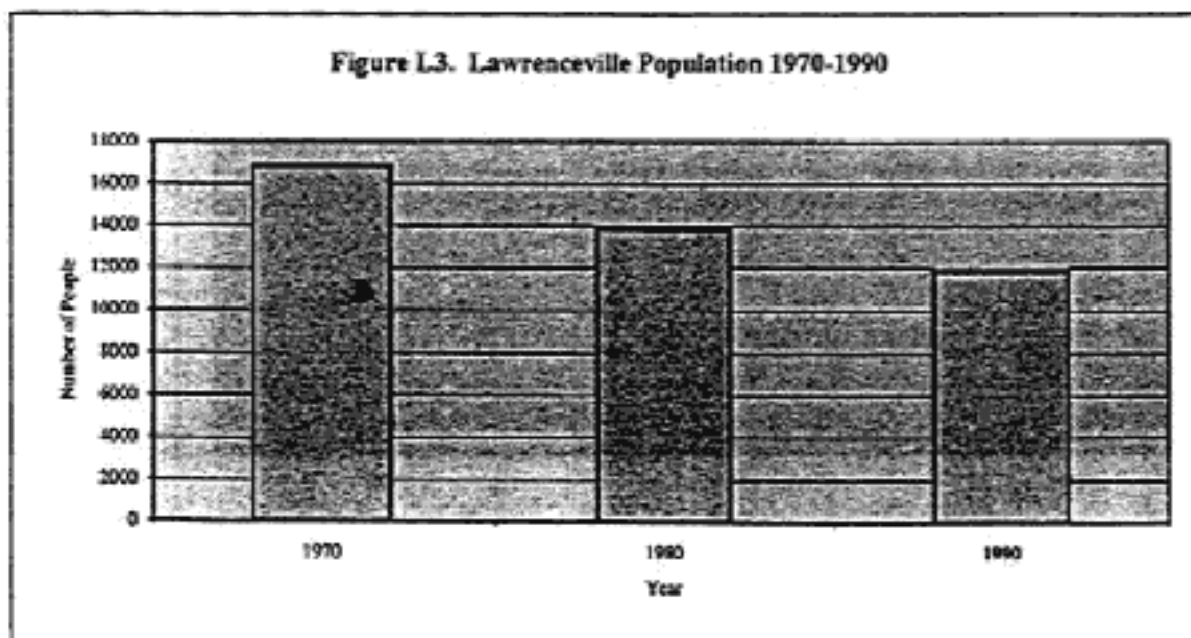
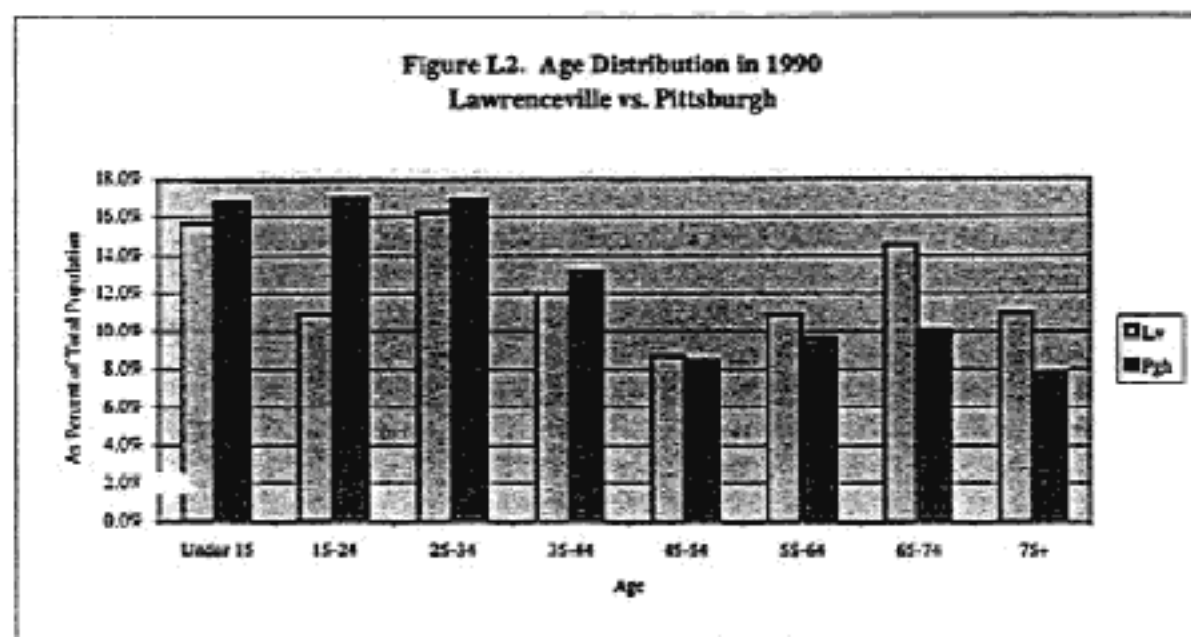
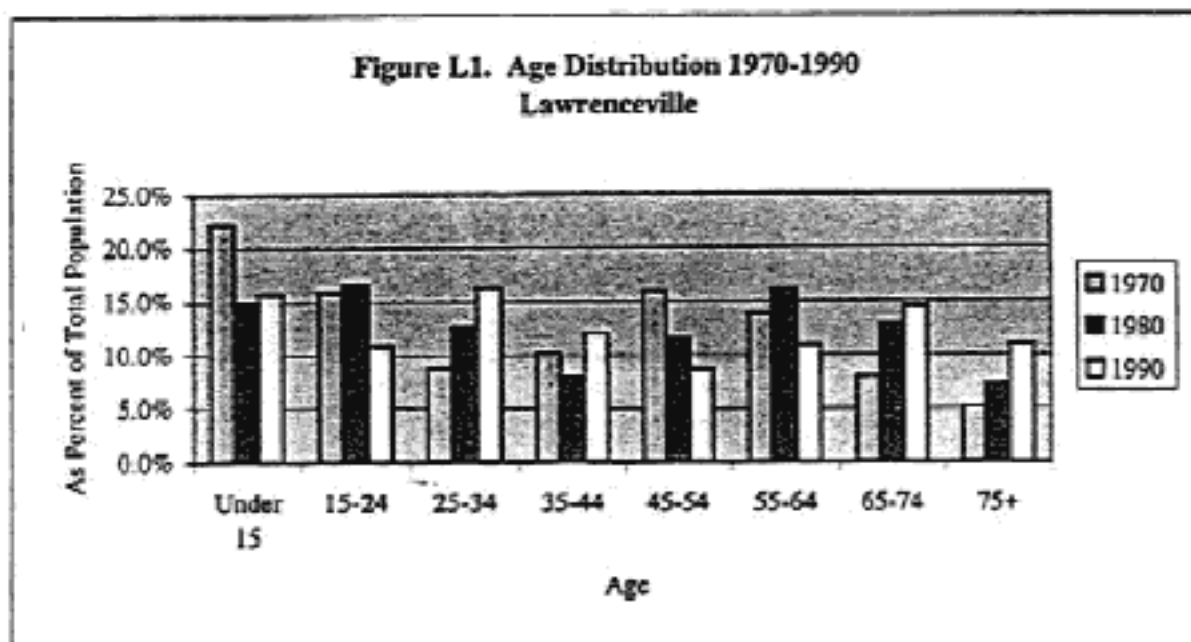


Figure L4. Lawrenceville Median Family Income 1970-1990

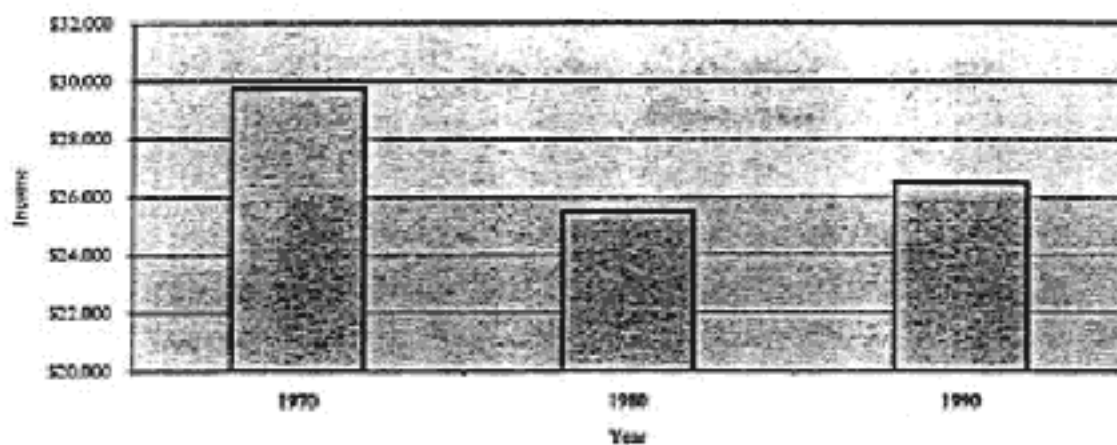


Figure L5. Lawrenceville House Vacancy Rates 1970-1990

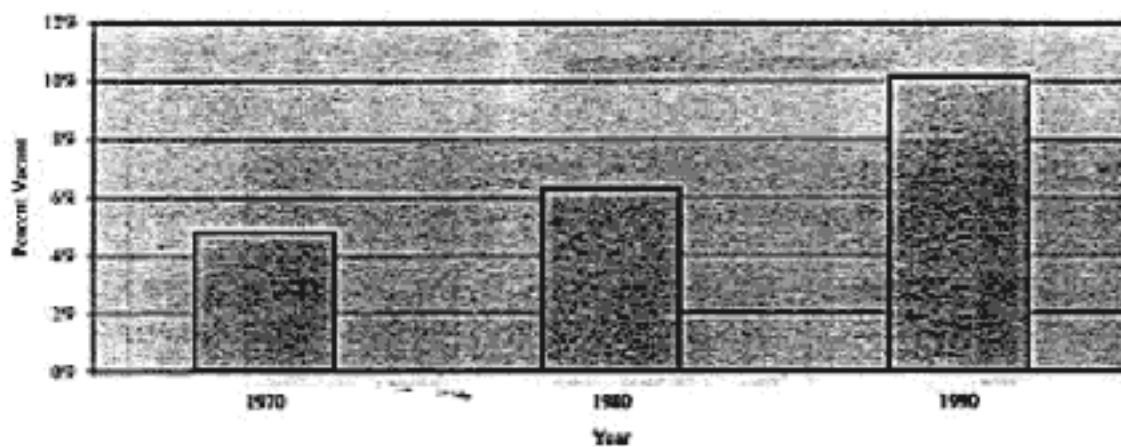


Figure L6. Lawrenceville Homeowner Occupancy Rates 1970-1990

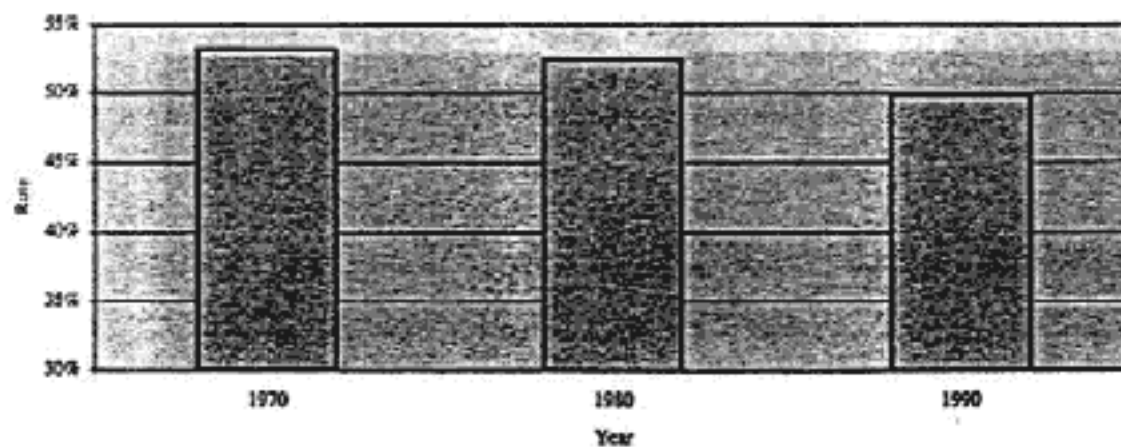


Figure L7. Lawrenceville Median Sales Price 1986-1997

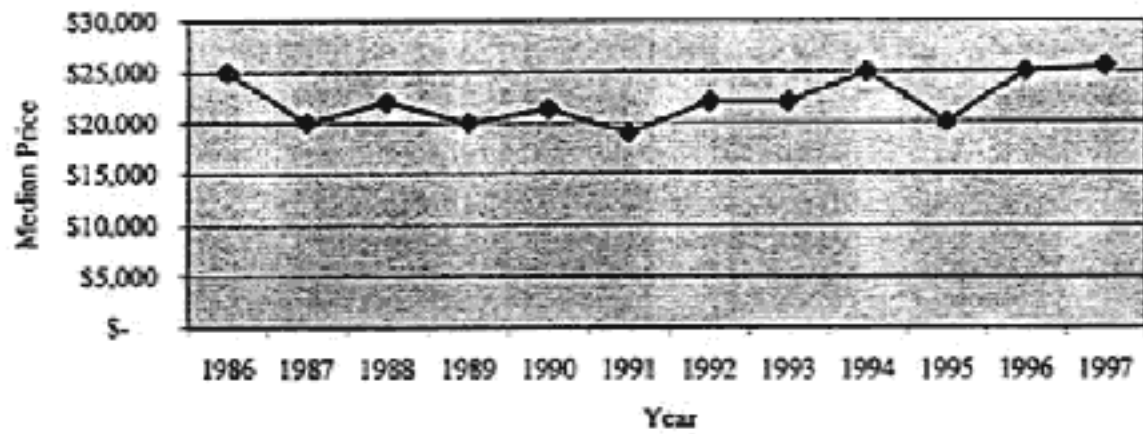


Figure L8. Number of Conventional Home Purchase Loans for Lawrenceville 1991-1995

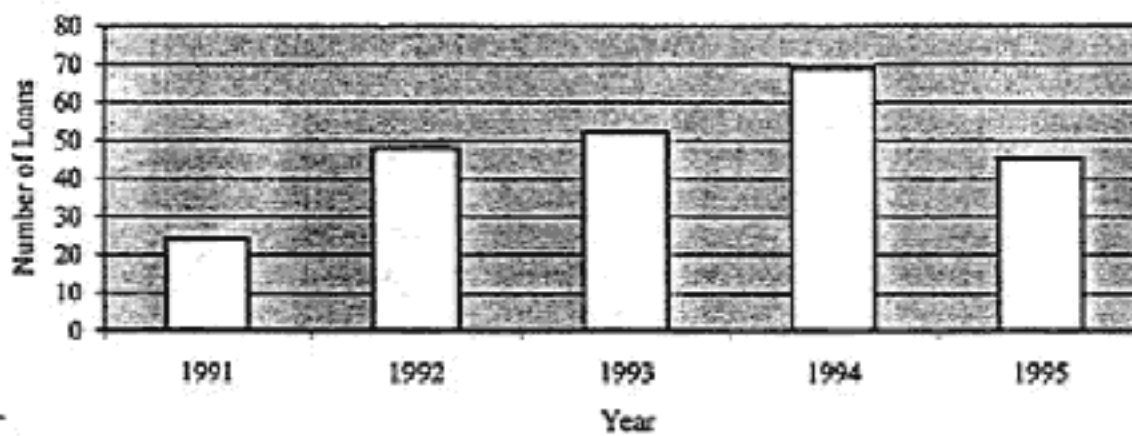


Figure L9. Total Amount of Conventional Home Purchase Loans for Lawrenceville 1991-1995

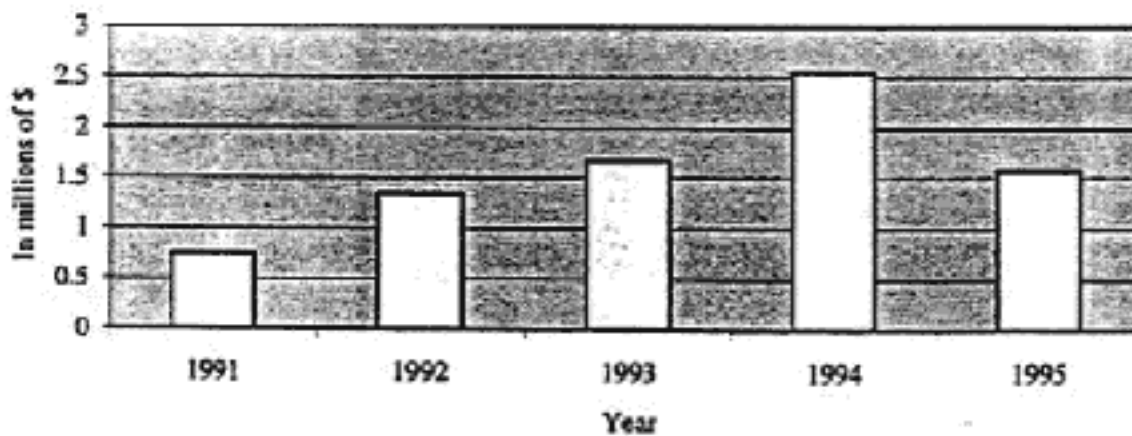


Figure L10. Total Lawrenceville Loan Amount 1991-1995

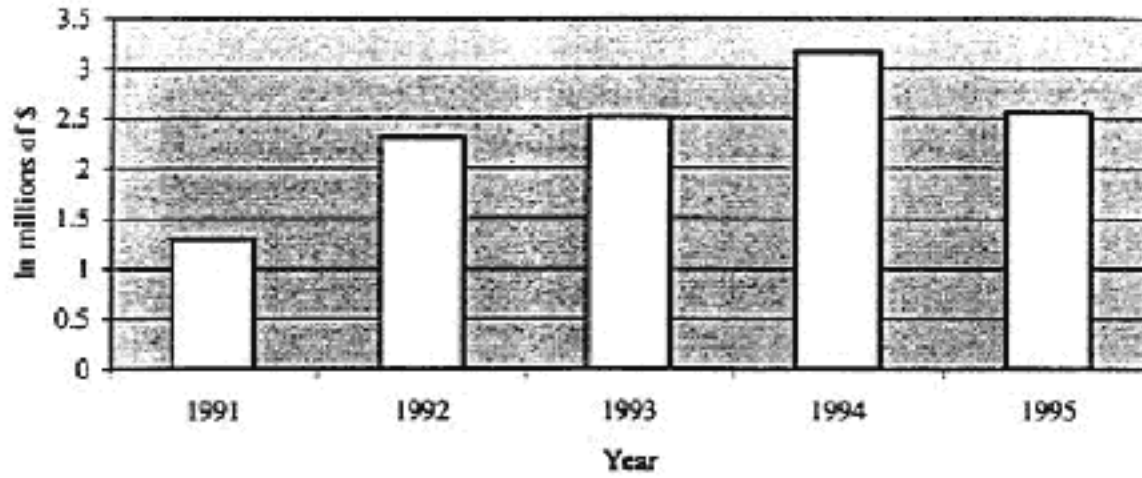


Figure L11. Total Lawrenceville Loan as Percentage Share of City 1991-1995

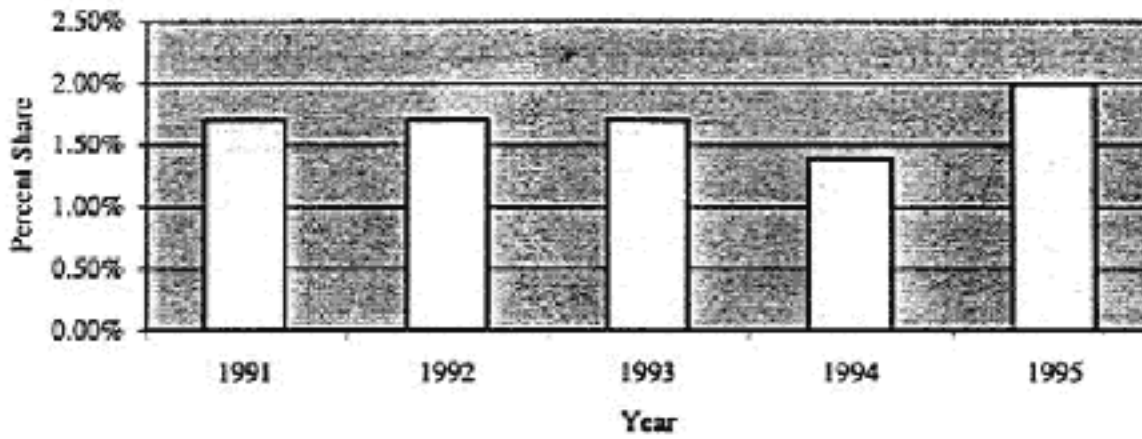
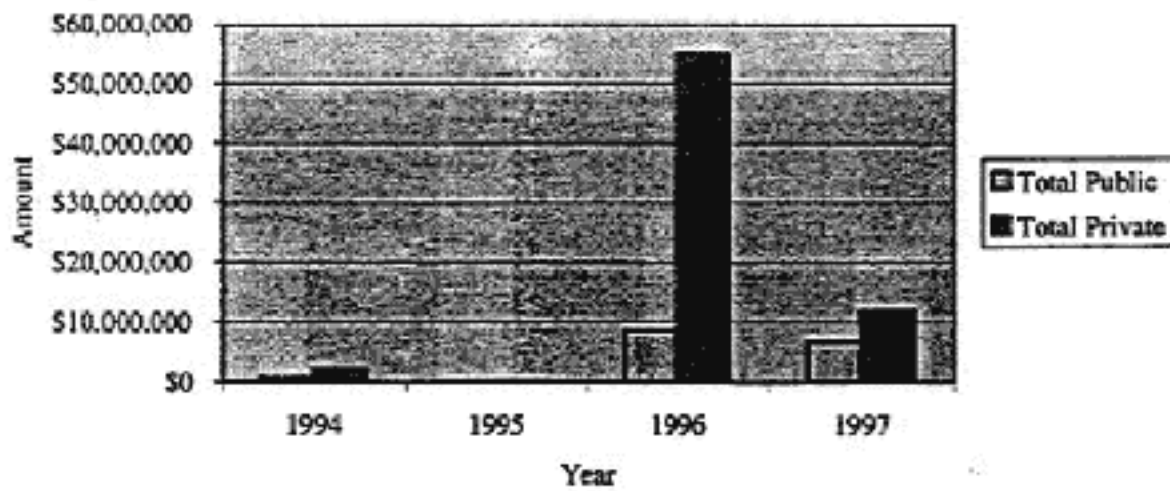


Figure L12. Lawrenceville '94-'97 Investment



Chapter 7—South Side

The South Side has emerged as a regional center for culture and entertainment. Its central commercial corridor is home to art galleries, antique shops, book stores, bars, the City Theatre Company, and restaurants representing a diverse array of cultural cuisine. Future revitalization efforts should focus on improving the quality of life by increasing access to the riverfront, building new housing, and building links with regional clusters.

1.0 South Side Overview and History

1.1 Neighborhood History

Founded by Nathaniel Bedford in 1811, the South Side was originally a number of smaller privately-owned communities (Birmingham, East Birmingham, Ormsby, South Pittsburgh) that were annexed into the City of Pittsburgh in 1872.⁶⁹ The area's proximity to both river transportation and an abundant coal supply made it a natural location for an industrial center. By the early 1800's, there were 76 factories in operation in Birmingham alone.⁷⁰ These factories produced glass, iron and munitions. In fact, the South Side was the major supplier of glass for the entire nation following the Revolutionary War.

The coming of the Industrial Revolution led to the construction of several steel mills on the South Side, including the LTV Steel Company's South Side Works (formerly J&L Steel). These mills created additional manufacturing jobs that fueled a second wave of immigration to the South Side. The expansion of the steel mills displaced many residents of the South Side when residential areas were rezoned as industrial following the Second World War.

1.2 Evidence of Decline

By the late 1970's, the steel industry throughout southwestern Pennsylvania was in a serious state of decline because it did not remain competitive on an international level. The South Side, in addition to other communities in the Mon Valley whose economies were closely tied to the fortunes of the steel mills, was hit particularly hard. The 1986 closing of the LTV Steel Company's South Side works was the final knockout punch that sent the South Side's economy to its knees.⁷¹ The neighborhood's population fell by 38% from 1970 to 1990 as young, affluent residents of the South Side moved to housing in the suburbs or left to work in other regions.⁷² Housing values in the South Side plummeted and many of the "Mom and Pop" shops in the East Carson Street business district went out of business as their patrons migrated out of the neighborhood.

⁶⁹ South Side Planning Forum. The South Side Neighborhood Plan. December 1996. p. 8.

⁷⁰ *Ibid* p.8.

⁷¹ Flora, Rebecca. "South Side Local Development Company."

⁷² South Side Local Development Company. "South Side Riverfront Housing."

1.3 Current State

Following the closing of LTV, the residents of the South Side solicited support from a broad range of public and private partners to begin revitalizing the South Side. They adopted a three-pronged strategy to rebuild the South Side's economy.⁷³ The strategy included the following elements:

- Capitalize on the neighborhood's proximity to the Downtown business district to the west and university district to the east.
- Build on the strong social fabric of South Side residents to combat the neighborhood's deterioration. The determination and neighborhood pride of the South Side residents was a key factor in the neighborhood's successful revitalization.
- Focus on revitalizing the historic East Carson Street business district. There are 18 blocks of late nineteenth century Victorian architecture along East Carson Street which have been recognized as a National Historic Register District and a City of Pittsburgh Historic District.⁷⁴ The National Trust for Historic Preservation's National Main Street Center designated East Carson Street as one of the original seven Main Street Business Districts in 1985.

The Main Street Business District designation provided for technical assistance to establish the South Side Land Redevelopment Company (SSLDC). The SSLDC engaged in an aggressive campaign to refurbish the existing storefronts along East Carson Street. Since 1986, there have been 150 façade renovations and 120 new businesses that have reduced the business district vacancy rate from nearly 20% in the early 1980's to 6% today.⁷⁵

"Today, the South Side thrives as home to artists' studios and galleries, antique shops, restaurants, specialty stores, and bookstores. A leisurely stroll down its streets shows a neighborhood full of character and charm. The wealth of its varied ethnic heritage and the pride of the community in its neighborhood shows itself in the use of its old name, Birmingham, and the active restoration and gentrification of its eclectic colonial, Victorian, and art deco structures."

--The South Side Antiques, Arts, and Crafts Association

This quote from a brochure entitled "Historic South Side of Pittsburgh: A Map and Walking Guide" illustrates the current vitality and diversity of the South Side's business district. It is also an example of the high degree of organization among neighborhood businesses that has enabled them to develop and implement a common marketing strategy. The coordinated efforts of South Side businesses and community groups, through the South Side Planning Forum, has led to the development of the South Side as a regional destination center for culture and entertainment.

⁷³ Flora article.

⁷⁴ *Ibid.*

⁷⁵ *Ibid.*

2.0 Demographics

2.1 Population

Between 1970 and 1990, the total population of the South Side fell from 9,260 to 6,177. This represents a 33.3% decline. In contrast, the total population for the City of Pittsburgh fell from 520,117 to 369,879, a 28.9% decline during the same period. The population of South Side residents over the age of 65 represents 32% of the neighborhood's overall population. This is balanced by an equal percentage of working age residents in the 25 to 44 group. Eighteen percent of residents of the City as a whole are over age 65, and 32% are between the ages of 25 and 44. Figures S1-S3 illustrate this information more clearly. The population of the South Side is much less ethnically diverse than the rest of the City. Only 3.4% South Side residents identified themselves as minorities in the 1990 census as opposed to 27.9% for the City.⁷⁶

2.2 Housing

Between 1970 and 1990, the homeowner vacancy rate fell from 1.6% to 1.5%. During the same period, the City's homeowner vacancy rate increased from 1.1% to 2.7%.

A little over 45% of houses in the South Side were owner-occupied at the time of the 1990 census. This was slightly lower than the City's 52.3%. More recent data reflects steadily-rising housing values in the South Side. We expect that the 2000 census will show a much higher percentage of owner-occupied homes in this neighborhood. The housing data is illustrated in Figures S5 – S9.

2.3 Income

The average median household income for the South Side's three census tracts was \$14,736 in 1990. This is significantly lower than the City's \$20,747. This may be due to the higher percentage of senior citizens on fixed incomes living in the South Side. In addition, the South Side is home to many college students who have little or no incomes. The median income data is graphed in Figure S4.

3.0 Competitive Assessment: Porter Factors

Harvard Professor Michael Porter identifies four competitive advantages of inner city neighborhoods: Strategic Location to downtown business districts and transportation nodes, Local Demand for Goods due to a gap between consumer demand for services and services available, Proximity to Regional Industrial Clusters which link inner city neighborhoods with the regional economy, and Human Resource Availability due to large numbers of people seeking employment. Following is an assessment of the South Side based on Porter's identified advantages. It is important to note that Porter designed his factors for severely disenfranchised neighborhoods. As the following discussion will illustrate, South Side's successes appear as

⁷⁶ Please note that the statistics referred to in this section and the section on Human Resources Availability were derived from U. S. Census Information. Unless otherwise noted, the data for the South Side refers only to the South Side Flats section of the neighborhood.

disadvantages under Porter's Local Demand for Goods and Human Resource Availability factors.

3.1 Strategic Location

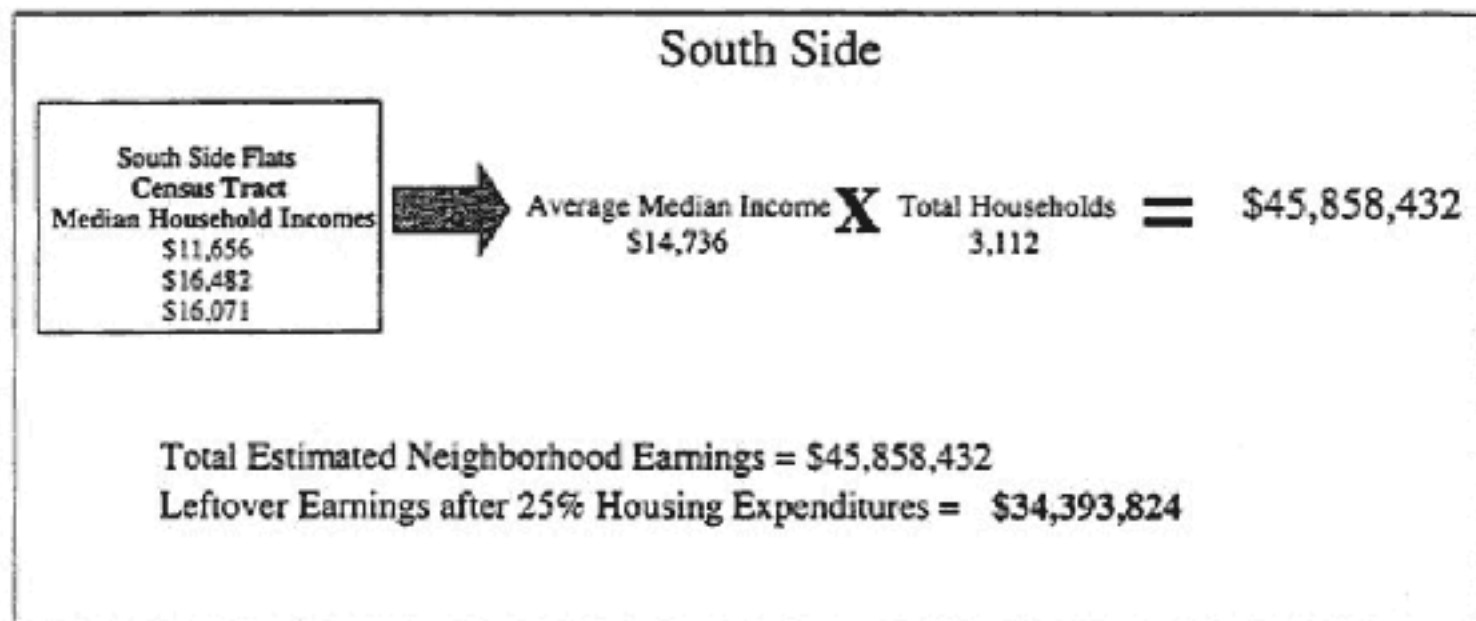
South Side is located approximately one mile from Downtown. Carson Street is a major thoroughfare for travel from the Mon Valley and the South Hills to Downtown. Public transportation to the neighborhood is excellent including PAT bus and Pittsburgh's T. or light rail system.

3.2 Local Demand For Goods

Porter defines this competitive advantage as untapped demand for goods and services. South Side's abundance of healthy businesses indicates that there is not a large gap in the services demanded by community residents and the services available. The South Side has, in fact, become a destination center for culture and entertainment. They have been able to meet neighborhood needs and attract consumers from throughout the region.

As previously mentioned, median family income in the South Side is relatively low. This may be due in part to the fact that senior citizens and college students make up large proportions of the population. New housing developments are attracting higher income households to the neighborhood. The challenge to the South Side will be in attracting this middle income, "yuppie" crowd without displacing low income residents.

The chart provides a rough indication of the total estimated neighborhood earnings. The average median household income for the South Side Flats was \$14,736 in 1990. The estimation below



estimates the aggregate household income for the Flats area at \$45,858,432. Assuming that 25% of this amount is utilized for housing, this leaves over \$34 million in potential spending money for this area.

3.3 Proximity to Regional Clusters

The South Side holds a competitive advantage in comparison with other city neighborhoods based on its close proximity and access to both the university district in Oakland and the

Downtown business district. The map at the end of this section shows that all sites within the South Side are each only one mile and a few minutes from the Downtown business district, the university district in Oakland and the highway. Traffic provides the primary barrier to transportation to these areas. The refitting of the Hot Metal Bridge, however, will provide a link from the South Side LTV Site to the Pittsburgh Technology Center on Second Avenue in Hazelwood for automobile, truck and pedestrian traffic.

Porter focuses on this factor as a means to connecting a neighborhood's economy with the overall regional economy. The South Side is in a good position to do just that. Its close proximity to these centers of technology, and plans to establish a biomed incubator on the LTV site provides a rare opportunity for the development of high quality jobs in the neighborhood.

3.4 Human Resource Availability

The unemployment rate for the South Side fell from 10.6% in 1980 to 7.9% in 1990. During this same time period the unemployment rate for the City remained relatively steady, dropping from 9.2% in 1980 to 9.1% in 1990. Porter focuses on this factor as an indicator of workforce availability.

Under this definition, the South Side would not rate well because the unemployment rate (and therefore the number of workers looking for jobs) is lower. This indicator does not make a lot of sense for the South Side. A better way to assess this is to look at the general education levels of neighborhood residents in an effort to assess general skill levels. 61% of individuals 25 and older in the South Side were able to complete high school. The graduation rate for the City as a whole was 68%. This could indicate that the skill levels of South Side residents are lower than those of overall City residents. Another possibility is that it is the result of the large proportion of residents over the age of 65. Completion of high school was not often considered necessary for obtaining jobs in the steel mills or with other manufacturers.

Another way to assess the quality of human resource availability is to consider the actual occupation classifications of residents. In the decade between 1980 to 1990 the number of manufacturing jobs decreased from 513 to 248 while the number of jobs classified as "Professional & Related Services" increased from 761 to 820. A similar trend was seen in the City as a whole for this same period. It is difficult to assess whether or not those workers previously employed by manufacturing jobs are still active in the workforce. If they are, then there is the potential to build on their skills by attracting new, environmentally sensitive, manufacturing firms. If not, the increase in the number of professional and related jobs may indicate an overall trend towards increased skill levels for residents. It will be interesting to see if this will lead to a higher high school graduation rate for the South Side in 2000.

4.0 Competitive Assessment: Systems Policy Factors

Although Porter's four factors provide an important starting point for inner city neighborhoods to begin to define their competitive advantages they do not go far enough. We believe that the role of the public sector, downplayed by Porter, is crucial to the revitalization process. Important factors to consider, in addition to those identified by Porter, include the community management structure, strategic use of industrial sites, public investment, and workforce. The experience of

the South Side shows that these factors are strongly inter-related. The South Side's ability to coordinate community development efforts through the South Side Planning Forum led to the creation of a strong unified voice. This enabled them to:

- Create a neighborhood mission and strategy for redevelopment
- Lobby more effectively in order to increase public investment
- Implement a plan for renovating their business district
- Become a force that developers would need to consult when planning new projects such as the LTV Site
- Create an achievable, "business-friendly" workforce development plan.

4.1 Community Management Structure

The South Side is home to many strong community groups and organizations, including the South Side Restaurant and Bar Association, the South Side Community Council, the South Side Business Alliance, the South Side Local Development Corporation (SSLDC), and the South Side Antiques, Arts, and Crafts Association. While this is important, the fact that nearly all of these organizations have worked together to coordinate community development efforts and implement a long term planning process for the South Side is part of what has made a critical difference for this neighborhood. This coordinated effort on the part of community groups makes for an effective community management structure. Nearly all of these groups, and more, participate as members of the South Side Planning Forum, which is staffed by the SSLDC. The Forum did not appear overnight, but is instead the result of over 15 years of strategic community organizing effort supported by professional staff built on decades of strong community participation.

The foundation for the Planning Forum began in 1984 when the South Side Parking Task Force was established. This group, made up of residents, business people, organizations and the City Planning Department, came together in response to increasing community concern about parking problems and congestion and the need to evaluate the findings of a study prepared by Wilbur Smith Associates for the Parking Authority of the City of Pittsburgh. The need for a comprehensive community development plan was voiced. In January of 1985 the SSLDC, with assistance from the City Planning Department and the Community Technical Assistance Center, organized a community meeting to discuss planning concerns. The goals of the meeting, attended by approximately 70 people, were to form a planning task force, establish priorities, and a time frame in which to address issues. As a result of this and subsequent meetings of both small and large groups, a mission statement was developed:

"The South Side Planning Task Force is a community-based group representing organizations, residents, and businesses who have come together to identify community needs and to develop a comprehensive long-range plan to meet those needs. The goals of this effort are to 1) direct future development according to the consensus of South Side residents and business persons; 2) develop community leadership; and 3) implement physical improvements."⁷⁷

⁷⁷ South Side Planning Forum. The South Side Neighborhood Plan. December 1996.

Perhaps more importantly, a detailed organizing structure was also established. Committees were identified according to the major issues identified: Housing/Residential, Human Services, Industrial/Commercial, and Public Services. Chairs and Co-Chairs were selected, in most cases representing both business and residential interests. Professional staff were assigned to each committee in order to ensure that goals and ideas were implemented into successful projects. This aspect, often dismissed or unattainable, is critical to the success of community development. Staffing assignments for the committees were as follows: Public Services – City Planning, Industrial/Commercial – SSLDC, Human Services and Housing/Residential – The Brashear Association. The Chair and Co-Chair for each committee plus assigned staff were designated as the Steering Committee. Committee staff were charged with the coordination of committee efforts, the documentation of such efforts, and the organization of meetings.

After several months, it was decided that an ongoing planning body should be formed. The South Side Planning Forum was established in 1991. As of the most recent South Side Neighborhood Plan, December 1996, the membership included representatives from the South Side Community Council, the South Side Business Alliance, the South Side Local Development Corporation, the South Side Arts, Antiques, and Crafts Association, the Friends of the South Side Branch Library, The Brashear Association, and other religious, health, and educational institutions in the community. Representatives from the Planning Forum report back to their constituent organizations for deliberation on issues and the presentation of information. Decisions are made through consensus, and in accordance with the Forum's approved operating policy. The Planning Forum meets monthly. It is viewed as the collective voice of the community on the issues pertaining to planning policy. With the cooperation, participation, and input of constituent organizations, the Planning Forum, staffed by the SSLDC, operates as the monitor of the South Side Neighborhood Plan.

With the East Carson Street business district revitalization well underway, the SSLDC has now refocused its efforts on development of new housing, particularly along the riverfront, to attract affluent middle class residents to the South Side. The SSLDC, as part of the South Side Planning Forum, hopes to continue to strike a balance between commercial and residential development in its community revitalization strategy.

The coordinated approach of the Planning Forum, supplemented by a large number of local business representatives has given the South Side a major advantage in revitalizing its commercial corridor. As previously mentioned, this has been a major focus of both the SSLDC and the Forum over the past decade.

4.2 Public Investment

Public investments for economic development/business projects grew steadily in the South Side from 1994 to 1997. The major development sparking the burst of public funds in 1997 occurred for the LTV Coke Works. The preparation of this site for development used over half of all public investments given to South Side projects. No funds have been provided through private investments for this project to date. Significant private investment is planned within the next few months as the development implementation process begins.

The percentage of private investments as a portion of total investments peaked in 1995 at 69.77% but declined to 24.43% in 1997. Overall, total investments continued to rise from 1994 to 1996. The ratio of private to public investments decreased. In 1995, the ratio was 2.3:1. In 1996 and 1997, the ratio declined to 1.6:1 and 0.3:1, respectively. In 1997, of the \$23.2 million used to finance projects in the South Side, approximately \$5.6 million was derived via private sources. Public investments more than doubled, however, from 1996 to 1997 while private investments quadrupled.

4.3 Workforce

Currently, the SSLDC, in partnership with the Forum, is in the process of developing a four-pronged workforce development plan. This plan will work to coordinate the existing neighborhood employment centers in order that they may communicate with businesses in a unified voice – while still providing individual services. The plan is “business friendly” and attempts to ease the burdens of employers. The elements of the proposal are outlined below.

1. *Undertake Survey of Business Owners to Assess Current Employment and Future Needs*
The SSLDC will update its 1993 survey of South Side businesses to create an expanded database of employment opportunities. A final report with data analysis will be created.
2. *Create a System for Job Referrals and Collaboration with SPERT and Landmarks*
The SSLDC will plan the development of a computerized intake system to ensure that any new or expanding businesses are referred to SPERT for identifying potential job openings. Landmarks will contact the 134 Station Square businesses to introduce them to the South Side Job Consortium. Landmarks will also communicate information about available positions at Station Square businesses to the South Side Job Consortium. Landmarks will communicate information on a regular basis to Station Square businesses about job applicants. Landmarks will provide a follow-up report on job placements at Station Square businesses twice a year. The goal of this program is to help South Side residents find local employment.
3. *Establish an Understanding with the URA Regarding Employment at the LTV Site*
The SSLDC will request a commitment from the URA that local residents are considered for employment at the site. A percentage goal will be established to further reinforce this objective. The commitment would also include monitoring requirements. The goal is to help South Side residents find local employment.
4. *Identify Existing Jobs Training Programs and Organize Job Consortium*
The SSLDC will inventory and list all training programs, which serve the service area to determine what currently exists. Participants for the Job Consortium will be identified. Through marketing of available training programs, more South Side residents will acquire improved job skills and thus find better jobs.

4.4 Industrial Sites

As a result of its industrial past, the South Side is home to many vacant and underutilized sites. Strategic development can add to the vitality of this neighborhood. The following sites were identified as crucial to the neighborhood's continued revitalization:

The Duquesne Brewery

History

The Duquesne Brewery was one of the many South Side manufacturers that thrived in this neighborhood during the 1800's. The Brewery closed its doors approximately 15 years ago. Since then, it has been considered for re-use by various developers, including South Side Hospital. Unfortunately, the remediation costs, which included the need for asbestos removal, proved to be prohibitive. In the mid-1980's several artists rented the inhabitable sections for living and studio space.

When the City purchased the site in the late 1980's (due to tax delinquency) the artists remained as "Squatters." They were eventually able to negotiate an agreement with the City to remain on the condition that they improve and manage the property.

The City asked for bids to develop the site in 1994. The artists, organized as the Brew House Association, and a private South Side developer submitted competing bids. This led to gridlock in City Council that remains un-resolved.

Rationale for Public Investment

Allowing the Brew House Association to develop the former Duquesne Brewery is an important part of the effort to diversify the South Side's cultural attractions. The use of this site as not only work and living space for artists, but as a community art gallery with performance space and an artist apprenticeship program, has the potential to make the South Side a "Destination Center" for the arts. Public investment will be necessary in order for the Brew House Association to realize their goals. The Brewery is extremely large and it is anticipated that environmental remediation will be costly. Public investment is warranted in this case because development as an artistic center will generate a higher public use that would not otherwise be possible. Public investment will also help to generate private investment in this corridor (the Brewery to the former Social Slavic Hall). This corridor, which is currently characterized by several large, unattractive warehouses and a nearly barren shopping center, has the potential to capitalize on the market activity currently attracted to Carson Street.

Recommendation

The Brew House Association would like to develop the site for cultural purposes. Their plans include performance space, an art gallery, shops, and an artist apprenticeship program. Since one of the goals of the South Side is to protect and foster cultural activities, we recommend that City Council allow the Brew House Association to develop this site.

The Clock Tower

History

The second site is the Clock Tower, which is the former vat storage area for the Brewery. The Clock Tower has been vacant since the early 1980's. Its condition, as one developer described to us, is "Hazardous as a result of an abundance of pigeon droppings!" The Tower is connected to the Brewery both physically and politically. As a result, its fate is still in the hands of City Council.

Rationale for Public Investment

As previously mentioned, this corridor of the South Side is vastly underutilized and has the potential to capitalize on the market activity currently attracted to Carson Street. Complementing the conversion of the Brew House into an artistic performance space with commercial and entertainment would create a higher use for this site. The need for significant public investment is not anticipated for this site. If the Brew House is developed appropriately private developers will be able to invest profitably at this and surrounding sites.

Recommendation

It is our recommendation that this site be developed as a restaurant/micro-brewery with possible storage space in the actual tower.

The Former Slavic Social Hall

History

The former Slavic Social Hall was severely damaged by a fire three years ago. The owner failed to take protective precautions, and Pittsburgh weather has exacerbated the problem. The site was purchased late last year and is due to be developed into condominiums.

Rationale for Public Investment

Many homes in this area of the neighborhood suffer from neglect. If revitalization efforts are to be focused on the corridor previously identified, it follows that renovation of the housing stock in this area follow suit to attract new residents. As the recent plans for the Slavic Hall indicate, public investment may not be necessary to develop this area. Some public investment is suggested, however, to ensure that lower income residents will not be forced to move elsewhere. Maintaining a healthy income mix is one of the goals of the South Side Planning Forum.

Recommendation

We recommend that the new condominiums be designed to blend with the red brick homes in the near vicinity, and that some green space be included. We also recommend that in addition to the development of attractive, upscale residential projects to attract higher income individuals and families, improved living options should be made available for current lower income residents.

The Former LTV South Side Works

History

The Urban Redevelopment Authority purchased the LTV Site in 1994. It consists of 130 acres with approximately one mile of uninterrupted river frontage. A year long planning process with the South Side Planning Forum and many community residents led to the development of a Master Plan. The Plan offers the opportunity for high quality employment opportunities through research and development space – including a bio-medical incubator, light industrial/ flex space, commercial retail, and riverfront housing. The site will also have 26 acres of open space and will significantly expand the Riverfront Park for public access.

Rationale for Public Investment

The redevelopment of the former LTV Steel Mill to a higher use is an unprecedented opportunity for the City of Pittsburgh. We recommend that the site be re-developed in such a way as to increase access to the river, improve the aesthetic nature of the area, and attract businesses which provide high quality jobs to neighborhood residents without competing negatively with the existing South Side business district.

Recommendations

Our recommendations for this site are to support the URA's Master Plan which calls for research and development space, including a biomedical incubator, light industrial/flex space, commercial retail, and river front housing . the site will also have 26 acres of open space and will significantly expand the Riverfront Park for public access. We also recommend that:

- 1) A strategy be developed to ensure that commercial development on the site complement rather than compete with the existing South Side business district; and
- 2) As much river frontage as possible be made available for residential and public recreation use.

5.0 South Side's Competitiveness

The South Side has successfully implemented a strategy to revitalize its business district to create a regional cultural and entertainment center. This has been due in large part to the leadership of the SSLDC and the Planning Forum.

The strengths of the South Side's approach to community planning through the Planning Forum include the ability to use catalytic events, strong community groups, professional staff and organizational structure to communicate investment needs effectively to those in control of financial resources. It has lead to the ability to draw investment and provided them with the opportunity to provide input and structure into planning processes such as LTV. Success has built on success.

One indicator of neighborhood revitalization is the value of the housing stock. The following data, obtained from CitySource, outlines the annual median sales prices for houses since 1986. Clearly, the tremendous increase in median sales price is the best indicator of the South Side's success in this area as it shows the willingness of individuals to both live and invest in this community.

South Side Flats		
Year	Median Sales Price	Number of Sales
1986	\$21,000	19
1987	\$24,500	67
1988	\$26,250	58
1989	\$18,000	73
1990	\$28,000	91
1991	\$33,750	64
1992	\$33,000	59
1993	\$38,000	59
1994	\$40,500	88
1995	\$41,500	89
1996	\$46,820	72
1997	\$52,000	60

This approach is highly transferable to other neighborhoods as its bedrock is creating a strong voice for the neighborhood allowing it to articulate its needs. All neighborhood types would benefit from the ability to communicate their needs to decision-makers and other commanders of resources.

6.0 Overall Recommendations

Continued growth in the South Side will depend on its ability to maintain and strengthen its niche as a culture and entertainment center. The recommendations for the Duquesne Brewery support this goal.

Quality of life issues also need to be addressed. Issues identified by the Planning Forum include:

- Decreasing traffic on Carson Street
- Provide for additional parking
- Increase access to the river front – and increase visibility of park entrance
- Manage growth to ensure affordable housing continues to be available for the elderly and lower income residents so that the neighborhood does not lose its base of lifetime residents
- Develop the corridor between the Slavic Social Hall and the Clock Tower to improve attractiveness and retain resident “friendliness”

The redevelopment of the LTV site provides the South Side with an opportunity to link with regional clusters. This will help to link the community to overall regional goals and provides opportunities for high quality employment opportunities. This link to regional clusters can be enhanced by:

- Improving transportation access to Oakland where many of the region’s hospitals and universities are located.

- Developing a plan to link residents to training needed for high quality bio-medical jobs planned for the LTV site
- Target business recruitment efforts to complement the spike industries located on the LTV site and in Oakland. Encourage residents to become trained in these areas, find out what types of infrastructure/other special needs these types of companies need and figure out how to address those needs

South Side

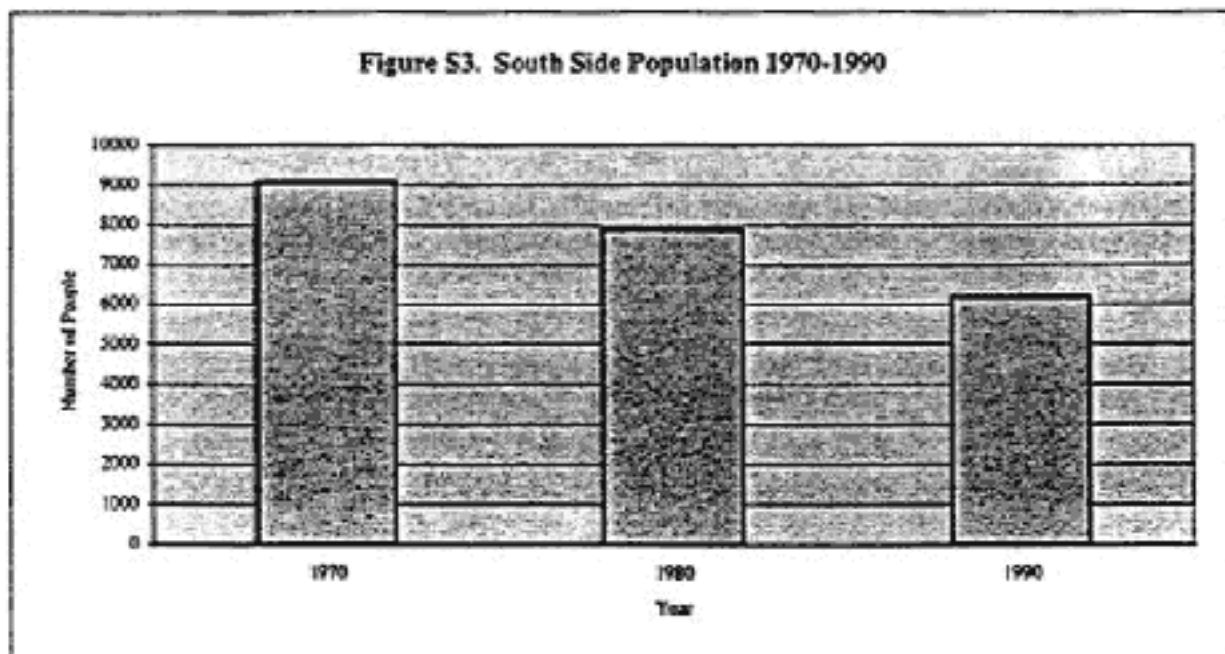
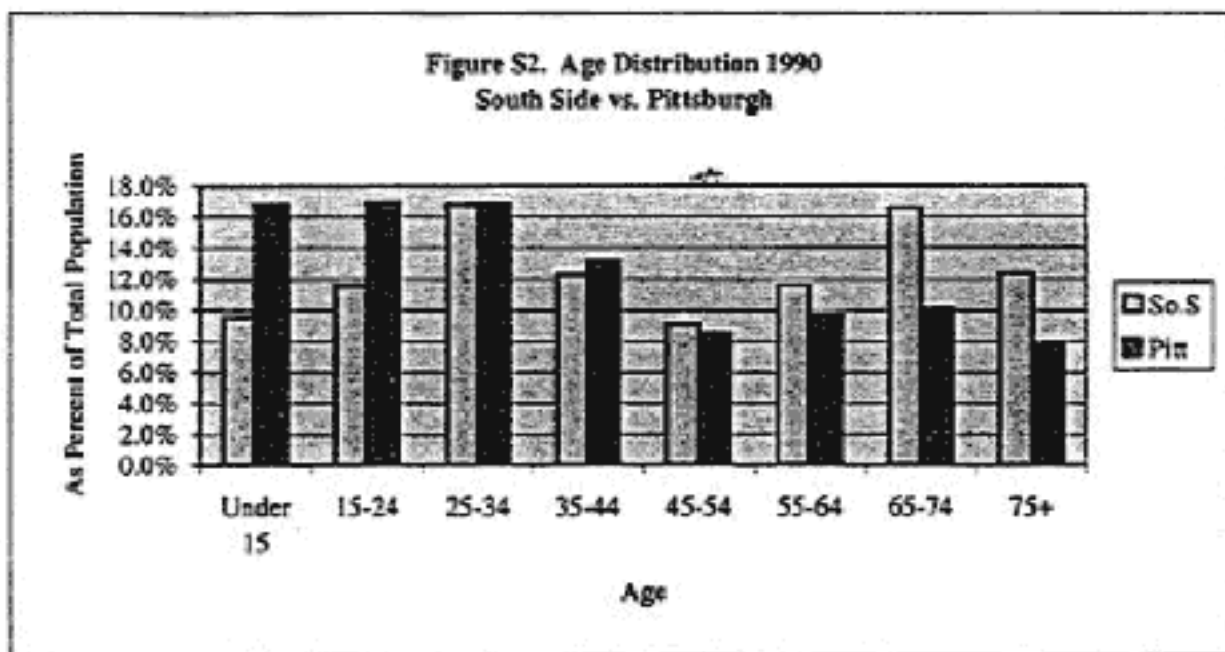
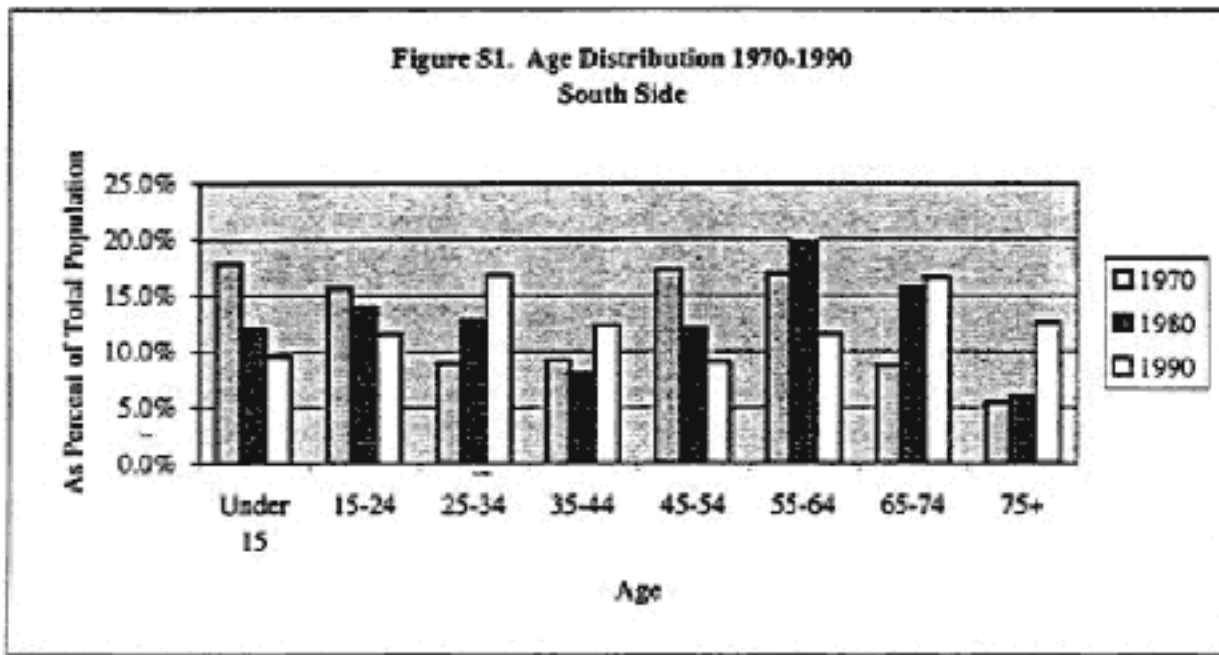


Figure S4. South Side Median Family Income 1970-1990

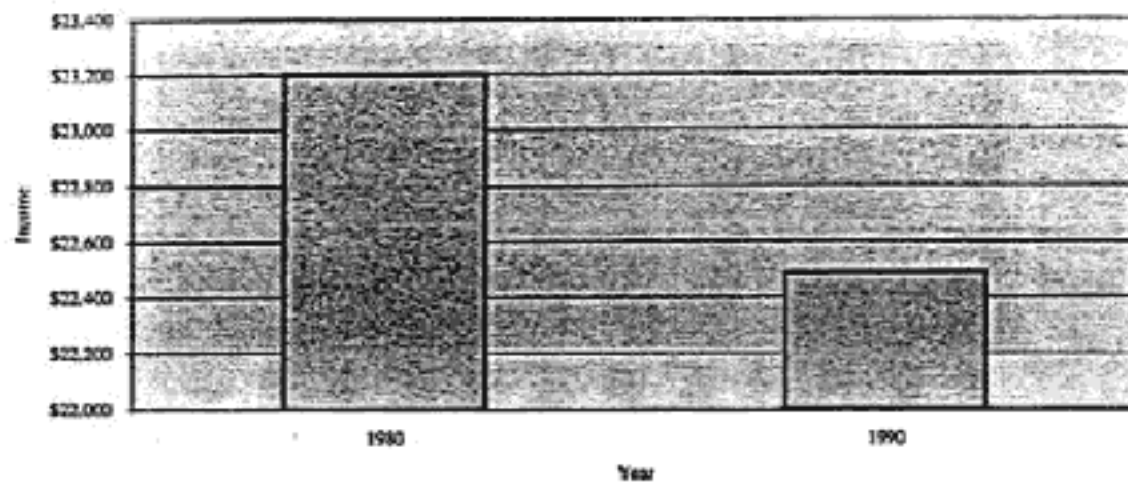


Figure S5. South Side House Vacancy Rates 1970-1990

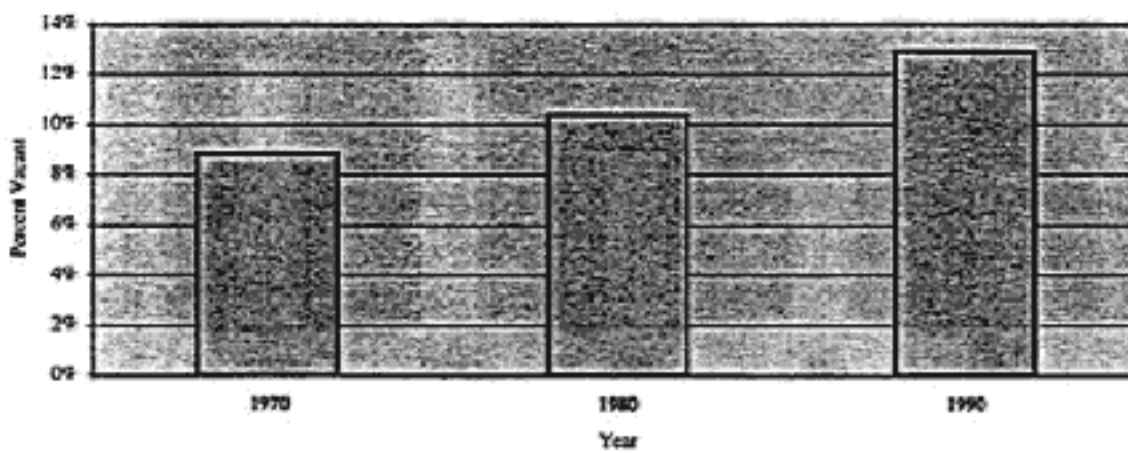


Figure S6. South Side Homeowner Occupancy Rates 1970-1990

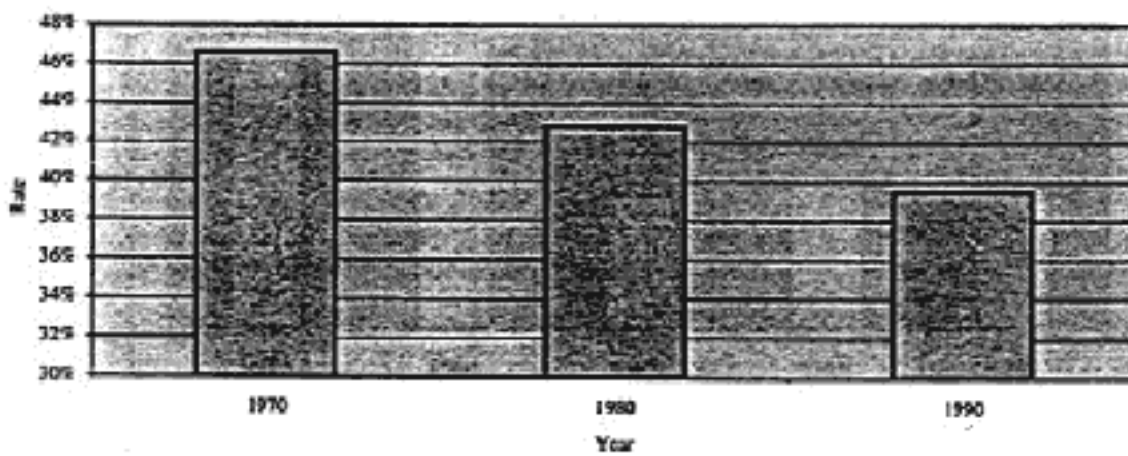


Figure S7. South Side Flats Median Sales Price 1986-1997

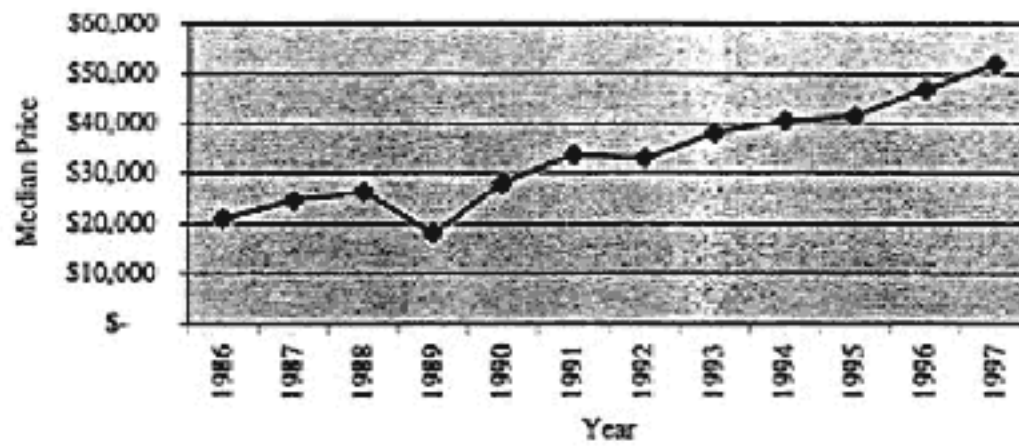


Figure S8. Number of Conventional Home Purchase Loans for South Side 1991-1995

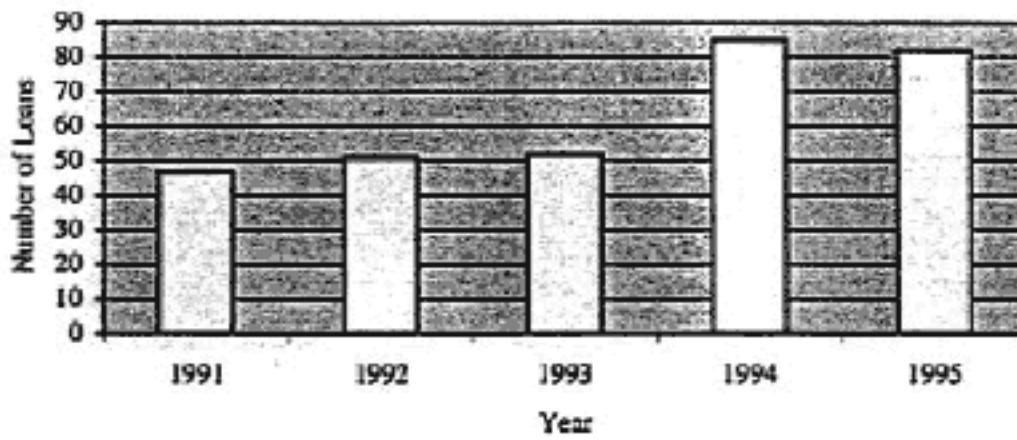


Figure S9. Total Amount of Conventional Home Purchase Loans for South Side 1991-1995

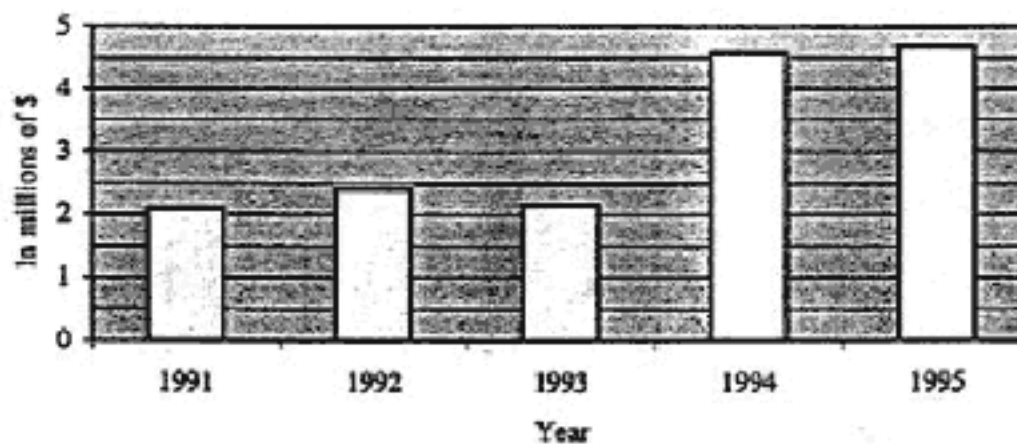


Figure S10. Total South Side Loan Amount 1991-1995

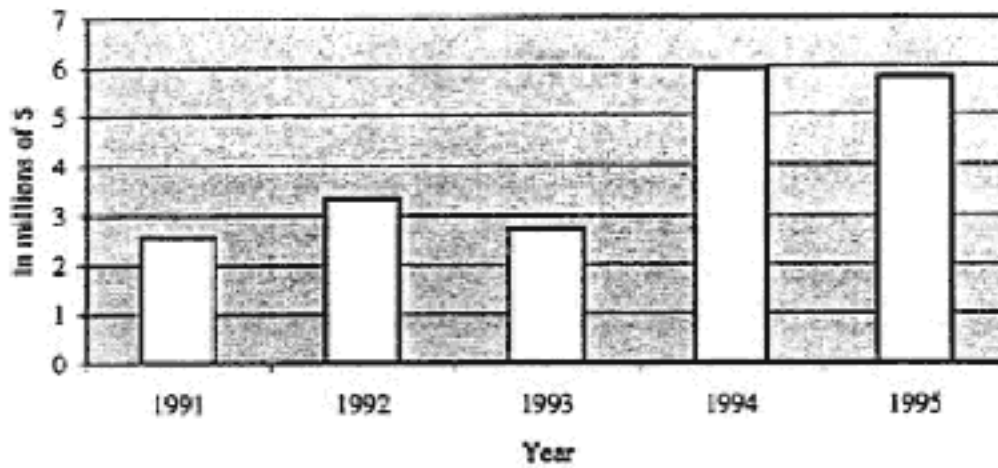


Figure S11. Total South Side Loan as Percentage Share of City 1991-1995

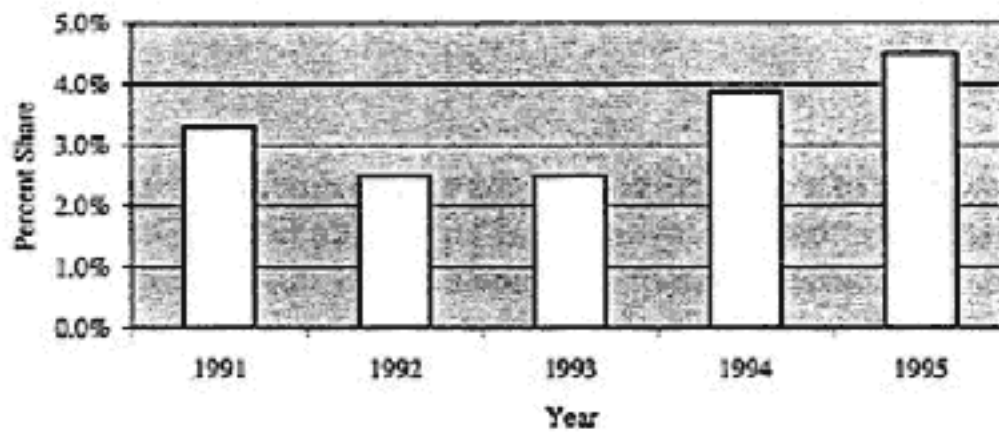
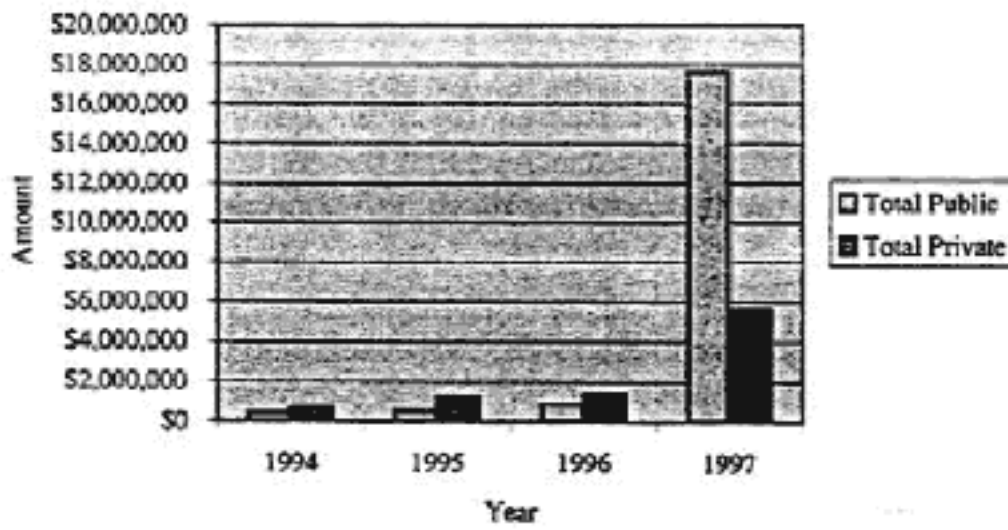


Figure S12. South Side '94-'97 Investment



Chapter 8—Comparative Assessment of Neighborhoods

Given the market driven factors set forth by Michael Porter and the additional policy factors that are identified in this report, it is possible to evaluate the level of competitiveness in each of our neighborhoods. To test our measurement criteria, we compared the Porter factors and our own factors across neighborhoods. By comparing across neighborhoods, it is possible to see how the interplay of the measurement criteria affect the competitiveness of the neighborhood. This section also looks at several outcome measures—private investment and median housing prices—that give a good indication of the confidence level that private investors have in our four neighborhoods. An examination of these outcomes clearly shows how low rankings for a particular neighborhood coincide with low levels of investor confidence, providing a justification for the validity of our measurement criteria.

Comparative Assessment: Porter Factors

Strategic Location

Proximity to Urban Center/Transportation

Porter measured the proximity of a neighborhood to the urban center and transportation links as an important factor in assessing core employment and service providers. The classical indicator for businesses to determine a “close proximity” is three miles or less from the core. Table C.1 details the strategic location for each of our neighborhoods.

Table C.1 Strategic Location (in miles)

	<u>Hazelwood</u>	<u>Homewood</u>	<u>Lawrenceville</u>	<u>South Side</u>
Overall Assessment	★★★	★★	★★	★★★★
Downtown	4.2	7	4	1
Education Cluster	3	3.5	4	1
Highway Interchange	1.6	5	1	1.4

The South Side clearly ranks first in terms of strategic location. As indicated by the information above, the South Side’s close proximity to the urban center, the education cluster and interstate highway connections puts it in an excellent position to capitalize on development and tap into employment needs.

Hazelwood and Lawrenceville, which are close to highways, are also relatively close to the downtown business district. Certainly both neighborhoods are much more competitive on this front than new development sites in suburban areas. Both Hazelwood and Lawrenceville can benefit from their proximity to the education cluster (Carlow College, Carnegie Mellon University and the University of Pittsburgh) located in Oakland. Of the four neighborhoods, Homewood represents the most isolated. Although it is relatively close to Oakland and the education cluster, it is not near downtown and is removed from highway access. The closest

highway linkage is Route 28, which is often congested and would not provide for quick access to the Pittsburgh International Airport or Interstate highways. As a result of these limitations, Homewood has the weakest position of the four neighborhoods in terms of strategic location. However, the Martin Luther King Jr. East Busway mitigates, to some extent, the distance from downtown and the educational cluster. The busway provides quick, reliable access to both destinations.

Proximity to Regional Clusters

Shift/share and Cluster Analysis

Shift-Share and Cluster Analyses for the City of Pittsburgh comparing 1990 to 1996 show that while employment remains clustered in five major industrial classifications, five industrial classifications will contribute to future growth in the region.

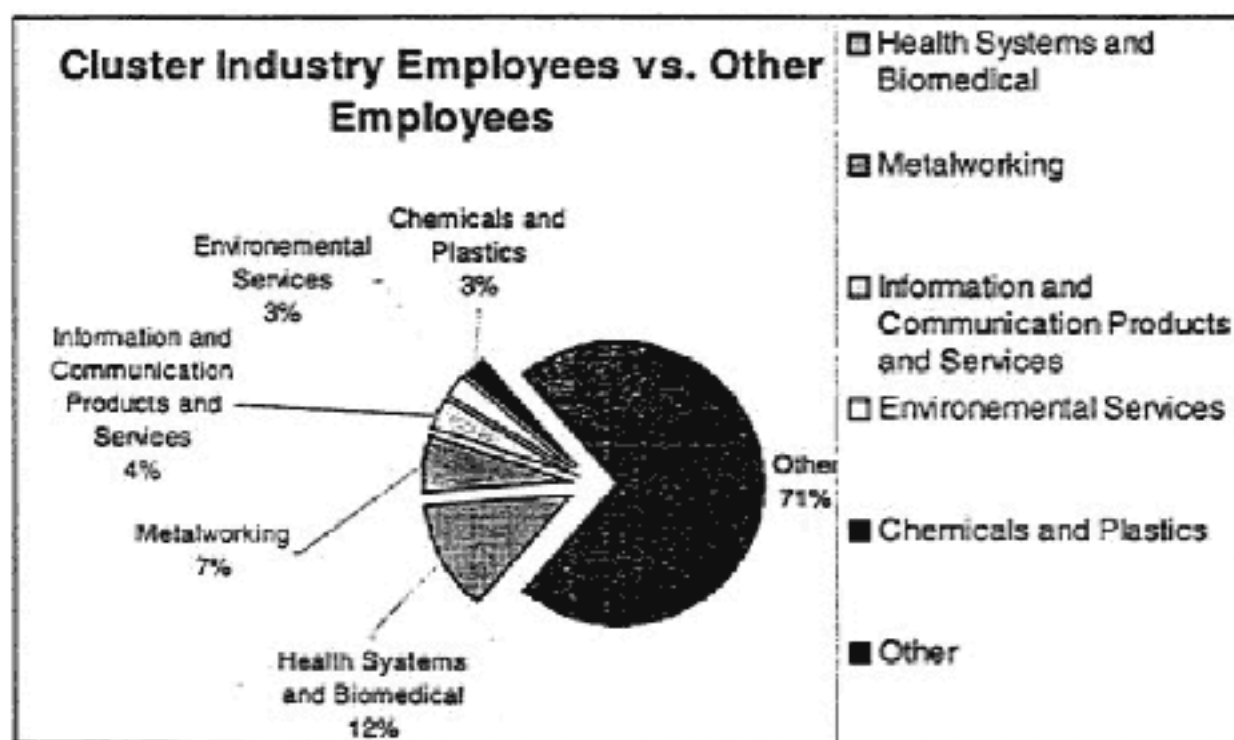
The five major growth clusters as identified by the McKinsey & Company Report of 1998 include Information Technology, Biotechnology, Advanced Materials, Advanced Manufacturing and Environmental Technology. Information Technology has been and promises to be the most important of these clusters by virtue of its high levels of job growth and high value added positions. Within this cluster, computer integrated system design had the highest level of employment growth (196%+) and the highest average wages (\$91,976). Software development and other computer related services also grew substantially making it the most formidable growth cluster in the region today. The Biotechnology cluster experienced mixed results; sectors such as surgical and medical instruments and apparatus grew dramatically from 1990 to 1996 (59%), while the laboratory analytical instruments sector declined by 53% over the same time period. The Advanced Materials cluster declined from 1990 to 1996 as inorganic chemicals dropped 28% and plastic malts only climbed 10%. The Advanced Manufacturing cluster also experienced employment contraction as sectors such as the manufacturing of industrial process furnaces and ovens declined 26% from 1990 to 1996. The Environmental Technology Cluster also declined from 1990 levels. While some of the growth sectors experienced employment declines between 1990 and 1996, McKinsey & Company still believes that these sectors will provide substantial growth for the region in coming years.

A neighborhood's proximity to regional cluster industries represents its ability to coordinate development efforts with regional growth efforts. These clusters include the health systems and biomedical cluster, the metalworking cluster, the information and communication products and services cluster, the environmental services cluster and the chemicals and plastics cluster. These are designated by the employment numbers found in the table C.2 below.

Table C.2 Employment Breakdown for Growth Clusters

Growth Clusters	Employment
Health Systems and Biomedical	134,774
Metalworking	71,637
Information and Communication Products and Services	38,473
Environmental Services	30,693
Chemicals and Plastics	27,865
Cluster Workforce (35% of region)	378,061
Regional Workforce	1,088,092

Source: Pittsburgh High Technology Council, 1995



In the greater Pittsburgh region, businesses that are a part of clusters are distributed throughout region making an analysis of proximity and cluster integration problematic. But, the one exception is the Biotechnology cluster, which has a core located in Oakland. Therefore, this analysis of cluster integration focuses on the proximity and access linkages between each neighborhood and the Biotechnology core.

As presented in the following chart, the South Side has the highest level of proximity to this cluster. This is based on its 2-mile drive distance and 9 minute drive time to central Oakland. Furthermore, the South Side has good road access to central Oakland via the Birmingham Bridge and Forbes Avenue. Hazelwood ranks second based on the road distance of only 2.6 miles and the drive time of 9 minutes. Yet, the only fair road access via Bates, which is often very congested and is un-passable by many types of vehicles. Homewood ranks third based on its poor road access through many narrow side roads within Homewood itself and the 4.1 miles distance, which is above our 3-mile threshold for a neighborhood to have a "close" proximity. Finally, Lawrenceville ranks last based on the poor road access to central Oakland via 44th Street and other narrow back-streets. This poor access results in a drive time over 13 minutes, which is poor, especially in the often time-sensitive biotechnology industries.

Table C.3 Neighborhood Proximity to Biotechnology Cluster

	<u>Hazelwood</u>	<u>Homewood</u>	<u>Lawrenceville</u>	<u>South Side</u>
Overall Assessment	★★★	★★	★	★★★★
Distance (miles)	2.6	4.1	3	2
Road Access	Fair	Poor	Poor	Good
Drive Time (minutes)	9	10	13	9

Source: Yahoo City Maps

Local Demand for Goods

Untapped demand is important in Porter's model because it is this unfulfilled demand that will enable new business ventures to succeed in urban neighborhoods. While it is not necessarily positive if a neighborhood captures only a small share of the purchasing power of its residents, this also means that there is an unmet potential in the neighborhood. A market study of the neighborhood is the best way to determine the spending potential and shopping patterns of neighborhood residents. We used existing market studies, where available, and examined neighborhood demographic information to estimate spending potential. It is important to recognize that while this is not meant to be an exact measure of a neighborhood's demand for services; however, it does provide an indication of local market demand. For both Hazelwood and South Side, we used existing URA studies. For all neighborhoods, we used demographic information to estimate neighborhood spending potential. Flow charts representing the spending potential of each neighborhood are included in the individual neighborhood sections.

Based on the information found in the neighborhood flow charts, included in each community section, the South Side has the highest spending potential, estimated at \$71,593,324. Lawrenceville follows this at \$68,359,402. Even though both neighborhoods have relatively low median family incomes, the large number of households means that there is still a substantial amount of money that neighborhood residents can spend on convenience goods and other services. Both of these neighborhoods do have extensive business districts that are able to capture some of this spending. In the South Side, East Carson Street and Wharton Square vie for neighborhood spending. While there is a substantial amount of retail space in the South Side, estimated at 500,000 square feet in 1995, a Policy and Management Associates study indicates that there is still untapped demand for new retail space, including a supermarket. In the case of Lawrenceville, the Butler Street business district does provide for neighborhood convenience

needs. A new Shop N Save supermarket and drug store will capture even more of the neighborhood market when they open early next year.

While Hazelwood and Homewood both have lower spending potentials, (Hazelwood has \$37,029,262 in spending potential and Homewood has \$42,562,324) they do not have enough convenience shopping to capture neighborhood needs. Even though they have lower neighborhood spending potentials, there is the potential for new businesses to capture some of this unmet neighborhood demand. The potential for new development to capture neighborhood spending is a positive for Homewood and to a lesser extent Hazelwood. A recent URA study claimed that the Hazelwood business district captures "a realistic share" of the neighborhood spending. Because the majority of Hazelwood residents shop in Greenfield and Squirrel Hill for convenience needs, new developments will have to recapture some of this displaced demand for goods. Regardless, both Homewood and Hazelwood rank favorably in this category because of the potential for new business developments catered to unmet neighborhood needs.

Table C.4 Local Market Demand

	<u>Hazelwood</u>	<u>Homewood</u>	<u>Lawrenceville</u>	<u>South Side</u>
Overall Assessment	★★★	★★★★	★★	★★
Estimated Spending Potential	\$37,029,262	\$42,562,324	\$68,359,402	\$71,593,324
Local Capture Rate	Low	Low	Mid	High

Human Resource Availability

Human resource availability within a neighborhood can be measured by finding the size of the worker pool seeking employment. If a neighborhood has a large pool of unemployed workers, employers may be able to find workers in that area to fill personnel needs. Even though census unemployment percentages track only the number of unemployed workers actively seeking employment and not those who have stopped looking, "percent unemployment" is the most appropriate factor for determining labor pool size.

In this framework, we estimate that Homewood has the largest pool of available human resources among our four neighborhoods. This estimation is based on Homewood's unemployment level of 19.2% in 1990 up slightly from 17.8% in 1980. Hazelwood has the second largest pool of available human resources, as its 1990 unemployment was 13%, which rose from 12% in 1980. The South Side had the next largest pool of available labor as its unemployment figure in 1990 was 8.5%, which was drastically down from 11.5% in 1980. Finally, Lawrenceville had the smallest available labor pool as the unemployment figure was only 8.4% in 1990, down from 9.9% in 1980. Finally, since the labor pools in Homewood and Hazelwood are larger than the city as a whole, which was at 9.1% in 1990 dropping from 9.2% in 1980, future labor supply may be utilized from those neighborhoods at lower wage cost than from the city as a whole.

Table C.5: Human Resource Availability Assessment: 1980 & 1990

	<u>Hazelwood</u>	<u>Homewood</u>	<u>Lawrenceville</u>	<u>South Side</u>	<u>Pittsburgh</u>
Overall Assessment	★★★	★★★★	★★	★★	
1980	12%	17.8%	9.9%	11.5%	9.2%
1990	13%	19.2%	8.4%	8.5%	9.1%

Comparative Assessment: Systems Policy Factors

Industrial Sites

Large tracts of prepared land are critical to the City of Pittsburgh if it wants to become a home to many of the regional growth industries. Currently, businesses prefer sites that allow them to have a large floor plate rather than high rise spaces. For example, the new Alcoa headquarters on the North Side is a building with a large footprint that replaces their old headquarters building downtown. The City has lost numerous opportunities to capitalize on this market because of the difficulty associated with site assembly and environmental clean up.

Table C.6 evaluates each of our neighborhoods in terms of the availability and preparedness of development sites. We also used several measurement criteria to evaluate the strategic location of sites within the four neighborhoods.

Table C.6: Available Sites Comparative Assessment

	<u>Hazelwood</u>	<u>Homewood</u>	<u>Lawrenceville</u>	<u>South Side</u>
Overall assessment	★★★	★	★★	★★★★
Site preparedness	Low	Low	Low	High
Available land	High 140+ acres	Low <50 acres	Med >50 acres	High 130+ acres
Downtown proximity	4.2 miles	7 miles	4 miles	1.5 miles
Highway proximity	1.6 miles	5 miles	1 mile	3 miles

Sources: Mayor's Office of Economic Development, Interviews, Yahoo maps

Our neighborhoods, where applicable, have recognized industrial sites that can be used for future development activities. Of the four neighborhoods, the South Side has the greatest potential to spur economic development activities with available sites. Much of this is due to the LTV South Side Works site, 130 acres of cleared, remediated land readily available for development. Due to the South Side's location advantages, this site should be extremely attractive to businesses and commercial interests. In addition to the LTV site, the South Side has a number of underutilized

properties between East Carson Street and the Monongahela River. However, unlike the other three neighborhoods, the market in the South Side has improved markedly in recent years, increasing the costs associated with site assembly. This puts the South Side at somewhat of a disadvantage because it will make future large-scale development activities more costly. Of course, this also means that the market is growing and public investment is no longer necessary.

Hazelwood and Lawrenceville trail the South Side in the availability of development sites. In the case of Hazelwood, the closure of the LTV Coke Works has created the possibility that 140 acres of river front land will be available for redevelopment. Although this is a large tract of land in a good location, environmental pollution and questions about reuse as a new coke facility somewhat limit the attractiveness of this site. In addition to the Coke Works site, Hazelwood has a wealth of other sites that are available for development. The former CSX Rail Shed near the Kerotest facility would be the perfect location for manufacturing. At the same time, the large number of vacant, publicly owned properties along Second Avenue would allow for the necessary site-assembly to create large development sites.

Lawrenceville also has the potential to capitalize on former industrial sites. Unlike the South Side, however, the industrial sites in Lawrenceville are unremediated and uncleared. As a result, the neighborhood is at somewhat of a disadvantage. It is important to note that there are a number of industrial sites, including the 15 acre Northern Sites and the Heppenstal facility, that could be used to spur new investment in the community.

Homewood has the least to offer in terms of available development sites. Unlike the other three neighborhoods, Homewood does not have a substantial amount of commercial and industrial land. The industrial uses in Homewood are concentrated along the East Busway. While there are several properties like the Mine Safety Appliances building, that could be redeveloped for new business uses, the majority of these properties are currently occupied. Due to the predominantly residential character of the neighborhood, site assembly activities should be used to support new housing development and not necessarily business uses.

Public Investment

Public and private investments represent an influx of funds into a community. As indicated from quarterly reports on business and economic development projects undertaken by the URA from 1994 to 1997, public investments accounted for 57% of project investment in Hazelwood and 68% in the South Side. However, in Lawrenceville and Homewood, private investments contributed more to the financing of projects, 83% and 65% of City guided investment, respectively.

Table C.7: Public Investment Comparative Assessment

	<u>Hazelwood</u>	<u>Homewood</u>	<u>Lawrenceville</u>	<u>South Side</u>
Overall	★★★★	★	★★	★★★
Public Investment: 1994 – 1996	High \$48,710,45	Low \$4,656,28	Med \$16,589,42	Med \$19,482,50
Per capita investment: 1994 – 1996	High \$7,54	Low \$405	Med \$1,40	High \$3,15

Source: Urban Redevelopment Authority

This heavy amount of private involvement is also evidenced by the ratio of private to public dollars used in projects. In Lawrenceville, the private to public ratio was 4.1:1. For every one dollar of public money used, the private sector contributed over four dollars. For Homewood, the private to public ratio is slightly lower with 1.9:1. For every one dollar of public funds, the private sector contributed nearly two dollars towards the investment. In the South Side and Hazelwood, the ratio was 0.4:1 and 0.7:1, respectively.

It is important to note that several outliers skew the distribution of investments in the neighborhoods. During the period from 1994 to 1997, investment in a single project increased overall financing in the neighborhoods of Lawrenceville, Hazelwood and the South Side.

- In Lawrenceville, investments in the CMU/NASA Robotics Consortium in 1996 increased the percent of private investment more than 32% from 1995; from 1996 to 1997, this percentage decreased by 22%.
- In Hazelwood, heavy public investments in the Pittsburgh High Technology Center skew the data. Public financing tools contributed nearly \$46 million in 1995 and 1996 to overall investment in the Pittsburgh High Technology Center; private investment comprised \$31 million.
- In the South Side, an investment of \$9.3 million for the preparation of the LTV Coke Works in 1997 was completely funded via public sources.

Homewood falls low in the overall assessment of public and private investments for business/economic development projects during 1994 to 1997. The primary reason is its residential status and the lack of vast, available industrial/commercial sites.

Workforce

A Collaborative Approach

A major driving force in the decline of distressed neighborhoods is the lack of a skilled workforce. Unemployment figures are steadily rising with the ongoing transition of the region from a manufacturing to a more knowledge-based economy. In order to meet the demands of the new economy, the local workforce must be prepared and equipped with new skills.

Various economic development authorities have been formed to target the workforce needs of new high growth industries. To date, none have produced an effective strategy which the region or city can implement. It is of no surprise to see that community organizations have been just as unsuccessful in this task. Of our neighborhoods, it is important to note that the South Side is in the process of developing such a workforce strategy to take advantage of possible new industries. The neighborhoods of Hazelwood, Homewood and Lawrenceville have recognized the need for more and better employment opportunities for residents, but do not provide much evidence of the actions taken to improve the situation.

The South Side, in the creation of this formal workforce plan, is creating a link of residents, local employers, and citywide employment organizations. They recognize the need to train residents and improve the basic skill levels needed to compete in the City's growth industries. Homewood's development of a workforce plan is not as formal and is less coordinated than the South Side plan. At present date, local business leaders and community organizations are establishing a working relationship, which will assist in identifying the gaps between the skill levels of residents and the skill levels desired by employers.

Hazelwood and Lawrenceville do not have a concerted, centralized workforce training program. In Hazelwood, the number of programs and organizations are plenty, but the lack of unity among these sources is a major cause of the lack of success in improving the resident labor quality. In the case of Lawrenceville, the East End Employment Project is the only center in operation, but does not have an aggressive, broad-based workforce development program.

Table C.8: Workforce

	<u>Hazelwood</u>	<u>Homewood</u>	<u>Lawrenceville</u>	<u>South Side</u>
Overall Assessment	★	★	★	★★★
Community Organizations	Low	Med	Med	High
Strategic plan/Industry Involvement	Low	Low	Low	Med
Training Programs	Low	Low	Low	Med

Source: Interviews

Community Management Structure

To some extent the competitiveness of a given neighborhood is determined by the success of local community groups. Well organized, professional community organizations can foster neighborhood cooperation and lobby public and private entities for investment. An effective community development corporation (CDC) provides the leadership and wisdom that is necessary to develop a strategic plan that outlines the neighborhood's competitive advantages and establishes goals for new investment and redevelopment. Cooperation among neighborhood groups is extremely important. Disagreement among community organizations prevents unified lobbying efforts and confidence in public and private investors.

The following matrix shows the overall ranking of our four neighborhoods in terms of their community management structures. In order to determine a comparative ranking for community management structure, we looked at the collaboration among community groups, the presence of a strategic plan, the level of organizational skill, and finally the business initiatives undertaken by the neighborhood groups. The ratings for each measurement criteria were determined through discussions with neighborhood leaders, community organizations, city officials and other sources.

Table C.9: Community Management Structure Comparative

	<u>Hazelwood</u>	<u>Homewood</u>	<u>Lawrenceville</u>	<u>South Side</u>
Overall Assessment	★	★★	★★★	★★★★
Group collaboration	Low	Low	High	High
Strategic plan/goals	Low	Low	Low	High
Organizational skills	Low	Low	High	High
Business Orientation	Low	High	High	High

Source: Interviews, Observations

Among our neighborhoods, the South Side has the highest level of cooperative effort among community groups. The South Side Planning Forum is the neighborhood's formal cooperative body between community groups and has functioned well, providing a strategic planning function for the neighborhood. The success of the South Side Planning Forum and the major CDC, the South Side Local Development Corporation (SSLDC), is clearly evident in the planning for the redevelopment of the South Side Works site. The neighborhood had definite ideas about what should and should not be included in a redeveloped LTV site; by providing a unified voice to City officials, the South Side Planning Forum was able to ensure that neighborhood interests were fulfilled. Additionally, SSLDC has provided business assistance to

local merchants and is currently in the process of formulating a neighborhood workforce strategy.

Lawrenceville has a much less formal network of community organizations, but has effectively mediated disputes and conflicts of interest between neighborhood groups and as a result, presents a unified front to local officials. The community has been able to effectively lobby for public investment in the form of URA funding and reinvestment in neighborhood housing stock. Despite collaboration between neighborhood groups, there is not a strategic plan for neighborhood development which hinders the neighborhood's growth.

Homewood ranks below the South Side and Lawrenceville in terms of the strength of its local management structure. Although Homewood does have many active community groups, including Operation Better Block, Homewood-Brushton Revitalization and Development Corporation (HBRDC), and the Homewood Family Support Center, the neighborhood does not receive the maximum benefit from these organizations because the groups do not collaborate on neighborhood initiatives. In the late 1980s and early 1990s HBRDC was an extremely active CDC, attracting businesses to Homewood Avenue, lobbying the city for housing investments and initiating numerous community improvement efforts. However, in recent years the organization has suffered from high staff turnover rates and questionable project management. The organization does not currently have a strategic plan for the neighborhood. As a result, HBRDC has lost the confidence of city officials and local foundations. In order for the neighborhood to improve its rating in the community management structure category, HBRDC or some other organization will need to take a leadership role in the coordination of local groups. Only when the neighborhood presents a unified voice will the neighborhood again attract significant investment.

Hazelwood ranks last in this category. The community groups that are present do not collaborate on neighborhood initiatives. In fact, the Mayor's office has so little confidence in local community groups that federal Weed and Seed funds are distributed through neighborhood councils that are organized by the Mayor's Policy Office and not through existing organizations. The most prominent of the neighborhood groups, Glen Hazel Citizens Corporation, has been somewhat active in housing rehabilitation. However, their recent project, O'Connor Square, encountered cost overruns that were partially due to mismanagement by the organization. Despite some development activities, the organization clearly lacks a strategic plan for the neighborhood, does not have a clear business focus and as a result cannot command respect from local officials.

Outcome Indicators of Neighborhood Competitiveness

The indicators to assess neighborhood competitiveness include both Porter's model of economic factors and our policy factors of urban competitiveness.

Porter's factors represent neighborhood potential to build competitiveness. First, strategic location benefits a community by capitalizing on development. This occurs in its vicinity by being spatially significant for the distributor, supplier and user. These relationships relate to the products or services that are expensive to ship and/or are perishable. Next, cluster integration can

help a neighborhood by linking its industry and job growth strategies to the region. After this occurs, increased demand in spike industries should lead to increased job growth from adjacent neighborhoods.

Based on these first two factors, the competitive potential in Hazelwood, Lawrenceville and the South Side are more favorable than Homewood. This is because they are strategically located to a cluster of biotechnological industries, the central city, highways and universities. Third, high levels of unfulfilled local demand for products and services can materialize into market gaps. These gaps are filled with new businesses and jobs. Therefore, the existence of this factor can indicate a market force driving growth.

Homewood and Hazelwood have higher levels of unmet demand than the South Side and Lawrenceville. This suggests that there is a high level of potential for developing new businesses. Fourth, high levels of workforce availability can provide potential new businesses with a labor supply. This creates a larger, more diverse pool of individuals with different skills set to choose from at the lowest possible cost.

The Urban Competitiveness policy factors are the catalysts that are specific to the City of Pittsburgh. First, remediation and availability of industrial sites activates the potential of a neighborhood. Sites provide location space of secondary, supplier and user industries. Second, strategic public investment leverages private investment. This builds the secondary, supplier and user industries and raises the site preparation. Third, the workforce training efforts in the neighborhood provide a medium for preparing workers for employment opportunities available with new business development. Finally, the management structure of the neighborhood's community provides an impetus for action in all of these areas.

Based on our analysis, it is evident that policy factors and ratings are a driving force in urban competitiveness. Finally, Porter's market driven approach is limited. Our model best fits the City of Pittsburgh because it shows the strategic role of the public sector, the importance of site availability and the importance of neighborhood organizations.

Table C.10 evaluates the overall outcome of the neighborhood assessment ratings and provides further evidence as to how the interplay of our factors and Porter's factors lead to a more competitive neighborhood when measuring the outcomes of private investment and property values.

Table C.10: Outcomes Assessment

	Hazelwood	Homewood	Lawrenceville	South Side
Overall Assessment	★★	★	★★★	★★★★
Public Investment	\$48,710,450	\$4,656,283	\$16,589,422	\$19,482,504
Private Investment	\$35,839,053	\$8,886,890	\$69,564,742	\$9,038,466
% Private Investment	42.4%	65.6%	80.7%	31.7%
Private Per Capita	\$5,551	\$772	\$5,873	\$1,463
Median Home Sales Price (1997)	\$11,000	\$5,400	\$25,500	\$52,500
Housing Value Trend	Stable	Downward	Stable	Upward

Source: Urban Redevelopment Authority Quarterly Reports, 1994-1997; 1990 US Census, City Source Associates

Please refer to the attachments at the end of this comparative analysis, which provides the empirical evidence for which the following assumptions are based.

Property Values

As shown with these housing data, the neighborhoods with the strongest community groups, the most prepared industrial sites, untapped demand and strategic locations to vital areas of the city have had the most success with the change in housing values. The South Side, which once again ranks first, has had an increase in property values from 1986 to 1997. Lawrenceville and Hazelwood have experienced more stable, albeit remarkably low, housing market values, while Homewood's property values have significantly decreased.

Private Investment

The trend of the overall percentages of private investments for business and economic development projects across neighborhoods illustrates that as the South Side continued to grow (from 1994-1997), the percentage of private investments increased from 8.49% to 21.76%. Lawrenceville and Hazelwood alternates in the fight for second place, but it must be remembered that each has a single project that skew the level of private investment percentages. Homewood, once again, ranks last in the overall percentage of private investments.

Attachments

Median Home Prices

Source: City Source Associates

Overall Comparison				
Year	Homewood	Hazelwood	Lawrenceville	South Side
1986	\$ 12,350	\$ 15,900	\$ 25,000	\$ 21,000
1987	\$ 7,000	\$ 12,000	\$ 20,000	\$ 24,500
1988	\$ 8,000	\$ 9,250	\$ 22,000	\$ 26,250
1989	\$ 5,000	\$ 6,800	\$ 20,000	\$ 18,000
1990	\$ 6,905	\$ 10,000	\$ 21,350	\$ 28,000
1991	\$ 9,000	\$ 13,500	\$ 19,000	\$ 33,750
1992	\$ 5,500	\$ 8,200	\$ 22,000	\$ 33,000
1993	\$ 8,109	\$ 10,885	\$ 22,000	\$ 38,000
1994	\$ 7,000	\$ 16,250	\$ 25,000	\$ 40,500
1995	\$ 8,000	\$ 12,000	\$ 20,000	\$ 41,500
1996	\$ 8,000	\$ 16,000	\$ 25,000	\$ 46,820
1997	\$ 5,400	\$ 11,000	\$ 25,500	\$ 52,000

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Comparative Matrix

MODELS	Hazelwood	Homewood	Lawrenceville	South Side
PORTER				
Human Resource Availability (overall assessment)	★★★	★★★★	★★	★★
<i>Large Pool:</i> % unemployed as compared to city % (1990)	High	High	Low	Low
Strategic Location to Urban Center/ Transportation (overall assessment)	★★★	★★	★★★	★★★★
Miles to downtown	4.2	7	4	1.5
Miles to secondary educational cluster	3	3.5	4	2
Miles to major routes	1.6	5	1	3
Strategic Location to Regional Clusters (overall assessment)	★★★	★	★★	★★★★
<i>Focus:</i> Miles to Biotechnology	2.6	4.1	3	2
Local Demand (overall assessment)	★	★	★★★	★★★
Untapped needs	High	High	Med	Med
URBAN COMPETITIVENESS				
Industrial Sites (overall assessment)	★★★	★	★★	★★★★
<i>Available:</i> Vacant Land	High	Low	Mid	High
Site Preparedness	Low	Low	Low	High

	Hazelwood	Homewood	Lawrenceville	South Side
Workforce Development (overall assessment)	★	★	★	★★★
Community Organizations	Low	Med	Med	High
Strategic Plans	Low	Low	Low	Med
Training Programs	Low	Low	Low	High
Community Organizations (overall assessment)	★	★★	★★★	★★★★
Collaboration among groups	Low	Low	High	High
Strategic plan/goals	Low	Low	Low	High
Level of organizational skills	Low	Low	High	High
Involve residents and community leaders	Low	High	High	High
Goals for regional competitiveness	Low	Low	Low	Low
Political strength	Low	Low	Low	High
Business orientation	Low	High	High	High
Public/Private Investment (overall assessment)	★★★★	★	★★	★★★
Public Investment	High	Low	Med	Med
Per Capita	High	Low	Med	High

	Hazelwood	Homewood	Lawrenceville	South Side
Overall Outcomes (% ▲ City vs. vs. % ▲ Neighborhood)	★★	*	★★★	★★★
<i>From 1970-1990:</i>				
Change in Population	Low	Low	Low	Low
Change in Median Family Income	Low	Low	Low	Low
<i>From 1986-1997</i>				
Median Home Sales Price Trend	Stable (low)	Downward (low)	Stable (Med)	Upward (high)

Public and Private Investment

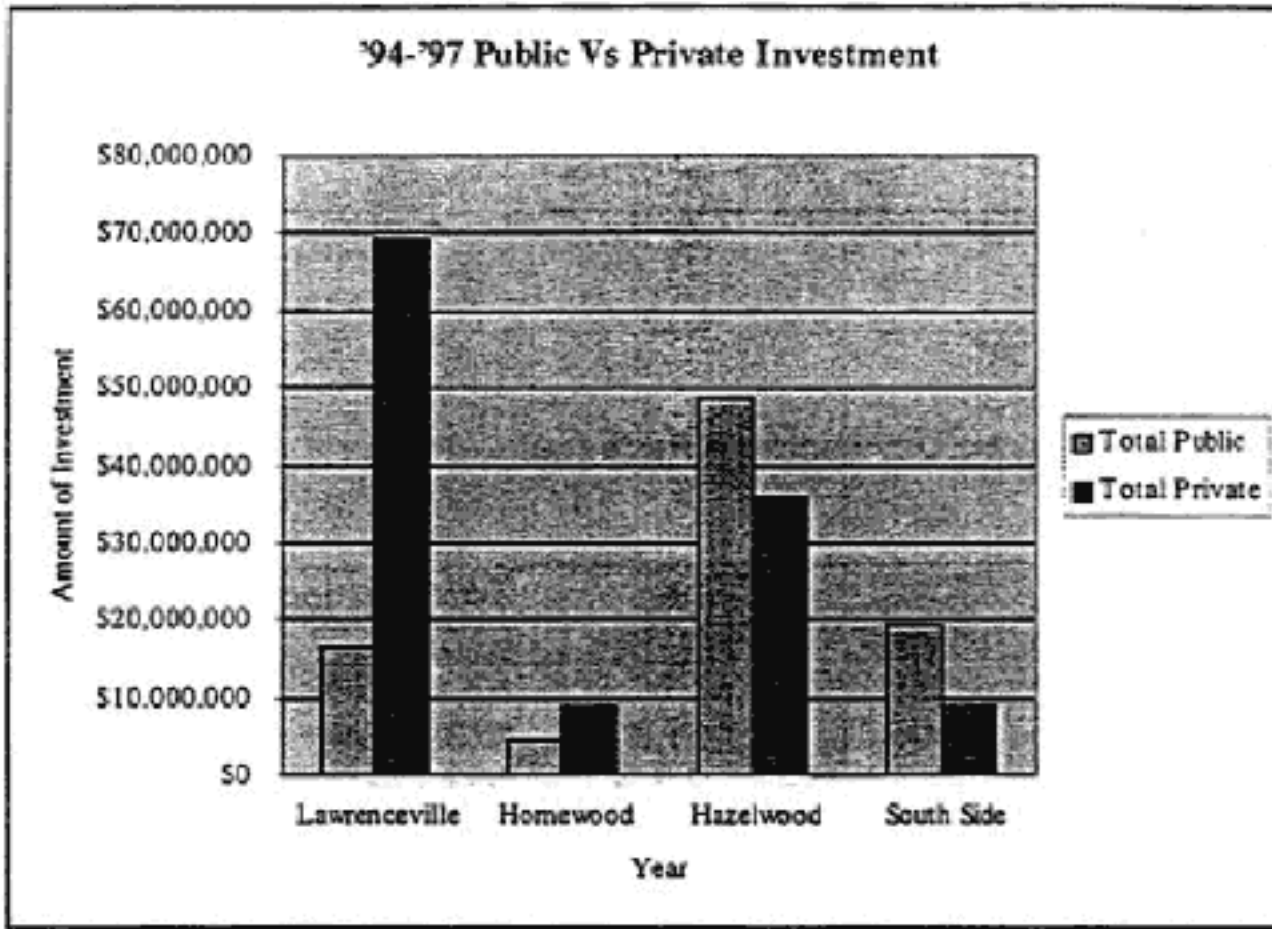
(Based on Business and Economic Development Projects)

Lawrenceville	Total Public	Total Private	Total Project	% Private
1994	\$871,183	\$2,266,206	\$3,137,389	72.23%
1995	\$156,307	\$181,957	\$338,264	53.79%
1996	\$8,711,190	\$55,012,513	\$63,723,703	86.33%
1997	\$6,850,742	\$12,104,066	\$18,954,808	63.86%

Homewood	Total Public	Total Private	Total Project	% Private
1994	\$154,127	\$309,390	\$463,517	66.75%
1995	\$0	\$0	\$0	0.00%
1996	\$165,000	\$276,000	\$441,000	62.59%
1997	\$4,337,156	\$8,301,500	\$12,638,656	65.68%

Hazelwood	Total Public	Total Private	Total Project	% Private
1994	\$2,343,580	\$4,676,188	\$7,019,768	66.61%
1995	\$32,719,130	\$12,545,000	\$45,264,130	27.72%
1996	\$13,479,960	\$18,571,040	\$32,051,000	57.94%
1997	\$167,780	\$46,825	\$214,605	21.82%

South Side	Total Public	Total Private	Total Project	% Private
1994	\$477,842	\$672,947	\$1,150,789	58.48%
1995	\$550,000	\$1,269,292	\$1,819,292	69.77%
1996	\$856,027	\$1,406,481	\$2,262,508	62.16%
1997	\$17,598,63	\$5,689,746	\$23,288,381	24.43%



City of Pittsburgh

Figure C1. Comparative Median Home Sale Value 1986-1997

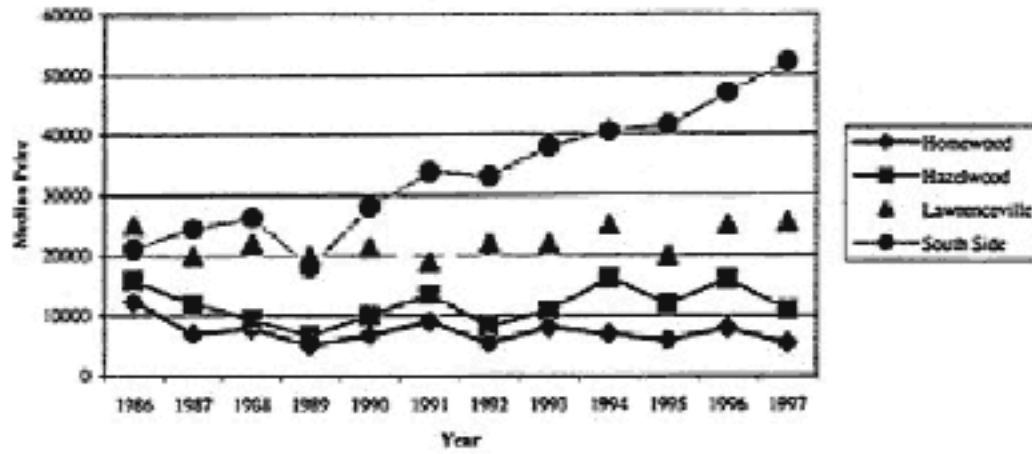


Figure C2. Number of Conventional Home Purchase Loans 1991-1995

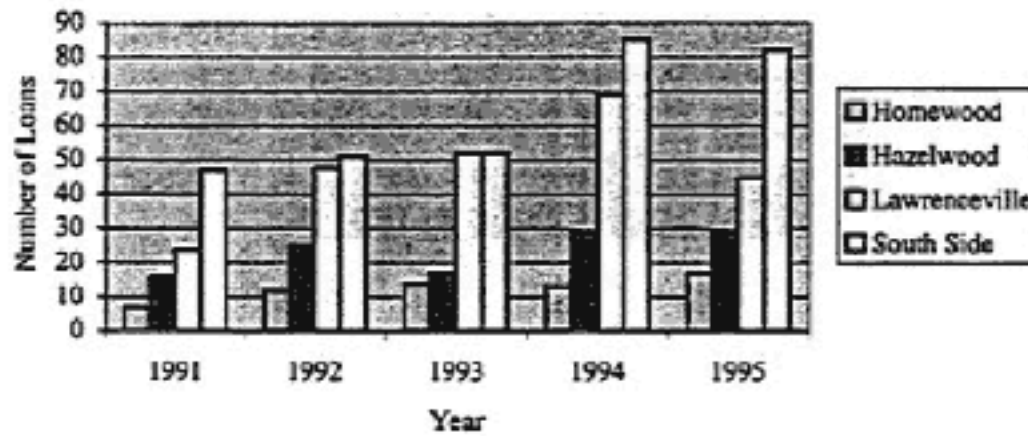


Figure C3. Total Amount of Conventional Home Purchase Loans 1991-1995

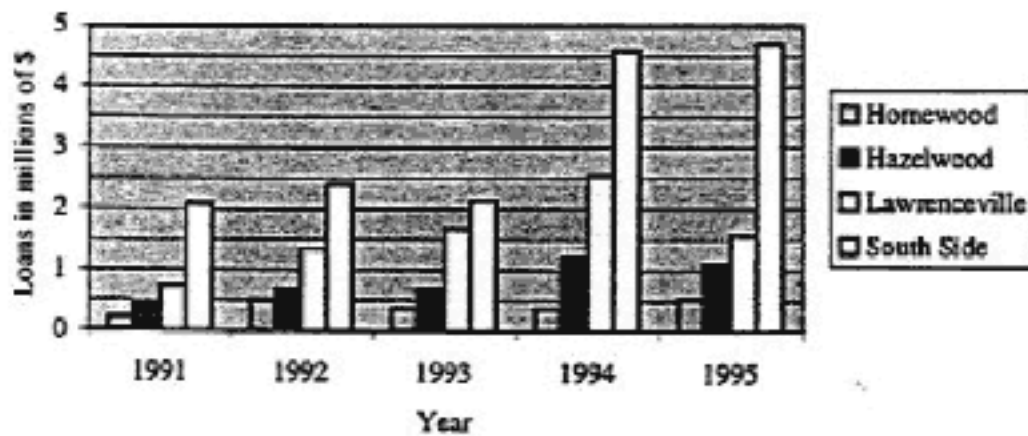


Figure C4. Total Loan Amount 1991-1995

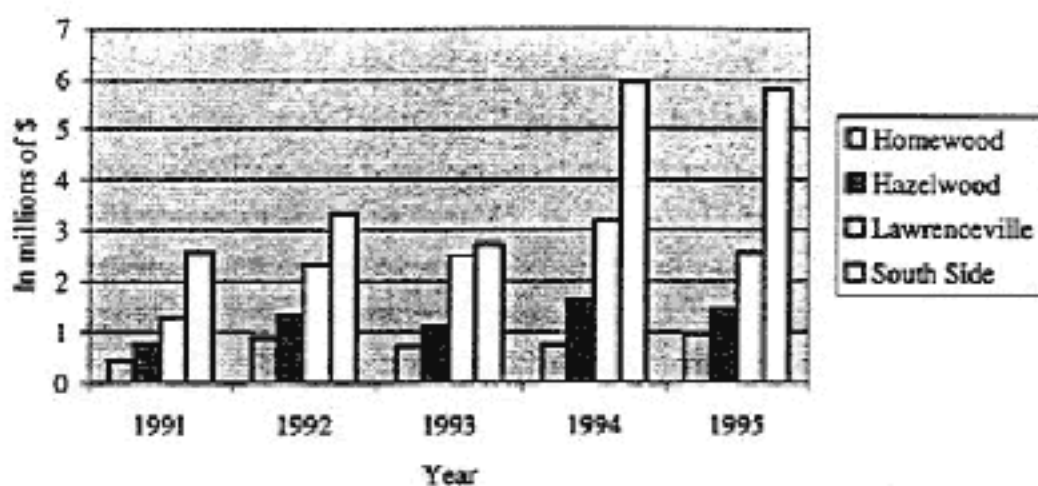


Figure C5. Total Loan as Percentage Share of City 1991-1995

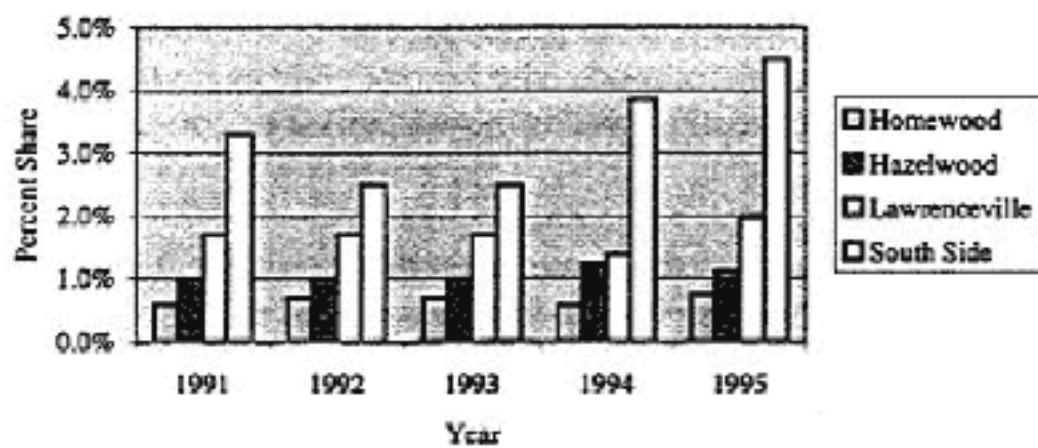
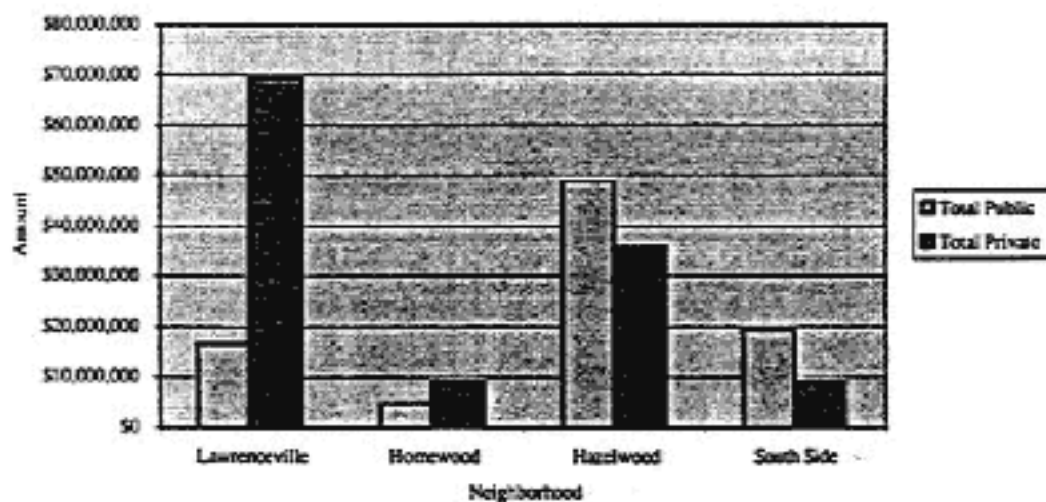


Figure C6. '94-'97 Public Vs Private Investment



Chapter 9--Overall Recommendations

For the past year, we were challenged with the task of creating a model of urban competitiveness specific to Pittsburgh. The Urban Competitiveness Systems Team actively researched the four neighborhoods and found that the success of a neighborhood depends on certain variables. These variables were common among Hazelwood, Homewood, Lawrenceville and the SouthSide. We discovered that the neighborhoods' success in the regional economy depended on the strength of the variables: sites, workforce development, community organizations, and investment. The stronger the variables in the neighborhood resulted in an overall better model. With this in mind, we propose the following recommendations for these variables.

Industrial Sites

One of Pittsburgh's competitive advantages is the availability of industrial sites. The City should either purchase these available sites in the neighborhoods and/or sell them to private developers. The advantage of purchasing these sites is that the City would have control on redevelopment efforts. If the City purchased a site, they could choose the type of redevelopment at that particular location. This should be done through collaborative efforts with the neighborhood organizations and their workforce development policies. These collaborative efforts should focus on the overall niche of the neighborhood. The critical point is for the City to match the site with what is needed in the neighborhood as well as how it will spur competitiveness in the region.

Next, another important point is to carry the assumption that every site has some level of remediation. The clean up efforts will depend on virtual uses and the surrounding environment. The dollars spent per square foot of remediation can be costly depending on the level of redevelopment. Therefore, the issue is the option of assembling sites for development or to sell it to a private business. The City completes a cost-benefit analysis on what would be the optimal decision for that particular site.

If the City sold the site to a developer or a business, then they could negotiate location incentives. These incentives become beneficial to state and local growth. An example is the Kerotest Manufacturing Corporation which relocated along Second Avenue in Hazelwood. Kerotest, a producer of metal and plastic valves, was originally in the Strip District occupying 110,560 feet. The City of Pittsburgh, in cooperation with several state and regional entities, designed a package of business financing assistance which included a mix of public and private assistance. Data from the Mayor of Pittsburgh's office included the following assistance:

Kerotest Location Incentives	
Industrial Development Bond	\$3,250,000
Equity	\$928,963
Urban Development Fund (URA)	\$700,000
Enterprise Zone (Allegheny County)	\$500,000
Machinery & Equipment Loan (State)	\$500,000
Department of Community Affairs State	\$500,000
Manufacturing Technology Loan Fund	\$150,000
Purchase Money Mortgage (URA)	\$125,000
Duquesne Light Fund	\$100,000
TOTAL	\$7,000,000

Based on extensive research, it is our recommendation that the City of Pittsburgh continue to develop public policies that include tax credits, writedowns, loans, guarantees and subsidies are beneficial for economic growth. These incentives influence a firm's decision to locate to a neighborhood site. One of the key factors that the City should retain in site assembly are financial incentives.⁷⁹ They go hand in hand. As shown in the table below, there is evidence that enterprise zones, research parks, location incentives such as property tax abatements, and export promotion programs, make some difference in state or local economic growth.

Studies of Specific Economic Development Policies

Author	Program Studied	Methodology	Findings
Luger & Goldstein (1990)	Research parks	Comparison of changes in employment growth rates, before/after park established in research park counties, to changes in growth rates in "control" counties; both comparisons of means and regression analysis	58% of parks succeed in that their counties have greater increase in growth than controls; older parks and parks with better university ties are more successful
Ambrosius (1989)	State revenue bond financing, public works, accelerated depreciation, various tax breaks, enterprise zones, job training	Regression analysis of whether level or trend in state manufacturing value-added per capita or state unemployment rate changed after adoption of particular incentive	Positive effects for tax breaks for land and capital improvements significantly associated with declining trend in unemployment rate
Feiock (1987)	Counts of number of business incentive programs, special business services, promotional ads	Regression analysis of employment growth, new investment, and change in number of establishments for 92 cities	Positive effects of a city having larger economic development programs, particularly business services and ads
O'hUallachain & Satterthwaite (1990)	Enterprise zones, research parks industrial revenue bonds	Regression analysis of determinants of MSA growth by industry	Enterprise zones and research parks had positive effects in many industries
Walker & Greenstreet (1989)	Wide variety of incentives, such as site-specific infrastructure, tax breaks, job training, etc.	Survey asking whether incentives were decisive in final location choice of firms looking for new site; logit analysis of which of two finalists chosen; regression	Of plants offered incentives, 37% claimed were decisive; logit analysis showed significant effect of incentives on final site choice, holding other

⁷⁹ Bartik, Timothy. Who Benefits from State and Local Economic Development Policies? 1991. P. 18.

		analysis of in-situ expansion	site characteristics constant; insignificant effect of incentives on in-situ expansion
Rubin & Wilder (1989)	Evansville, Indiana enterprise zone	Shift-share comparison of growth of enterprise zone industries with overall Evansville MSA	Enterprise zone gained significantly more jobs than MSA in warehousing, wholesale trade, retail trade, and services

From the above chart, Ambrosius found that there was a direct correlation with tax breaks for land and capital improvements and falling trends of unemployment. The City of Pittsburgh should continue to provide tax breaks to businesses during site negotiations. The combination of state bonds, tax breaks, and collaborative job training for manufacturing industries affects unemployment rates. Feiock found that new investments in 92 cities affects regional growth, particularly employment. This study showed that a city should maintain and expand their economic development programs in the business service area as well as advertisements. O'hUallachain & Satterwaite and Luger & Goldstein concluded that research parks contribute to MSA growth. Research parks that are directly linked to universities are more effective. The combination of enterprise zones, research parks and industrial revenue bonds show positive effects on industry growth.

The City of Pittsburgh will receive a return on investment by providing financial incentives during site negotiations with large or small businesses. This return on investment will be seen through overall regional growth, a declining unemployment rate and MSA growth by industry. The City should continue to attract new investments to the Hazelwood, Homewood, Lawrenceville and South Side areas. These investments can be defined as new firms bringing in revenue rather than mere relocation of a company from within the county.

Workforce

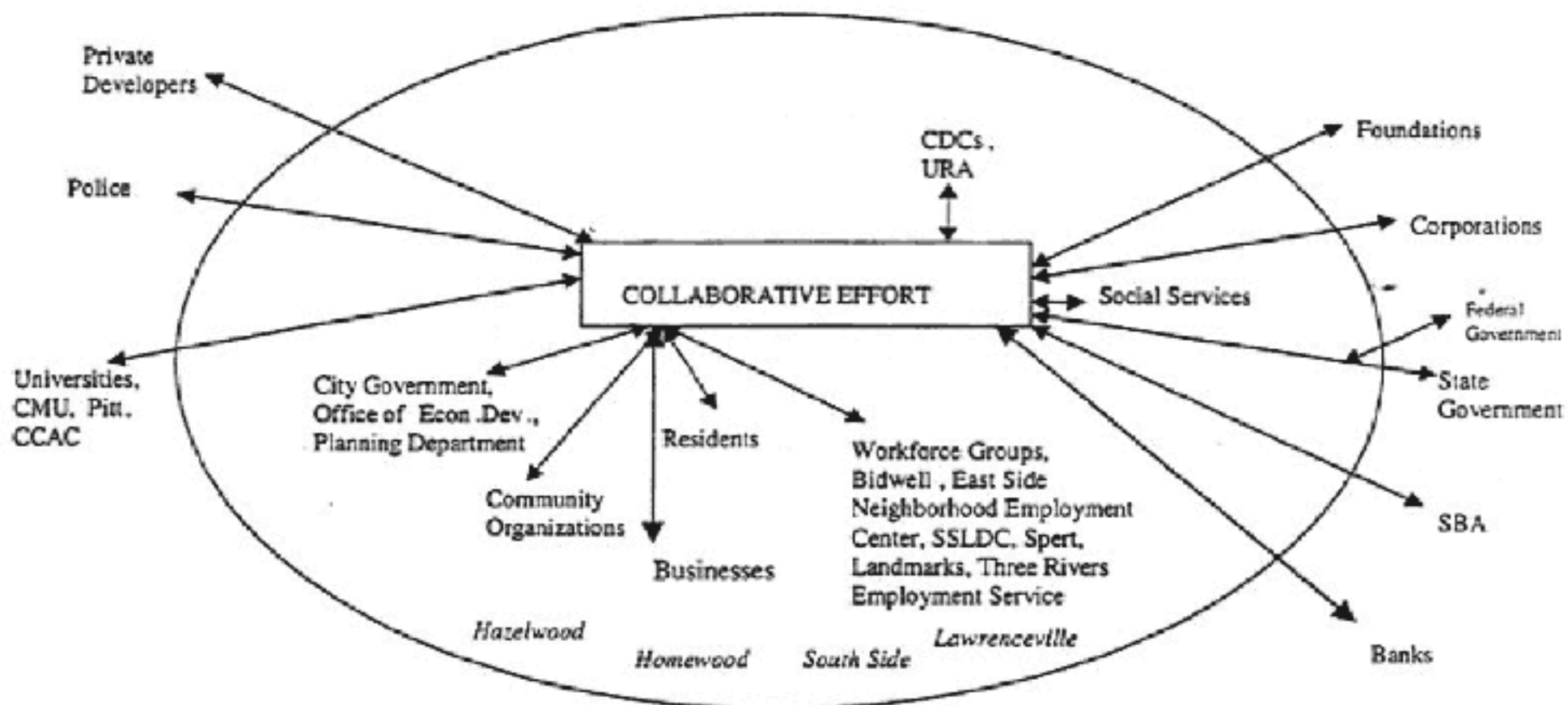
One of the major driving forces in the decline of distressed neighborhoods is the lack of a skilled workforce. The solution to this problem is complex because there are many interrelated factors that contribute to this policy problem. The major determinant of major location decisions is the labor market.⁸⁰ Although this is one of Pennsylvania's greatest current strengths, employers worry about availability, skill levels, and work ethic. This is a national problem and many aggressive states have developed flexible job training programs and revamped educational systems. We sought to identify the gaps of workforce policies in Pittsburgh's neighborhoods of Hazelwood, Homewood, Lawrenceville and the South Side.

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⁸⁰ PHH Fantas Study & Pennsylvania Economy League, Inc. Western Division, February, 1996.

Based on our research, these gaps can be filled through collaborative efforts of the key players involved in workforce development. The diagram below specifies the key players in the four neighborhoods. The primary players in terms of the decision-making process of workforce success are listed within the circle. The secondary players extend outside the circle. They complement the process.

Workforce Model for the City of Pittsburgh
A Collaborative Approach



Source: Enhanced GAO Diagram of a Comprehensive Community-Based Development Effort, February 1995.

The primary players are the City of Pittsburgh's Office of Economic Development, community organizations, neighborhood residents, workforce groups, businesses, community development corporations and social services. These players are critical to the success of a skilled labor market within the neighborhood. Our recommendation is to improve communication among these players. The efforts need to be collaborative to achieve optimal local workforce policies. These efforts can be defined as joint meetings and working together to prepare a skilled neighborhood prior to business relocation. The secondary players extend outside the circle. They complement the process of the workforce model. These players are made up of foundations, corporations, federal/state government, small business administration, banks, private developers,

police and surrounding universities. They can provide the necessary support in ensuring the success of a quality workforce.⁸²

A common theme among interviewees is that businesses have to train new workers in subjects that should have been taught by graduation day. Computer skills, teamwork, and communication skills are on the wish list of subjects that the schools need to more effectively address in order to ensure a competent workforce. In addition, vocational and education institutions are not graduating students who can immediately help businesses; they require further training for which businesses resent having responsibility. Better mathematics and computer skills are required. Business leaders see a role for policies that upgrade these institutions to ensure a match between the skills and courses taught and the real needs, current and future, of employers.

One of the more successful workforce programs in Allegheny County is the Three Rivers Employment Service, Inc. They are a privately funded non-profit corporation that provides employment training and placement. The goal of the organization is to train people by combining education and occupational skills in high-growth industries. The positive aspect is matching regional demand with labor supply. They also provide computer training such as database design and applications, monitored performance with feedback and an alumni association as an effective post-network. Another area that should be established in other workforce development programs is public/private partnerships. Establishing long-term relationships with potential employers raises placement rates. Some examples of partnerships formed by Three Rivers Employment Service Inc. include Duquesne, Wilkinsburg, Clairton School Districts, Ben Franklin Technology and the City of Pittsburgh Police Department.

Community organizations and neighborhood residents must take an active role in the participation of workforce programs such as Three Rivers Employment Service, Inc. It is the combination of the programs that result in a successful placement rate. This contributes to declining unemployment rates.

But there are other problems that plague urban communities. The problems in the neighborhoods of Hazelwood, Homewood, Lawrenceville and the South Side are complex and interrelated.⁸³ For example, a 1989 study reported that 81% of the families in poverty face two or more obstacles to achieving self-sufficiency. Such obstacles include joblessness, poor education, reliance on welfare, or poor health.⁸⁴ Furthermore, over half of the families face three or more obstacles. According to an Annie E. Casey Foundation study, the vast assortment of interconnected problems, unmet needs, and disinvestment combine to produce dysfunctional and socially isolated neighborhoods.

The four neighborhoods differ in many ways. Findings have suggested different levels of public/private investment and levels of participation and effectiveness of community groups within the neighborhoods. Over the past thirty years, these neighborhoods have experienced

⁸² PHH Fantus Study & Pennsylvania Economy League, Inc. Western Division, February, 1996.

⁸³ Sar Levitan and others, *A Proper Inheritance: Investing in the Self-Sufficiency of Poor Families*, Center for Social Policy Studies, George Washington University (Washington, D.C.: July 1989).

⁸⁴ *Rebuilding Communities: A Neighborhood Reinvestment Strategy of the Annie E. Casey Foundation* (Aug. 1993).

changes in their physical and social infrastructure. With the decline of the industrial and heavy manufacturing industries in Pittsburgh, periods of adjustment have taken place in these communities. There have been many efforts to revitalize these communities.

Revitalization efforts have been in forms of economic development such as housing improvement, site reuse, and business attraction. Pittsburgh's economic development policies have focused on these issues. There has been an emphasis on housing rehabilitation and business attraction. It has been our experience, however, that Hazelwood, Homewood, Lawrenceville, and the South Side extend beyond housing and site development.

According to data collected from the Ford Foundation, Neighborhood Reinvestment Corporation and the Urban Competitiveness Systems Synthesis Team, single-focused approaches to neighborhood problems are not effective in providing for the range of interrelated needs in poor neighborhoods. As a result, the major responsibility lies in the community organizations within the neighborhood to make their programs more comprehensive. This means that workforce policies can become successful with a comprehensive approach.⁸⁵ Experts from government agencies, foundations, public interest groups, and community development programs state that community-based organizations that use a comprehensive approach enhance the chances of significant, long-term neighborhood improvements because they address multiple neighborhood needs. Conditions in the four neighborhoods are interrelated and need to be addressed in tandem if long-lasting results are to be achieved.

One of the major public policies that the City needs to address in these neighborhoods is workforce development. The question was posed in our second presentation relating to the lack of skills set in the neighborhoods. We were challenged by this question as well as trying to link businesses in the neighborhood with residential employment. Once again, the same problem was apparent. Hazelwood, Homewood, Lawrenceville and the South Side do not have a readily equipped workforce to take the jobs by the companies relocating to the area. Another challenge was stated which inquired about the difficulty to mobilize groups of people for workforce training. The gist of the discussion addressed policies that went beyond site development. The underlying issue was work.

Work is not simply a way to make a living and support one's family.⁸⁶ It also constitutes a framework for daily behavior because it imposes discipline. Regular employment determines where you are going to be and when you are going to be there. In the absence of regular employment, life, including family life, becomes less coherent. Persistent unemployment and irregular employment hinder rational planning in daily life, the necessary condition of adaptation to the economy. Neighborhoods plagued by high levels of joblessness are more likely to experience low levels of social organization: the two go hand in hand. High rates of joblessness trigger other neighborhood problems that undermine social organization, ranging from crime, gang violence, drug trafficking to family breakups. And as these controls weaken, the social processes that regulated behavior change.

⁸⁵ GAO/RCED/HEHS-95-69 Comprehensive Approaches to Community Development, February 1995.

⁸⁶ "Work," The New York Times Magazine, William Julius Wilson. August 18, 1996.

Our overall recommendation is rooted in the collaborative efforts and increased flow of communication of the key players. Next, community organizations and neighborhood residents must take an active part in synthesizing and disseminating information regarding workforce programs. Finally, strategies need to be developed by each neighborhood that address the mobilization of residents for workforce training.

Public Investment

The apparent investment trends in Pittsburgh have been consistent. New private investments in low-income neighborhoods have decreased significantly. Private investment is an indicator of confidence in a neighborhood. This confidence is translated into capital. This capital is not invested in a neighborhood because they are deemed as a high risk recipient. Private investors expect a substantial return on investment. Therefore, the City has offered financial incentives to businesses for relocation purposes. The City succeeds and the businesses locate to the particular neighborhood. The problem is that the business tends to be isolated from the neighborhood and the community. Another issue is that this relocation does not necessarily revitalize the neighborhood in terms of spurring other developments and/or generating revenue. For example, Kerotest Corporation that has located to Hazelwood is on Second Avenue. Yet, it is completely isolated from the neighborhood and does not make Hazelwood competitive. Another example, is the Pittsburgh High Technology Center close to Hazelwood. This was a good idea from the City's perspective but if taken a step further, it could be better. Hazelwood, Homewood, and Lawrenceville have had investment capital, both public and private, but there is a missing factor. This factor is level of private investment. Private investment in these neighborhoods are not as confident as the South Side. The levels of investment in the three neighborhoods are from the public sector. This is because these neighborhoods cannot function effectively without these subsidies. Our recommendation for the City is to continue investing in these communities for revitalization. This includes housing stock and streetscape improvements, small business development, and private business incentives. Investment in neighborhood organizations to improve their management skills will yield a return. These are positive efforts for the neighborhoods that may increase private investment confidence.

Once private investment increases in the neighborhoods, public subsidies should slowly phase out. Economic development efforts can now focus on business assistance services rather than capital intensive projects. The City of Pittsburgh can serve as a resource center for new business development. Efforts can focus on national marketing strategies to attract firms as well as small business/entrepreneurial assistance within the neighborhood.

Community Management Structure

One of the strongest variables in our study that directly contributed to the success of a neighborhood was their community organization. The effective management structure within the organizations adds to their competitive advantage. This effectiveness can be measured through collaboration, goals, organization skills, resident involvement, political strength, and business orientation.

Collaboration among all the neighborhood's community groups is important. It is equally critical to centralize representation. This means that ideas need to be synthesized among all groups within the neighborhood. These ideas can then be represented by a single voice during meetings with policy makers and businesses. Based on our research, it is our recommendation that neighborhood representatives must collaborate and centralize in order to be more effective to resource holders.

Within this collaboration comes a neighborhood strategic plan. This plan defines a mission and specifies goals for the neighborhood. It shows resource holders the agenda in mind. This is where structure is imperative. The managers within the neighborhood must take the lead in condensing information to make an agenda. This means that organizational skills must come together in this process. Organizational skills such as gathering specific information on the neighborhood's plan for site reuse, industry growth, small business development and job creation. These skills extend to residential mediation and being up to date on current development efforts. In addition, this can be taken a step further by placing their agenda based on political strength. Finally, business orientation is a necessary tool of focus for the managers. Community organizations can plan their business interests within the neighborhood with those of external businesses and the City of Pittsburgh. With this process, there can consensus between all parties on the available opportunities.

Chapter 10--Priority Recommendations for the Mayor's Office

1. Hazelwood LTV

The Murphy Administration has actively attempted to return vacant parcels of land in the City to productive use. In order to accomplish this goal, the Urban Redevelopment Authority has been incredibly aggressive in terms of site assembly for redevelopment purposes. The closure of the LTV Coke Works in Hazelwood affords the City an opportunity to continue this strategy. It is crucial that the Mayor's Office move now while there is a potential to influence the outcome of negotiations between LTV, the United Steelworkers, private investors, and other stakeholders that will affect the future use of the Coke Works site.

Clearly, the City does not have the resources to concurrently redevelop the Hazelwood site and the South Side Works property. Instead, the Hazelwood site should only be considered now for land banking purposes. City officials should wait until the South Side Works site is virtually completed before commencing full-scale redevelopment of the Hazelwood site. As discussed in greater detail in the Hazelwood section of our report, the administration should consider low cost development options for a portion of the site in the short term. For example, a recreational use with some public space improvements will add value to the Hazelwood neighborhood and make the remainder of the Coke Works site more attractive to private investment.

Despite the environmental degradation on the site and the interest of private investors, the Hazelwood site still warrants the attention of City officials. Brownfield redevelopment issues are almost always present when dealing with old industrial sites. As such, the City of Pittsburgh must deal with environmental issues in order to reclaim abandoned industrial properties. In fact, many other successful development efforts, like Washington's Landing, and the Pittsburgh Technology Center, occurred on brownfield properties; despite the costs of environmental remediation, the sites have been returned to the tax rolls and are adding value to the City of Pittsburgh.

Although private investors have proposed a new coking facility for the Hazelwood site, this is not the highest and best use for 140 acres along the Monongahela River. While a new coking facility would employ about 250 individuals, a development similar to the Pittsburgh Technology Center could employ three times that number. The 140 acres should be used strategically to improve the Hazelwood neighborhood and add economic value to Pittsburgh. Public investment and guidance is necessary to get the most out of this valuable site.

2. South Side Works

While the South Side Works site was purchased and remediated by the City and is now ready for development, the Mayor's Office needs to carefully guide the redevelopment process from this point forward. In consultation with the South Side Local Development Corporation, the Urban Redevelopment Authority and the Murphy administration committed to an aggressive mixed-use site plan for the South Side LTV. Now the Mayor's Office must act in good faith and abide by the site plan in its efforts to encourage businesses to locate on the site. It is likely that developers will push for uses that are not consistent with the site plan. Administration officials should err on the side of caution throughout the redevelopment process in order to ensure that development of the South Side Works site does not negatively impact the existing neighborhood. For example, the site plan calls for complementary commercial uses, residential and office space in the portion of the site that borders on the existing neighborhood. Attracting site uses that are consistent with the redevelopment plan and compatible with the existing neighborhood should not take a back seat to the pressure to develop the site as soon as possible.

3. Community Management Structure Reform

Although the Mayor's Office can not and should not try to usurp the power of community groups or dictate organizational goals, it should attempt to encourage professional management and a unified community management structure for each of Pittsburgh's neighborhoods. The Mayor's Office, because of the substantial CDBG money that it provides for CDC operating funds does have the ability to influence positive change in community organizations. The Pittsburgh Partnership for Neighborhood Development (PPND), as an umbrella organization for CDCs, should partner with the Mayor's Office to affect change and to ensure that political considerations do not impact the reform efforts.

Positive change efforts require several interrelated actions on the part of the Mayor's Office and PPND. The first step should be the development of an annual performance audit for all community organizations. This audit system should be developed by PPND in collaboration with the Mayor's Office. Among other things, an annual audit must require the use of a strategic neighborhood plan, gauge the level of cooperation among local groups, evaluate the financial management of the organization, and examine the business orientation of CDC programs. All organizations in a given neighborhood should be examined concurrently in order to properly ascertain the level of cooperation among groups. Each measurement criteria should be non-subjective. Every single indicator must be accompanied by evaluation guidelines that specify the requirements for each ranking level. The outcome of the audit should assign a rating to the CDC based on the scoring of each measurement criteria. Finally, the audit should provide specific recommendations for how the CDC can improve its ranking for the next annual audit.

Secondly, the Mayor's Office and PPND should assign CDBG funding and work closely only with neighborhoods which receive high marks on the annual performance audit. Essentially, the City should establish relationships with community organizations based on merit. Although this is a difficult way to invoke CDC reform, it is essential if the City is serious about improving the community management structure in all of Pittsburgh's neighborhoods.

4. Strategic Investment in Housing Stock: Operation Reinvest

Although housing improvement and rehabilitation has not been a focus of this report, it was quite apparent during our analysis of the four neighborhoods that certain residential areas suffer from severe deterioration of the local housing stock. All four of our neighborhoods exhibit some level of blight in their residential districts, with the problem being most severe in Homewood and Hazelwood. Although this project focuses on the appropriate reuse of industrial sites to spur neighborhood competitiveness, it is clear that a neighborhood cannot remain competitive without reinvestment in housing stock as well. While business uses provide employment and substantial tax benefits to the City, in many cases it is the health of the residential districts that characterize the neighborhood and determine the social fabric of the area. Neighborhoods with strong social fabrics receive commercial investments and instill confidence in potential business investors. Those neighborhoods that do not have a strong fabric, evidenced by high crime and severe disinvestment in the housing stock, do not encourage the kind of private investment that a neighborhood needs to remain competitive. For this reason, we believe that strategic reinvestment in residential neighborhoods is warranted.

Although neighborhoods like the South Side certainly would benefit from rehabilitation of existing housing units and new construction, this should not be a priority for limited City funds. In neighborhoods where private investment is strong, market forces should drive the redevelopment of residential neighborhoods. Now that the market in the South Side will bear new housing without substantial subsidy, the Urban Redevelopment Authority should turn its attention to other neighborhoods in desperate need of investment that are unable to attract private funds.

In the future, the Urban Redevelopment Authority should encourage more privately funded housing rehab by middle income families in certain target neighborhoods. Currently the URA invests most of its housing budget in rehab and new construction for low-income families. While this does help to stabilize communities and is certainly a necessary component of neighborhood reinvestment, the URA should adopt more programs that encourage middle class home buyers to purchase and renovate housing units on their own. Many Pittsburgh neighborhoods, including Hazelwood and Homewood need greater socioeconomic diversity. The addition of middle-income families to predominately low-income neighborhoods stabilizes the area and increases the purchasing power for local businesses. Current redevelopment efforts in the Hill District—Crawford Square, Bedford Dwellings, and Allequippa Terrace—all seek to create mixed income communities within the Hill District. The City should strive for mixed income communities not only for new construction but for existing neighborhoods as well.

The URA should design a strategic program, referred to here as Operation Reinvest, to fulfill this goal. Operation Reinvest should be a multi-faceted program, providing a variety of incentives for middle income families. The City should pick four target neighborhoods like Hazelwood, Homewood, Perry South and Knoxville for a two-year trial run of the program. These neighborhoods would provide solid reasons for investment by middle-income families because of their solid housing stocks and Operation Reinvest incentives. The following incentives could be included in the Operation Reinvest program: a two year abatement of 1% City wage tax for

individuals meeting program guidelines; wage incentives for City employees that relocate to target neighborhoods; low interest rehabilitation loans similar to those already offered by the URA; and historic rehabilitation assistance from the Community Design Center of Pittsburgh.

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Appendix B--Special Thanks

The Urban Competitiveness System's Synthesis Team would like to acknowledge those individuals that volunteered their time to contribute to this project. We are grateful to the members of the advisory board who willingly gave careful and analytical guidance to our team and helped to ensure the accuracy and consistency of our proposals. We are especially pleased to have had the opportunity to engage the exceptional expertise of Pittsburgh's professional community through numerous interviews and informal dialogues. In addition, we hope that the progress made thus far continues to improve the relationship between Pittsburgh's public and private sectors and will help empower the city's neighborhoods to compete and promote growth throughout the region.

Advisory Board Members:

Mr. John Brewer
Owner
Greater Pittsburgh Colliseum

Ms. Jane Downing
Pittsburgh Foundation

Mr. Jessie Fife
Vice President, Operations
Bidwell Training Center, Inc.

Ms. Ann Jones Gerace
Executive Director
Conservation Consultants, Inc.

Ms. Carey Harris
Executive Director
South Side Local Development Corporation

Ms. Linda Solomon
Manager
Family Growth Center

Professional References:

Mr. Lee Alexander, III
Developer
Urban Redevelopment Authority of
Pittsburgh

Mr. Eric Hearn
Coordinator
Housing Opportunities Unlimited

Mr. Jack Horgan
East Side Neighborhood Employment
Center

Mrs. Connie Reiter-Kreps
Policy Analyst
Pennsylvania Economy League

Mr. Donald Smith, Ph.D
Director, Center for Economic Development
H.J. Heinz, III School of Public Policy and
Management

Ms. Rhonda Schuldt
Director
Working Together Consortium

Ms. Christine Gaus
South Side Planning Forum and
Brashear Association

Mr. Barry DeGroot
President
Homewood Products and
Vice President, Operation Better Block

Mr. Alan Becer
President
Arsenal Board of Trade

Mr. Bill Betts
Director
YMCA Hazelwood

Mr. Marshall Bond
Pittsburgh High Technology Council

Mr. Hugh Brannon
South Side Planning Forum and Brashear
Association

Ms. Sarah Campbell
Board Member
H.B.R.D.C

Mr. Kevon Copeland
Business Developer
Urban Redevelopment Authority
of Pittsburgh

Ms. Sarah Dixon
Glen Hazel Citizen's Corporation

Mr. Bill Fry
Chief of Staff
City Councilman Gene Ricciardi

Mr. Dennis Walton
Conservation Consultants, Inc.

Mr. Jim Martin
Facilities Manager
NASA/CMU Robotics Engineering
Consortium

Mr. Jack Johnston
South Side Local Development
Corporation

Mr. James Lee
Business Development Manager
Minority Enterprise Corporation of S.W. PA

Mr. Mel Solomon
President
Linett Corporation

Ms. Alexis Mootoo
Interim, Executive Director
Homewood Brushton Revitalization
Development Corporation

Mr. Gary Parks
Industrial Sites Representative
Lawrenceville Development Corporation

Mr. Charles Reaves
Manager, Business Development
Urban Redevelopment Authority
of Pittsburgh

Mr. Tyrone Whitsett
Operation Better Block

Ms. Tawanda Carlisle
Chief of Staff
City Council Representative
Valerie McDonald

Ms. Rebecca White
Lawrenceville Business Council

Appendix C—Project Team Biographies

Cem Akin

I have a B.S. in Psychology from CMU and am currently completing an MS degree from the Heinz School in Public Policy and Management with a focus on environmental issues. I am a native Pittsburgher who believes that in order for any urban area to become competitive and remain so, the issue of conserving and preserving local natural resources must be addressed.

Derek Davison

I am a second year MS student, concentrating in policy analysis. I received my BS in History and Policy from CMU in 1997, and have interned with the United Way on its Early Childhood Initiative and, most recently, with the Washington office of US Senator Rick Santorum.

Julie DeSeyn

I am a second year MS student concentrating in Economic Development and Financial Analysis. My background is in Community Development. My internship this year has been with the Pennsylvania Economy League as a member of the technical staff for the Allegheny County Charter Drafting Committee.

Matt Dodge

I am a second year MS student concentrating in MIS. I am a lifelong Pittsburgh resident who has worked for Pittsburgh City Councilman Dan Cohen since 1994. I will be working as a Staff Consultant at Information Management Consultants in McLean, VA after graduation.

Lee Haller

After graduating from the Heinz School with a Masters in Economic Development, I will be starting a job with Deloitte and Touche Consulting Group. My work with Deloitte Consulting will focus on public sector consulting for state and local governments. I will be based out of the Pittsburgh office and plan to remain active in local organizations, including PUMP and Pittsburgh History and Landmarks.

Staci Jackson-Tillman

My internship during the summer of 1997 was as a credit analyst in Business Development at the Urban Redevelopment Authority of Pittsburgh. Using my background in economics and previous work experience, I will fulfill my true desire in becoming influential in spurring entrepreneurship and business development in urban communities.

Oscar Martinez

My internship during the summer of 1997 was with the United States Department of Agriculture, where I analyzed progress made by rural communities designated by the USDA as empowerment zones and enterprise communities. My duties involved monitoring the use of grant money that totaled over \$49 million.

Nnebuaku Ehisiany Oyoyo

I am a second year MS student with a concentration in Management Information Systems. I have a particular interest in international technological development.

Joyce Pascual

As a Master of Science student with a concentration in economic development, I have served as an AmeriCorps volunteer in New Orleans, LA and worked on homeless issues in Salt Lake City, UT. During the summer of 1997, I completed an internship as a consultant with Deloitte & Touche Solutions Group. My interests lie in managing a non profit organization.

Cori Pasinetti

I am a second year MS student with a concentration in Economic Development. My internship this summer was with HUD in Secretary Andrew Cuomo's office during the summer of 1997.

Lemoiquel Posey

As a second year MS student concentrating in Economic Development, I am interested in learning how economic development can impact impoverished communities. My internship is with the Mayor's Office here in the City of Pittsburgh. After graduating from CMU, I will be at American Management Systems as a System's Analyst for state and local governments.

Joel Rubin

I am a Pittsburgh native, receiving a joint Master of Science in Public Policy and Management and Business Administration (GSLA). My concentration area is sustainable development. I will be working in the Washington, DC area after graduation in the energy sector. I previously served as a Peace Corps Volunteer in Costa Rica, and care deeply about international sustainable development.

Mark Senediak

A native of Youngstown, Ohio, I am a second year student receiving a Master of Science degree concentrating in Economic Development. I received a Bachelor of Arts Summa Cum Laude from Youngstown State University majoring in Political Science. I have interned at the Allegheny County Department of Economic Development and the Pittsburgh High Technology Council. After graduation, I will be employed in the executive office of the Allegheny County Department of Economic Development.

Appendix D—Client Biography

Stephen G. Leeper

DIRECTOR OF DEVELOPMENT POLICY, CITY OF PITTSBURGH

Stephen G. Leeper, 40, Director of Development Policy for the City of Pittsburgh, is responsible for coordinating all economic development activities for the City across all departments and agencies, including the Urban Redevelopment Authority.

Specifically, Leeper brought focus to Mayor Tom Murphy's goal of increasing investment in the City through the preparation of readily available development sites, the creation of targeted public financing programs, and the establishment of a customer-oriented approach to the City's business community. Leeper coordinates the preparation of competitive financing packages utilizing such tools as the Pittsburgh Development Fund and Tax Increment Financing, as well as state and federal funding to stimulate private investment in the City.

Presently, Mr. Leeper is representing the City in negotiations with the Pittsburgh Pirates and the Pittsburgh Steelers with regard to their proposed sports facilities. In 1997, he represented the City in negotiations with the Pittsburgh Penguins on a new lease for the Civic Arena, which included major capital improvements. He also prepared a city-sponsored plan for interim financing for the Pittsburgh Pirates in 1994.

Prior to his appointment by Mayor Murphy in January, 1994, Leeper served as Director of the Department of Housing for Pittsburgh's Urban Redevelopment Authority beginning in 1986. There, he was responsible for the design and implementation of the housing programs and policies. While at the Authority, Leeper oversaw \$250 million worth of investments in 26,000 new and renovated housing units within the City.

Before joining the URA, Leeper served as Administrator of Policy and Governmental Relations for the Community Development Administration (CDA) of Annapolis, Maryland.

Leeper is a native of Pittsburgh. He received a Bachelor's Degree from Ohio University and a Master's Degree from Ohio State University. Presently, he serves on the boards of the Pittsburgh Economic and Industrial Development Corporation, Pittsburgh Downtown Partnership, Pittsburgh Housing Development Corporation, and the Pittsburgh Water and Sewer Authority.

Appendix E—LTV Coke Works: Limitations to Site Development

Certainly the redevelopment of the Hazelwood site will be constrained by the presence of pollutants from the byproduct coke plant. Since it is difficult to determine the extent of pollution on the Hazelwood site without detailed sampling and analysis of soil and water from the site, we will use the Ohio River Park (ORP) site on Neville Island as a basis of comparison. The ORP site was used as a dumping area for coal tar and coking ash, both byproducts of the coke making process. As a result it is likely that contamination at the Neville Island site will closely approximate the pollution at the Hazelwood site. Based on in depth analysis by the Environmental Protection Agency and several environmental consulting firms, it was determined that the greatest pollution threat on the Ohio River Park site was the high concentration of benzene in soil samples. Benzene along with other pollutants like phenols are typically found in coke wastes.⁸⁸

Despite the contamination on the ORP site, the state Department of Environmental Protection has approved a recreational development proposal similar to the proposal for the Hazelwood site. The remediation for the ORP recreation complex will include soil caps to contain contamination and prevent leaching into the Ohio River. Additionally, the developers will be required to limit excavation on the site in order to minimize soil disruption.⁸⁹

⁸⁸ Hart, Fred C. and Associates, An Investigative Study of Potential Public Health Hazards at Ohio River Park (1979)

⁸⁹ Dames and Moore, Redevelopment Plan Assessment: Ohio River Park Site, (1997)