Development of A Turning Point Scenario: A Strategic Plan and Action Agenda For the Fruitbelt/Medical Corridor

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1. Introduction

The purpose of this report is to outline a strategic plan and action agenda to guide the restoration of the Fruitbelt/Medical Corridor. Although the plan and agenda will construct a framework to guide restoration, identify potential sources of revenue, and formulate an implementation strategy, the plan and agenda will not develop a detailed site plan and financial plan for the revitalization of the Fruitbelt/Medical Corridor. Such an undertaking is beyond the scope of this project. Rather, the goal is to map out a direction that should be taken in revitalizing the community. This involves constructing a scenario that leads to a *turning point* in the revitalization of the Fruitbelt resident neighborhood and that links development of the Fruitbelt resident community to the Medical Corridor so a synergism is created between these two parts of the community.

The report consists of four parts. The first part examines locational matters and the current situation. The second part details the strategic plan and action agenda. In this section, residential and commercial development strategies are examined in detail. Part three explores the financial and implementation strategy and timetable. The last section of the report puts forward the recommendations.

2. Part One: Location and the Current Situation

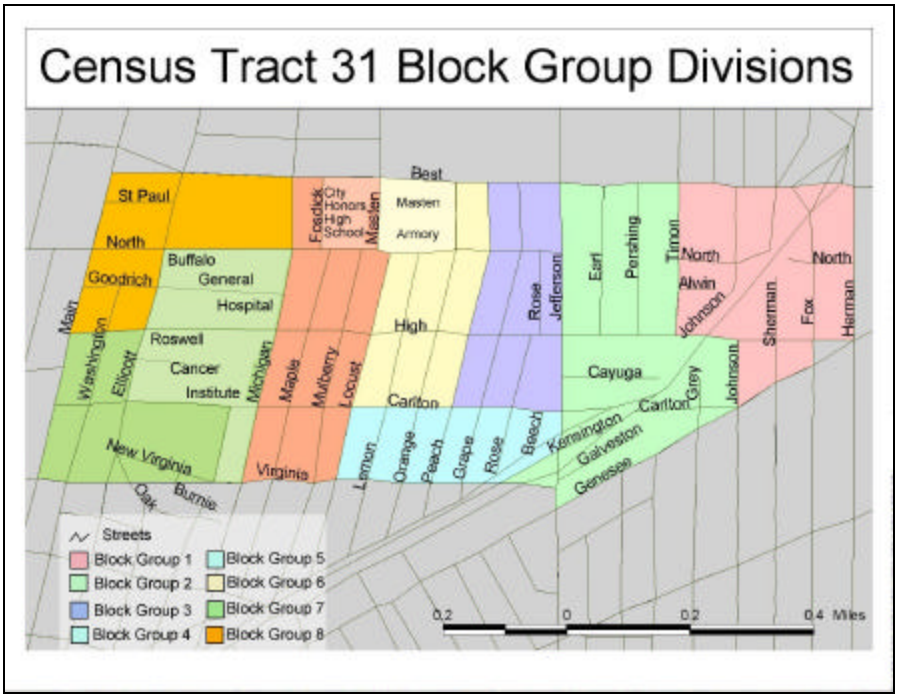
2.1 Location

The Fruitbelt/Medical Corridor's location is ideal. It falls almost exclusively within Census Tract 31 and is bounded by Main Street on the west and Norway and Parade on the east. Virginia and Genesee streets form the southern boundary, while Best Street forms the community's northern boundary (Figure 1).[1]

[1] Not all of the Fruitbelt's boundaries are contained within census tract 31. The community's actual boundaries extend to the Kensington Expressway and Goodell Street. In much of the data gathering and analysis found in this paper, the section of the Fruitbelt, below Virginia Street was not included. Field trips were made into this area and what we say about the target neighborhood applies to this area as well. So, while this approach creates some distortion, it does not alter the study's findings or recommendations. Moreover, in thinking about strategies to develop the community and determining its assets and liabilities, this portion of the Fruitbelt is considered. Controversy exists over the Fruitbelt's boundary. According to the City's Master Plan documents, the community's boundary fall within census tract 31 and is considered part of the Medical Park. However, at a functional, planning level, the resident community is never treated

The Fruitbelt/Medical Corridor is situated on the eastern side of Main Street, near downtown Buffalo, the Elm-Oak High Technology corridor, and artsy Allen Town. It is easy to reach the community from varied locations: the interstate highway system, Route 33, and the Peach Bridge, which links Buffalo to Canada. Two subway stops connects the *Fruitbelt/Medical Corridor* to downtown Buffalo and the University at Buffalo (Map 1.1 The Fruitbelt Study Area, Appendix).[2] On the western side of Main Street, within a stone's throw of the Fruitbelt/Medical Corridor, are three communities that boast some of the highest median housing values in Buffalo and Western New York. For example, in 1990 the median housing values in census tracts (CT) 65.02 was $121,800, CT 66.02 ($147,300), CT 67.02 ($186,300), and $83,000 in CT 68.00 (Map 1.1).

Figure 1: Map of the Fruitbelt/Medical Corridor



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as part of the medical corridor. Most stakeholders do not believe their companies or institutions are in the Fruitbelt. When the head of a major corporation in the medical corridor was asked where his company was located, he said, "We are in downtown Buffalo, on Main Street, on in the Medical Corridor."

Differences also exist among neighborhood residents over the Fruitbelt's boundaries. Some residents feel the boundaries include all of tract 31 and extend as far south as Cherry Street. Others believe the Fruitbelt's boundaries include only Maple, Mulberry, Locus, Lemon, Orange, Peach, Grape, Rose, and Beech streets.

Disagreements over the boundaries notwithstanding, the health related industries, retail establishments, and resident community occupy a common territorial base, and the entire area should be planned and developed as one community. The natural boundaries of this community include all of tract 31 and the area between Virginia and Goodell and the expressway.

[2] Map two should be a contextual map that shows the location of those key parts of the city near it—these key elements should be labeled—Elm-Oak high tech corridor, downtown, Allen Town

2.2. The Setting

The center of Western New York's health related industries is located in the Fruitbelt/Medical Corridor, where institutions such as Roswell Park Cancer Institute, Kaleida Health, and Hauptman-Woodward Medical Research Center, along with the Buffalo Medical Group, Buffalo General Hospital, Health Care Plan, and the Buffalo Speech and Hearing Center make their home. The University at Buffalo Medical School has a strong presence in the area, and Children's Hospital will relocate there in the future. A number of important pubic and private institutions are located in the community, including the world-renowned Anchor Bar, the Locust Street Art Classes, the Buffalo Federation of Neighborhood Centers, City Honors High School, Future's Academy (a public school), the Army National Guard, and several faith based institutions (Map 1.2: Location and Main Businesses in Fruitbelt: Appendix).

The concentration of health related industries in the Fruitbelt/Medical Corridor, along with cultural and service agencies means the community is a major regional employment center. Businesses, retail establishments, churches, schools, and community-based agencies employ from 8,000 to 10,000 workers.[3] Not only this, but within a half-mile radius of the community, can be found another 15,000 to 20,000 jobs (Map 1.3. Employment by Sector in Each Block: Appendix).

2.3 Land-use Structure

The land use structure in the Fruitbelt/Medical Corridor is a complex (Map 1.4: Aerial photograph of the site, Appendix). The medical corridor is concentrated in the western part of the neighborhood, between Michigan and Main Street and North and Virginia. Buffalo General Hospital, Roswell Park Cancer Institute, Hauptman-Woodward Medical Research Center, Buffalo Medical Group, and other health related enterprises are concentrated in this area. The medical corridor is fronted on the west by the Main Street commercial corridor, which houses a variety of retail, service, and health related businesses.

The northern part of the Fruitbelt/Medical Corridor, between North and Best and Main and Orange Street, is dominated by two large multiple-family complexes--Pilgrim's Village, a privately owned developed, Woodson Homes apartments, which are owned by the Buffalo Municipal Housing Authority--and a small cluster of renovated apartments is located on St. Paul Street, which is situated on the western fringe of Pilgrim's Village. To the immediate east of this residential area are City Honors High School and the National Guard Armory. The remaining land use in the Fruitbelt is devoted to residential land use, with the single family and two-family housing units dominating. Just north of Best and Jefferson Street is the found the Johnnie B. Wiley Sports Complex and the Stanley Makowski Early Childhood Center. Three corridors (Jefferson Avenue, Best Street, and Main Street) and the Kensignton Expressway shape the *visual image* of the Fruitbelt and the overall attractiveness of the area.

[3] This estimation is based on a database of businesses and institutions in the Fruitbelt, which was compiled by Claritas, **1999 Business Detail & Hospital Detail Reports for Census Tract 31 in Erie County, NY.**

3. Demographic Profile: Residents of the Fruitbelt/Medical Corridor

Given the concentration of health related industries, retail establishments, churches, schools, and community-based organizations in the Fruitbelt/Medical Corridor, you would expect the resident community to be thriving. But it is not. Even by Buffalo standards, the Fruitbelt/Medical Corridor resident community is very poor. According to the City of Buffalo's 1998 Neighborhood Condition Index, which rank-order neighborhoods on the basis of the quality of life, the Fruitbelt ranks 52 out 54 of official neighborhood units in the City. [4]

3.1 Population

The Fruitbelt/Medical Corridor is primarily an African American community, with a scattering of other racial and ethnic groups. [5] In 1990 3837 people lived in the Fruitbelt/Medical Corridor, with over 90% of them black. Over the years, the population has been declining. The 2000 population is expected to drop to about 3,357 and by 2004 it will be 3,167.

Single persons, and people who are separated, divorced, or widowed dominate the community. Only about 25% of the population is currently married, while the remainder have never been married or have been married, but are now separated, divorced, or widowed (Table 1).

[4] The NCI evaluates key social and economic variables to determine the overall health of a neighborhood: residential assessment, housing burden, unemployment, single-headed households, vacancy rates, presence of renters, and poverty. The NCI combines the various social and economic variables into a single figure. On the basis of ratios established for each variable, a neighborhood is given an overall index. Scores below 1.00 is below the citywide norm, scores at 1.00 reflect the citywide norm, and those above this number are above the norm. Thus, the higher the index, the worse the conditions are the conditions found in that neighborhood. The imperfections inherent in this index notwithstanding, it does provide a convenient for determining how well neighborhoods are doing and how their development compares with other neighborhoods. The most significant shortcoming of the NCI is that does not actually inform the policy framework that is used to rebuild neighborhoods. A mismatch exists between the NCI and the policy outcomes it professes. The NCI focuses on the social characteristics of neighborhoods and consumer confidence in that neighborhood's future development. Yet, the NCI policy framework focuses primarily on the physical development of neighborhoods. The problem is that not a single NCI variable addresses the physical condition of neighborhoods. No index exists for the age of houses or their physical condition. Nor is there a index that the physical appearance of a community, or the proportion of people living in substandard housing. The NCI will tell you nothing about the physical condition in a neighborhood. But according to the NCI, if a neighborhood is poor, with a high proportion of vacancies and a low homeownership rate, that neighborhood should be *restructured.* Consequently, the NCI cannot measure the physical improvements made in neighborhoods, unless these improvements trigger a transformation of the social and economic profile.

[5] Much of the data on the population data on the *Fruitbelt/Medical Corridor* population is dated. However, estimates would suggest that the population profile outlined in the 1990 census still gives an accurate portrait of the population.

Table 1: Marital Type, Persons 15 Years and over

Category	Number	Percentage
Never been Married (NBM)	1348	45.6%
Married	723	24.5%
Separated	258	8.5%
Widowed	358	12.1%
Divorced	265	8.9%
Total	2952	100.00%

3.2 Household and Family Structure

In the Fruitbelt/Medical Corridor, the household/family structure is complex. In 1990, the resident community was organized into about 1663 households, with an average of 2.25 persons per household. Seven different types of households are found in the community*: (1) married couples with no children, (2) married couples with children, (3) male household heads with children, (4) female household heads with children, (5) no family households with children*[6]*, (6) no family households headed by men, and (7) no family households headed by women* (Table 2).

Table 2: Household Types in 1990

Household Type	**Number**	**Percentage**
Married couple with children	130	7.81
Married couples with no children	188	11.30
Male with children	33	1.98
Female with children	358	21.52
No family household with children	4	.24
Male householder	47	2.82
Female householder	141	8.47
No Family Household (Males)	387	23.27
No Family Household (Females)	375	22.54
Total	1663	100.00
Household/Family Type	**Number**	**Percentage**
Married couples	318	19.12
Single Parents	395	23.75
No Family Male Households	434	26.09
No Family Female Households	516	31.02
Total	1663	100.00

These seven household types can be compressed into three major household/family types: Married couples, with and without children, single-parent households, and no-family households. Most residents live in *no family households* (57%), followed by single-parent households (24%), and married couple households (19%).

The small proportion of married couples in the Fruitbelt can be misleading. Although only 19% of the residents are married, 54% of the population are married or have been

[6] No family households are ones in which unrelated people live together.

married at one time. Women head most of the single-family households (92%), and slightly more than half the no-family households (54%). Significantly, most children live in households that are headed by women (92%).

3.3 Gender and Age Structure

Slightly more women (1,992/52%) than men (1,845/48%) lived in the Fruitbelt/Medical Corridor in 1990, and this trend is expected to persist. Interestingly, until age 29, males outnumber females in the Fruitbelt/Medical Corridor. But from age 30 and over, women outnumber men. For example, 43% (860) of all females and 49% (905) of all males are 29 years and under. At the other end of the age spectrum, women greatly outnumber men. In 1990, there were 203 male (11% of the total male population) and 315 women, comprising 16% of the total female population.

Fruitbelt/Medical Corridor has a young population with an average age of about 32 years. Pre-schoolers, school-age children, young adults, and those residents entering their prime working years dominate the community. About 61% or 2,328 of the residents fall into this age cohort. Only about 26% of the residents are in their peak working years, while 13% are in the retirement age cohort.[7] Most residents are at an entry level or in their prime working years.

Table 3: Fruitbelt Population by Age, 1990

Age Group	Male	Female	Total	Percentage
Pre-Schoolers Under 5	144	144	288	7.5
School Age 5-17	428	345	773	20.1
Young Adults 18-29	333	371	704	18.3
Prime Workers 30-39	273	290	563	14.6
Peak Workers 40-64	464	528	992	25.8
Retired 65-over	203	314	517	13.4
Total	1845	1992	3837	100.00

Source: Claritas: Market Trend Report, 2000

Women are older than the men in the Fruitbelt/Medical Corridor. In 1990 the average age for males was 30.6 years and for women it was 34.2 years, a difference of 3.6 years. This age gap will probably widen over time. For example, 1999 estimates suggest the average age of men to 31.8 years and women to be 37.0, a difference of 5.2 years.

3.4 Income and Poverty

[7] These figures are based on the 1990 census, but estimates for 1999 and 2004 indicate that no significant shift in the community's age structure will occur. **Claritas: Marketing Trend Report for Census Tract 31, 2000.**

The resident community is very poor, with a 1990 household income of only $8,740. This is almost $10,000 lower than the citywide median household income, and $20,000 lower than the County. Moreover, 50% of the population lives below the poverty line and a staggering 26% were unemployed in 1990. For a person to be unemployed, they must be actively searching for work. This means a fourth of Fruitbelt/Medical Corridor labor force was searching for a job, but could not find one. Given the high level of unemployment, it is not surprising that the labor force participation rate was only 47%, significantly lower than the citywide rate of 58% and the Erie County rate of 62%.

Several factors provide insight into low economic status of Fruitbelt residents. First is the level of educational attainment among the residents. A positive correlation exists between educational attainment and household income. In the Fruitbelt/Medical Corridor almost half the residents, 25 years and over, did not complete high school. One-fourth of the population had high school degrees, while 21% had some college or additional education beyond high school. Only 4% of the resident community had college degrees.

Second, when combined with low educational achievement, the age structure also contributes to the community low economic status. The data show that the income of households increases as they move through the life cycle. For example, in the Fruitbelt, householders in the 45 – 54 age group had a median household income $4,490 higher householder in the 35 - 44 age cohort, while those in the 55 – 59 age group had the highest median household income ($14,028) in the resident community.

Thirdly, no successful effort has been made to link neighborhood residents to the thousands of jobs in the Fruitbelt/Medical Corridor and surrounding neighborhoods. Economic development activities in these locales have not improved the life chances of Fruitbelt residents. Consequently, the jobs created in the Fruitbelt/Medical Corridor benefit people who live in other parts of the City and region (Map 1.4: Place of residence of employees in the Fruitbelt (blue dots) and the workplace of residents in the Fruitbelt (red dots). Indeed, the data show that suburbanites hold 60% of the jobs in the Fruitbelt/Medical Corridor and that 70% of the wages produced in the Corridor leaves the City of Buffalo. Moreover, Fruitbelt residents hold only 13% of Corridor jobs (Map 1.5 Destination of workplace income from employees in the Fruitbelt and Map 1.6 Residence of medical workers in relation to major medical facilities in Buffalo and Erie County, Appendix). *The premise that a concentration of economic activity in inner-city neighborhoods will improve the economic status of residents is not reflected in the experience of Fruitbelt residents.*

3.5 Organization and Structure of the Resident Community

3.5.1 Population Distribution. The scattering of the Fruitbelt/Medical Corridor population across the community led to the formation of six different neighborhood units: (1) St. Paul and Pilgrim's Village (2) Woodson Homes (3) historical Fruit Belt (4) neighborhoods east of Jefferson Street, (5) the Medical Corridor, and (6) St. John's Towers and the McCarley Gardens. With the exception of St. John's Towers, and the

McCarley Gardens, each of these areas corresponds to one of eight block groups that comprise Census Tract 31(Table 4).[8]

St. Paul and Pilgrim's Village neighborhood is located in BG 8, which is located in the northern part of the community, just south of General Hospital. About 211 residents lived in this neighborhood in 1990.[9] Adjacent to this neighborhood, on the eastern side of Michigan Avenue, is Woodson Homes, a multi-family residential complex, which is owned by the Buffalo Municipal Housing Authority.[10] Another cluster of about 343 residents are scattered throughout the Medical Corridor.[11]

The historical Fruitbelt neighborhood contains largest concentration of residents. This section is comprised of BGs 3,4,5, and most of BG 6. About 2,078 or 54% of the Fruitbelt's population lives in this neighborhood, which contain those streets where the original German inhabitants of this community lived: Maple, Mulberry, Locust, Lemon, Orange, Peach, Grape, Rose, and Beech. This is the heart of the Fruitbelt/Medical Corridor resident community.

East of Jefferson street, in a broad area bounded by Genesee and Best and Jefferson and Herman streets, is a neighborhood of about 1204 residents. The East Jefferson neighborhood is somewhat problematic. Jefferson Street separates this neighborhood from the rest of the Fruitbelt and makes its integration into the community more complex and difficult. The area forms a pie-shaped area bounded by Jefferson Street to the east, Route 33 to the south and west, and Best Street to the north. Within this framework, Jefferson Street is the seam that connects this neighborhood to the Fruitbelt/Medical Corridor proper.

Table 4. Distribution of Fruitbelt Population

Block Group	Population	Employed	Unemployed	Not In Labor Force
BG 1	565	80	48 (38%)	322 (28%)
BG 2	640	148	33 (18%)	321 (36%)
BG 3	532	161	58 (26%)	163 (57%)*
BG 4	315	58	57 (50%)	127 (44%)
BG 5	582	200	61(23%)	138 (65%)
BG 6	649	205	80(28%)	247(54%)
BG 7	343	124	16(11%)	136 (50%)
BG 8	211	30	0	104 (22%)
Total	3837	1006	353 (26%)	1558 (47%)

Source: US Census Bureau, 1990

*Population figures for residents living in the historical section of the Fruitbelt are colored orange.

[8] BG refers to census blocks, which are smaller units within a census tract. The Fruitbelt is located in Census Tract 31, which contains eight block groups. The McCarley Gardens are located in Census Tract 25.02, just south of Tract 31. Although this settlement falls out of the official neighborhood boundaries, it is still considered part of the Fruit Belt proper.

[9] This may represent an undercount. Given the number of units in St. Paul and Pilgrim's Village, we would expect the population figures to be higher.

[10] Woodson Homes occupies only a small portion of BG 6, which makes it very difficult to determine what portion of the residents in that block actually live in this public housing complex.

[11] These figures are based on the 1990 census. Considerable displacement of residents in the Medical Corridor has taken place. Many of these residents may have been renters in a large multi-family complex, which recently displaced its tenants to transform the site into a health related facility.

3.5.2 Social Capital and Community Capacity

The *Fruitbelt/Medical Corridor* resident community has a strong organizational structure. In the community are found about nine churches, a number of block clubs, and several schools and community-based organizations. The Buffalo Federation of Neighborhood Centers, The Friendly Fruitbelt Block Club, the Fruitbelt Task Force, Buffalo Teen Challenge, Locust Street Neighborhood Art Classes, St. John's Church, Pilgrim's Baptist Church, Gethsemane Grape Street Baptist Church, Futures Academy and City Honors High School are just a few of the most important organizations and institutions in the community.

Few neighborhoods have such a wealth of organizations and institutions as the Fruitbelt. However, no functional linkages exist among them. Consequently, the community only partially benefits from their presence.[12] Most important, although numerous organizations exist in the community, no single agency exists to carryout community-wide economic/community development efforts. The Ellicott Community Development Corporation has jurisdiction over the Fruitbelt/Medical Corridor, but it is does not seem to have the capacity to focus on guiding the overall redevelopment of the Fruitbelt/Medical Corridor resident community and carryout its regular responsibilities. Currently, the Fruitbelt Task Force appears to have the legitimacy and the connections to be the driving force behind the community revitalization process in the resident community. However, this is a volunteer organization and does not have the capacity to implement and manage a major neighborhood development projects.

The Fruitbelt resident community does not have the capacity to carryout a comprehensive residential and commercial restoration project. The talent and ability to guide such a project exists in the community, but it would have to be organized into a governance structure with the responsibility, authority, and power to carryout the restoration project.

4. Developmental Trends

Development in the Fruitbelt has been driven by four trends: growth of the Medical Corridor, intensification of race and class segregation, declining population, and a poorly conceived residential and community development strategy. Understanding these trends and how they are currently shaping the development of the Fruitbelt/Medical Corridor is crucial to devising a strategy for transforming the community and making it a great place to live and work. The point is these trends will have to be reversed in order to restore the community and socially transform it.

4.1 Development of the Medical Corridor has had a negative impact on the development of the Fruitbelt/Medical Corridor. Belief that development of the Medical Corridor would benefit low and moderate-income people through the creation

[12] This perspective is based on interviews that were held among several key organizational leaders in the Fruitbelt. Little sharing of information takes place among the organization and efforts at community development are focused on projects designed to carryout institutional, rather community-wide, agendas.

and retention of jobs and the improvement of housing and neighborhood conditions was a rationale for public involvement in the project. For more than a decade, a public and private partnership has spawned efforts to transform the Medical Corridor into the center of western New York's health related industries. The Corridor has been the site of ongoing capital investments and public sector support. For instance, Children's Hospital is to be relocated in the Corridor sometime in the future, and Roswel Park Cancer hopes to build a research building that costs from $30 to $70 million dollars. Mayor Anthony M. Masiello commissioned a $50,000 study to find out what it will take to make the Medical Corridor a world-class place that attracts patients from all over the world. Since the release of that study a coordinating committee has been convened to guide development of the Medical Corridor.

Fruitbelt residents have received only marginal benefits from these developments. As previously demonstrated, most of the jobs, and the income they produce, go the workers who live in the suburbs or neighborhoods outside the Fruitbelt. The Medical Corridor physical environment was designed to minimize contact between residents and hospital workers, and the architectural design of buildings along Michigan Avenue transformed them into a Great Wall that separates the Medical Corridor from the Fruitbelt neighborhood and symbolizes the stoicism of the Corridor's leaders.

Consequently, development of the Medical Corridor has not had a multiplier or catalytic affect on the development of the Fruitbelt resident community. That it, the development of the Medical Corridor has not created jobs for the residents. Remember, in 1990 the unemployment rate was 26% and 50% of the population lived below the poverty line. Neither has development of the Medical Corridor increased property values, stimulated business development, and transformed the physical environment. *There has been no trickle-down from the Medical Corridor to the Fruitbelt neighborhood.* Thus, the development of the Medical Corridor has not been the engine driving the revitalization and restoration of the Fruitbelt neighborhood, but it could be such a force.

4.2 The intensification of race and class segregation is another force driving the development of the Fruitbelt/Medical Corridor. Historically, the Fruitbelt was a predominantly German American neighborhood. Then, beginning in the 1960s, with the massive urban renewal program in the Ellicott District, combined with the influx of thousands of African Americans from the southern United States, the racial and class structure of the Fruitbelt/Medical Corridor changed from a predominantly white to black community. Earlier, the Fruitbelt had devastated by the policy decision to cut the community in half by constructing the Kensington Expressway. This combined with demolitions associated with the Elm-Oak redevelopment project and the expansion of the Medical Complex led to rapid exodus of the German population and most higher income groups, black and white. Consequently, over time, the resident community became poorer and poorer. In 1970, about 28% of the population had incomes below the poverty line, in 1980 43%, and by 1990 the number of residents below the poverty line had jumped to 50%.

The low rate of housing value appreciation in the Fruitbelt illustrates the intensification of poverty among Fruitbelt residents. In 1970 the median value of housing in the Fruitbelt neighborhood was $7,500. In that same year, the median value of the highest priced housing in Buffalo was $36,600 and that housing was found in tract 67.02. A difference of $29,100 existed between the median value of housing in the Fruitbelt and in tract 67.02. Ironically, tract 67.02 is located within a stone's throw of the Fruitbelt neighborhood, to the west of Main Street, principally between Summer and Bryant Street. Over the next twenty years, although geographically located in the same part of Buffalo, urban development affected these two neighborhoods very differently. In 1990, the median value of housing in the Fruitbelt had climbed to $18,000, while in tract 67.02 it had skyrocketed to $186,300. So, in 1970 the different between the median value of housing in the Fruitbelt neighborhood and tract 67.02 was $29,100. By 1990 the difference in the median value of housing between the two census tracts had grown to a staggering $168,300 (Map 1.5 Median housing values in Census Tract 31 and neighboring Tracts, Appendix).

4.3 Declining population is the third trend shaping the development of the Fruitbelt/Medical Corridor. Over time, the population in the resident community has declined. In 1970, about 11,135 people lived in the Fruitbelt/Medical Corridor. By 1990 that figure had dropped to 3,837, a decline of 7,298 or 66%.

4.4 Efforts to redevelop the resident community have been guided by a poorly conceived residential and commercial development strategy. Over the years, four major residential development initiatives have been implemented in the Fruitbelt/Medical Corridor.

- During the urban renewal era, St. John Baptist Church, one of the largest black churches in the region, in partnership with the City of Buffalo, redeveloped a significant portion of the southeastern part of the resident community. The construction of McCarley Gardens, a low to moderate income housing complex, and St. John Towers, a senior citizen high rise were hallmarks of this revitalization project. The St. John development project was highly successful, and transformed a significant section of the southern part of the Fruitbelt/Medical Corridor. .

- During the late 1980s and early 1990s, in the northern part of the Fruitbelt/Medical Corridor, houses on St. Paul Street were remodeled and two multi-unit low to moderate-income housing complexes were built. Trammel Associates built Pilgrim's Village and, shortly afterward, the Buffalo Municipal Housing Authority constructed Woodson Homes. Both projects offered low to moderate-income families with high quality affordable housing units. These developments led to the transformation of the northern part of the resident community.

- In the late 1980s, the City of Buffalo also initiated a project to revitalize the neighborhoods in the historical Fruitbelt and in the East Jefferson Avenue

neighborhood. Between 1985 and 1995, according to the **Buffalo News,** about $1.7 million in federal assistance was used to rehabilitate 189 housing units.[13] Then in 1992, Mayor Anthony Masiello said he was committed to creating an urban village in and around the Main and High Street neighborhood, accommodating residential, employment, and retail activities.[14] This commitment led to the construction of over 50 new homes in the area, between $75,000 and $85,000 between 1992 and 1995. During this same period, National Fuel offered to join the revitalization effort by donating equipment and offering company inspectors to examine old houses for problems.[15]

Then, in 1997, the City formed the Fruitbelt Task Force, composed of M&T Bank, Citibank, UB Urban Design Group, James Management Inc., and the Ellicott District Council member. The projected targeted the historical Fruitbelt neighborhood and a section of the community to the east of Jefferson Avenue. The project's goal was to use the City of Buffalo Community Development Block Grant and New York State Affordable Housing Corporation funds to develop a first-time affordable home ownership project. The proposed projects were to be supported with the demolition of dilapidated housing, existing homeowners assistance and with acquisition/rehabilitation resale assistance on Fruitbelt target streets.

The project had a budget of $1,237,000 for demolition, rehabilitation, new homeowners down payment assistance, and the construction of single-family homes. At any rate, after constructing about 49 new housing units, rehabilitating an indeterminate number of structures, and demolishing a host of dwellings, the project slowed to a snail's pace. The sale of new housing units slumped, and it appeared that efforts to rehabilitate housing units stopped altogether. Nevertheless, the city its aggressive program of demolishing structures. Consequently, while the demolition of dilapidated houses eliminated one eyesore, unkept vacant lots created another.

- Then, in 1994 the Buffalo General Hospital announced its Buffalo 2020 initiative. The hospital's consultants, Blatner Associates, outline the initiative's vision in the white paper, "Buffalo 2020: Investing in the Future."

  "Historically, health has been defined as the absence or relief of disease or infirmity. Increasingly, health practitioners have broadened this concept to consider the degree of well being—physical, mental, and social—that individuals possess. In addition, we have come to understand that environmental factors like education, housing, safety, lifestyle, income, and family life have as significant an impact on the health and well being of people as the healthcare system itself. The health paradigm of the next century will place the diagnosis and cure of disease squarely in the context

[13] **Buffalo News**, November 13, 1995
[14] **Buffalo News**, 1990
[15] **Buffalo News,** October 2, 1992

> of individual and community health attainment and well being, or wellness."
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> "Based on these findings and our understanding of the changing environment," Buffalo General outlined a bold plan to transform the neighborhoods immediately surrounding the hospital. The rationale was simple: *If diagnosis and the cure of disease must be placed squarely in the context of individual and community health attainment (wellness), then the Medical Corridor must transform the neighborhoods immediately surround the hospital into a laboratory, where they will demonstrate the value of this new approach to health care delivery.* Blatner Associates put it this way, "To this end, Buffalo General Hospital has decided to convene a partnership of key stakeholders in the Buffalo community to mount an effort to improve the immediate and long-term well-being of the residents of the neighborhoods immediately surrounding the hospital. We call this effort **Buffalo 2020—a collaborative with clear and far-sighted vision.**"

Unfortunately, the hospital never acted on this bold vision. For unknown reasons, the initiative was tabled.

These efforts to revitalize the Fruitbelt failed for three interrelated reasons. First, investments made in the historical Fruitbelt neighborhood were not sufficient to reach a turning point in the community's restoration. To transform a neighborhood, enough resources must be invested to enable that community to reach a turning point in its development. Unless that threshold is reached, significant changes in the physical and social environments will not occur. Second, efforts to restore the Fruitbelt were not driven by a vision of the type of community to be built. Goals simply to increase homeownership and provide residents with affordable housing will not lead to the development of a community and transform it into a wonderful place to live and work. In retrospect, the strategy to revive the Fruitbelt was a shortsighted one doomed to failure.

Third, commercial development was never part of the effort to rebuild the Fruitbelt. Although residents had no place to shop or purchase convenience goods and services, planners never formulated a commercial development program. Lastly, development of the Medical Corridor never led to the "creation and retention of jobs for low and moderate-income people." Instead, most of the jobs created in the Fruitbelt/Medical Corridor went to suburbanites and other Buffalo neighborhoods. The data analysis shows that 60% of the jobs in the Fruitbelt/Medical Corridor are held suburbanites and these workers earned 75% of the wages produced in the community. Fruitbelt residents held only 13% of the jobs that went to Buffalonians and probably earned less than 5% of the wages produced in the Corridor (Map 1.6 Place of residence of employees in the Fruitbelt (blue dots) and the workplace of residents in the Fruitbelt. (Red dots); Map 1.7 Destination of workplace income from employees in the Fruitbelt, Appendix; Map 1.8 Residence of medical workers in relation to major medical facilities in Buffalo and Erie County, Appendix).

5. Part Two: The Strategic Plan and Action Agenda

This section of the report will outline the strategic plan and action agenda to guide redevelopment of the Fruitbelt/Medical Corridor. Following the site selection, the strategic plan and action agenda will consist of six sections. Section one outlines the residential development strategy and section two the commercial development strategy. Section three presents a strategy for uniting the divided community so that it can be developed as a single place. Section four put forward the financial investment strategy and section five details the implementation plan. The final section consists of a set of specific recommendations.

5.1 Site Selection

The Fruitbelt/Medical Corridor is a large, complicated community, and its development should be approached in two phases. Phase One should focus on the community bounded by Main and Jefferson and Goodell and the Kensington Expressway and Best. The area includes the Medical Corridor and the historic Fruitbelt neighborhood. The majority (2,078/54%) of Fruitbelt residents live in this area. This neighborhood should be developed initially. Phase Two will focus on the development of that neighborhood on the eastern side of Jefferson Avenue.

Phase One will also include the redevelopment of the area between Virginia and Goodell. This community is part of the historical Fruitbelt neighborhood. Because it is located in Census Tract 25.02,it was not included in the sample used for data gathering and analysis.

5.2 Housing and Residential Development Strategy

The housing and residential development action plan will focus on the neighborhood between Michigan and Jefferson Streets and Best and Goodell. In this report, this neighborhood is referred to as the historical Fruitbelt neighborhood. It will not include the St. Paul complex, Pilgrim's Village, Woodson Homes, McCarley Gardens and St. John Towers. Housing and neighborhood conditions in these areas are good and only regular maintenance and reinforcement are required.[16] This will be a comprehensive plan that looks at transforming the entire physical environment and including those elements that will make the Fruitbelt neighborhood a great place to live.

5.2.1 The Housing Market

The vision is to build a prosperous cross-class multiracial community, anchored by a home owning class and upwardly mobile renters. Concurrently, the Fruitbelt will remain home to a large number of low to moderate-income residents. This vision is the start point in thinking about the potential housing market for the Fruitbelt resident community is the reality that about 60 percent of the people who work in Fruitbelt live outside the

[16] As previously mentioned, the Fruitbelt neighborhood on the eastern side of Jefferson Avenue will not be included in Phase One of the neighborhood revitalization project.

City and earn about 75 percent of the wages produced in the Corridor. A similar story is told throughout the City. Buffalo's future will be in part be dictated by their success in convincing some of these residents to live in the City. This means rethinking the current approach to housing and residential development.

The Fruitbelt/Medical Corridor is a predominantly black low to moderate-income community. However, because of its strategic location, the community can be made attractive to other income and racial groups. For example, adjacent to the neighborhood are thousands of workers employed in the Medical Corridor, the Elm-Oak High Technology Corridor, and the old central business district. Most of these individuals work in the City and live in the suburbs. These workers include singles, empty nesters, hard-core urbanites, young married couples, and those weary of the long journey to work.

If good housing choices are made available and incentives are offered, a segment of this market might be willing to return to the City. Within this framework, three market segments appear to exist. Workers in the Medical Corridor are the primary market, while downtown workers (CBD and the Elm-Oak Corridor) should form the secondary market. The third market segment should be upwardly mobile African Americans. Normally, this market is overlooked. When thinking about the black housing market, normally the focus is on low to moderate-income families or, most recently, middle-income families. Upwardly mobile black singles, empty nesters, and young married are never considered as an integral part of the housing market. Potentially, this is a strong market segment and efforts should be made to capture it. If the above market niche can be tapped, and big development obstacles overcome, then the Fruitbelt/Medical Corridor can be revived successfully. *A market does exist for a restored Fruitbelt neighborhood. The task is to produce a housing stock and neighborhood conditions, combined with incentives that would attract a share of this market segment.*

5.2.2 The Housing Survey

Before developing a plan and action agenda, it was necessary to develop insight into existing housing and neighborhood conditions in the Fruitbelt. A housing survey of about 900 units was conducted in the area between Michigan and Jefferson streets and between Best and Virginia. In the survey, lawn condition, vacant lots, and streets, sidewalks, and curbs were also evaluated.

The survey was based on an external assessment of the dwelling unit. A soundness index was constructed to evaluate the units, which made it possible to determine the percentage of houses in excellent, good, moderate, poor, and very bad condition. On the basis of this assessment, a determination was made of the units that should be demolished or acquired, rehabbed, and resold. Vacant lots were also rated on the basis of their maintenance: excellent, good, poor, and very bad, and a general assessment made of the of the condition of streets, sidewalks, and curbs. These measures made it possible not only to assess housing conditions, but also to evaluate the neighborhood's image.

The survey showed that a surprising number of the 900 housing units were in from excellent to moderate condition. About 54% of the units required little or no repairs, while 30% of the structures needed moderate repairs, and about 26% of the housing units required extensive rehabilitation (Map 1.9 Condition ("soundness") of dwellings in the Survey Area, Appendix)

The surveys showed that many vacant lots were poorly maintained and, so too were many of the streets, sidewalks, and curbs. Moreover, while the overall housing index was much better than anticipated, a significant number of dwelling units were in need of moderate to major repairs.[17] Most important, the external condition of many units was poor (i.e., they needed paint and lawn maintenance). Also, most vacant lots, streets, sidewalks, and curbs were in poor condition. Especially disconcerting was the existence of poorly maintained vacant lots and dilapidated structures next to newly constructed housing. Combined, *these factors project an image of the Fruitbelt as a neglected community with a declining trajectory.*

The survey also showed that a significant number of vacant lots, including the lots that will be created by the tearing down of houses recommended for demolition, exists in the neighborhood, which can be used for new construction or for the establishment of small parks. Several conclusions can be drawn from this survey.

First, housing conditions in the neighborhood are not as poor as implied in the City of Buffalo's Neighborhood Condition Index. Most significant, the Fruitbelt contains one of the largest concentration of houses 100 years and older in the City of Buffalo. This, combined with the Garden City design of the community, creates an opportunity to develop the Fruitbelt as a historic community that could attract tourist. Many of these houses could be rehabilitated and made part of Buffalo's architectural gems. Second, the aggressive demolition approach to neighborhood development in the Fruitbelt has created a number of vacant lots, which can be used as sites for the construction of new homes and for the development of parks and playgrounds. Third, streets, sidewalks, and curbs are very poor throughout the community. It will not be possible to restore Fruitbelt without a massive infrastructure program. Fourth, infill houses were built with no regard for the existing urban design of the community. Consequently, houses in the community have various setbacks and lot sizes, which makes the neighborhood visually unappealing. Fifth, because of the foreboding, neglected visual image of the community, a massive landscape and streetscape program will have to be instituted to replace the existing visual image.

5.2.3 Development and Design Principles

Based on the housing survey, the following development and design principals were formulated to guide the restoration process.

[17] The Center for Urban Studies was compared to the City of Buffalo housing assessment and significant differences were found between the two. This will be discussed later in this report.

- **Formulate a comprehensive site plan to guide housing and residential development.** Neighborhoods in built-up areas must be restored on the basis of a comprehensive site plan that details all aspects of neighborhood development, including where distinct clusters of housing will be concentrated (clusters of rental units, middle-income area, and townhouse zone), location of parks and playgrounds, bike paths and other neighborhood amenities. the comprehensive site should must be developed as a blueprint for revitalizing the area between Michigan and Jefferson and Best and Goodell.

- **Cross-class multiracial community Development.** The building of a cross class, multiracial community means that a housing stock must be constructed that appeals to a variety of income groups and that is affordable for low to moderate-income people and for upwardly mobile individuals and families. This also means that a significant segment of the housing stock should be devoted to rental properties, which are designed from groups across the class and income spectrum. Lastly, developing a cross-class and multiracial community also means design the physical environment to promote social interaction and creating images that appeal to a range of groups. The housing plan should also include a strategy for creating distinctive housing clusters based on housing cost and type.

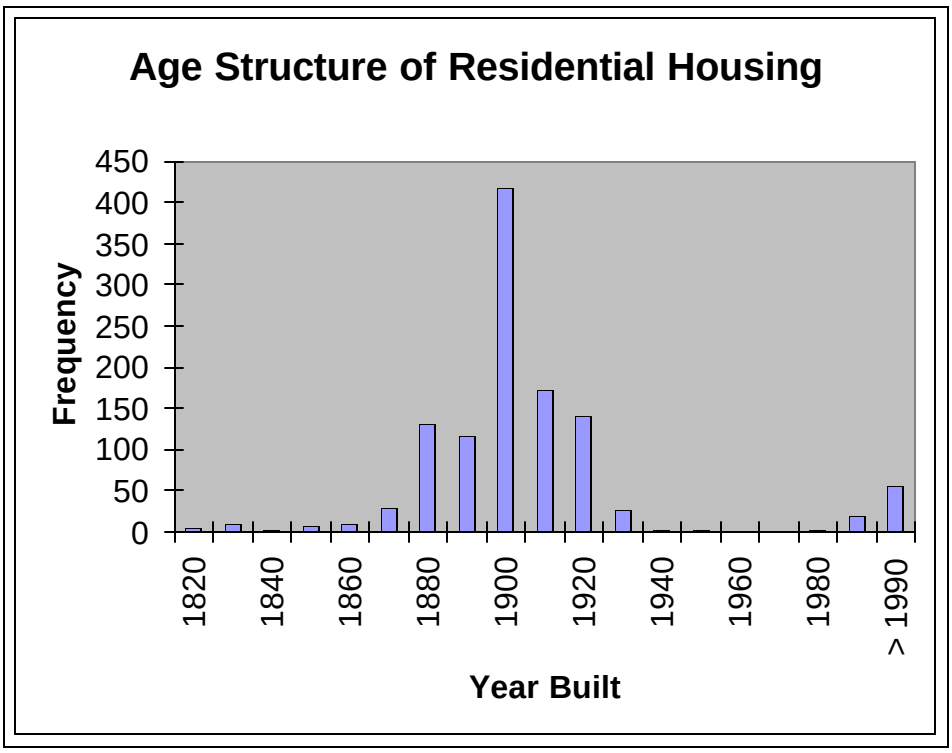
- **Extensive landscaping and streetscaping, combined with extensive infrastructure redevelopment—streets, sidewalks, and curbs—should precede housing construction and rehabilitation.** The Fruitbelt neighborhood projects the image of foreboding, rundown neighborhood. If potential middle income and upwardly mobile homebuyers view a neighborhood with unkept houses, poorly maintained vacant lots, dilapidated dwellings next to new construction, combined with streets, sidewalks and curbs in need of repair, they will not invest in the neighborhood. To attract a higher income market segment to the Fruitbelt, it will be necessary to radically remake the visual image of the community. This can happen by adopting an aggressive strategy that involves redoing streets, sidewalks, and curbs, along with extensive landscaping and streetscaping.

- **The Fruitbelt/Medical Corridor should be developed as a charming, historical community.** The Fruitbelt neighborhood contains one of the largest concentration of homes, 100 years and older, in Buffalo (Figure2). This should be celebrated and efforts made to restore these homes. By preserving these older homes, it is possible to convert the historical Fruitbelt into tourist attraction. Cultural and heritage tourism are big draws, and development of the community along traditional lines will make it more marketable. Moreover, such a charming community will add value to the Medical Corridor by creating a place for patients and visitors to promenade.

  Within this framework, the Fruitbelt/Medical Corridor should be designed as a low-density walking neighborhood. The neighborhood design should reinforce the existing garden city model. While the lot size of different homes can vary,

setbacks from the street should conform the traditional neighborhood design. A number of small parks and mini-playgrounds should be scattered throughout the community, benches should be strategically located as resting places and as places for residents and visitors to talk.

Figure 2: Age Structure of Residential Housing



- **A uniform urban design system should be adopted.** A set of design standards and regulations should be established for the Fruitbelt to guide the neighborhood restoration process. For example, rules should be established regarding setbacks, the types of fences that are permissible, the architectural design of corner dwellings, and other regulations relating to the design and development of the physical environment.

- **A mixed approach to housing and residential development should be pursued.** A four-pronged strategy should be pursued in the Fruitbelt. This viewpoint is based on the reality that the neighborhood is a built-up community with many existing housing structures. This mixed approach should be carried out simultaneously and be implemented within the context of a newly constructed infrastructure.

    1. **New housing construction.** New houses should be constructed on varied lot sizes. New housing construction should be targeted for clusters of different income groups: $70,000 to $90,000; $91,000 to $120,000;

$121,00 to 150,000. As best as possible, housing units should be clustered on the basis of size and price and type. Some new upscale rental units should be included in the housing mix. The construction of townhouses, within the architectural design of existing units, should be considered. These units should be made available for both renter and owner occupancy.

2. **Acquisition, rehab and resale should be part of the strategy.** Historically important singles and doubles are found in the Fruitbelt neighborhood. These structures are part of Buffalo's working class and lower middle class German heritage and should be rehabilitated and sold to middle-class and upwardly mobile groups. Some of these units should be purchased and rehabbed and sold as upscale single-family and doubles. The doubles could even be sold to investors for renovation as upscale apartment units. Such units might be ideal for hospital interns, residents or researchers, who will be staying in the City for only a short time. The idea is to turn as many of these units as possible into upscale housing for people with the ability to prequalifiy for mortgages at or above $90,000.

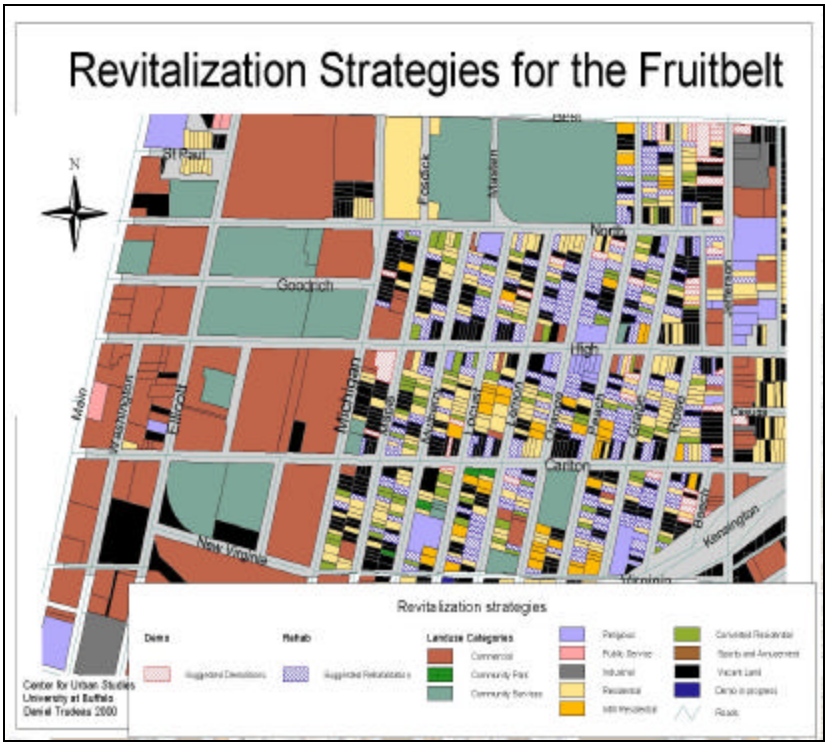
3. **Development of Rental Housing.** Most existing dwellings in the Fruitbelt are rental units in moderate to poor condition. This is a very challenging problem. Many residents live in rental units that are poorly maintained. However, the Fruitbelt cannot be revitalized without transforming the physical appearance of these units. The trick is to improve significantly the quality of these units without making them too expensive for the current residents.

4. **The rehabilitation of existing owner-occupied housing units.** Most of the older homes in the Fruitbelt need renovation and rehabilitation. The problem is that many owners do not have the resources to improve their dwellings, including landscaping. These older, poorly maintained homes, contribute to the neglected image of the neighborhood. To offset this problem, a housing program, similar to the one used in the Richmond Street area, which will provide the residents with the resources they need to repair, rehab and landscape their homes should be developed.

This suggests that a mix of housing, including new houses and upscale rehabs, along with refurbished rental-housing units should be developed in the Fruitbelt neighborhood. A site plan must be developed before the exact location of the different types of housing units can be determined. Such detailed work is beyond the scope of this project. However, the Center for Urban Studies housing survey makes it possible to determine where various clusters of new houses, rehab units, and parks might be located. These possible scenarios are found in the map of land use revitalization (Figure 3). Also, in Map 1.10, Location of residences, vacant lots, and businesses in the Survey Area, Appendix, an even more detailed land use map of potential location of neighborhood activities can be found. These

suggestions should serve as benchmarks for the development of a more detailed plan.

Figure 3:Revitalization of the Fruitbelt Neighborhood



Source: Center for Urban Studies

- **The fronting block should be the smallest unit of development in the historical Fruitbelt community.** The Fruitbelt neighborhood will not be restored in a few days. Restoration will be an incremental process. Within this framework, the fronting block should be the smallest unit of development**.** Restoration at this level should be comprehensive. That is, infrastructure development, new housing construction, demolition, rehabilitation and landscaping and streetscaping should proceed in tandem.

- **Rehousing the Displaced Population.** Redeveloping the Fruitbelt neighborhood will cause some displacement. To offset negative consequences, a plan should be developed to rehouse displaced residents in dwellings superior to ones they are currently living in. This way, revitalization of the Fruitbelt neighborhood will contribute to solving the overall housing problem by providing quality, affordable housing for all displaced residents. The rehousing cost should be built into the cost estimates for the project.

6. Cost Analysis and Investment Rationale

A central theme of this strategic plan and action agenda is that to transform neighborhoods, investments must rise above *a turning point threshold*. If investments do not reach that neighborhood tipping point, they will not alter significantly the neighborhood's physical or social environment nor will they have much impact on the visual image of the community or the nature of the neighborhood built environment. Put simply, the poor living conditions and diminished life chances in that neighborhood will not improve significantly. Consequently, the main thrust of this section is to detail turning point scenarios for the Fruitbelt and to offer a rationale for the investment strategy. Thus, it will provide a quantitative assessment of the potential and cost for revitalizing the Fruitbelt/Medical Corridor. Principally, the section will add more detail to the action agenda and clarify the relationship between the levels of investment in residential, commercial, and amenities and possible outcomes in terms of population, property values, real estate taxes, and the viability of new commercial enterprises.

The major finding is that despite its current rundown appearance [poor infrastructure, badly maintained vacant lots, dilapidated houses, trash and litter], the Fruitbelt/Medical Corridor has considerable potential for new development. This should be evident given the location of the region's major medical complex in it and the relative prosperity of neighboring districts. The principal challenge is how to take advantage of this potential by attracting new residents and commercial activities whilst maintaining and strengthening the integrity of the existing community.

6.1 Overview of Calculations

The calculations cover a range of scenarios, based on different kinds and levels of improvement and investment in the Fruitbelt. These range from a continuation of the present rather modest levels of investment, such as building in-fill dwellings or repairing potholes to the full-scale development of the community, which includes the substantive restoration of all lots for residential, commercial, or public space.

The calculations suggest that marginal improvements will achieve little. Rather, the data show for a *turning point* in the social and economic development of the neighborhood to be reached, the levels of public and private investment must rise above a certain threshold. This means that significant investment must be made in rehabilitating existing properties, constructing new dwellings, creating public amenities, and developing commercial activities to provide goods and services to local residents and employees in the Medical Corridor.

The precise levels of each *threshold investment* can be determined from the calculation and depends on the costs of each activity, their precise location, and the resulting expected demand. It also depends on market factors, which are not entirely foreseeable.

While the calculations focus on economic issues, new investments alone will not transform the Fruitbelt/Medical Corridor and make it a great place to live and work.

Economic investments are only one requirement. Also, it is necessary to meet major urban and social design challenges of how to interface effectively the development of the Medical Corridor and the resident community. This challenge includes finding ways to make black and white hospital workers desirous of living in the resident community and creating a commercial district that serves the needs of both workers and residents.

This focus may seem naïve in the light of the social "realities of race and class. However, historically and in the present, economic realities demonstrate how damaging these same social realities are to the City's growth and development. So, the challenging nature of developing Fruitbelt/Medical corridor should not deter to meet it.

The calculations are designed to (1) establish some general principles and strategies for developing the Fruitbelt neighborhood and to show how these assumptions, on which the calculations are based, might affect the project's outcome, and (2) prepare the groundwork for a more detailed site plan that includes the location of dwellings and commercial activities. The goal is to develop a system that allows a wide range of assumptions and strategic choices to be evaluated quickly. The calculations required for the development of a final plan depend on choices with regard to *general principles and strategies for developing the Fruitbelt neighborhood,* and the choices made with respect to a detailed site plan. [18]

The main calculations are:

- Costs of upgrading the residential environment
- Potential demand for, and costs of constructing, new commercial establishments
- Returns to varying levels of public and private investment
- Ancillary calculations include:

    1. Possible location of clusters of new homes
    2. Spillover and displacement effects on the City and Erie County

The main features of the proposed strategy are demonstrated through calculations based on a number of alternative scenarios. [19] These are summarized in Table5. To simplify

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[18] Principal locations referred to:
Erie County, City of Buffalo, Eastside (North of Route 31, East of Main St.)
Fruitbelt (approximately Census Tract 31), Survey Area (approximately Census Blocks 31.5 and 31.6)
Major arteries in the Fruitbelt between Route 31 and the Medical Complex (Michigan, Jefferson, High St., etc.), Medical Complex located primarily in Blocks 31.7 and 31.8 adjacent to Survey Area
Michigan Avenue proposed commercial area (adjacent to Medical Complex).

[19] Data Sources:
Demography – Household Census, Claritas, Buffalo Master Plan
Business – Department of Labor, Claritas, Woods and Poole,
Housing – City of Buffalo, Buffalo Master Plan, Center for Urban Studies Survey, Black Rock Riverside NHS Inc. Landscaping and Street Improvements – English Gardener, City of Buffalo
Employment and Commuting – Department of Labor, Department of Transportation
Construction Costs – National Estimator, Private Developer Prospectus Commercial Development – Urban Land Institute, US Department of Labor, CUS Survey Social Accounting Model for Eastside and Erie County- UB Department of Planning. Local data was used whenever it was possible. . When

the discussion, the focus is placed on a specific "exemplar" scenario. This is used to show (Scenario 1a) how variations in the degree of improvement (from marginal to the full-shebang) *affect the level and composition of the required public and private investments, and the expected returns*. A variant of this scenario shows the possibilities for "optimizing" investment so as to maximize economic returns (Scenarios 1b). Scenario 2 explores the implications of continuing present policies. Three additional scenarios show the implications of variations in the size of properties constructed - high density, low density and mixed development (Scenarios 3, 4, and 5). The last scenario gives an *illustration* of the broad outlines of the strategy that would be recommended following further investigation (Scenario 6). It is noted here that all the calculations are based on a detailed property-by-property analysis, which takes account of present condition, the cost of improvement and other data and information currently available.

Table 5. Summary of Scenarios Examined

Scenario	**Characteristics**	**Landscape and Streets**	**Residential**	**Plaza**	**Workplace Demand**
1a. Exemplar (Mid-sized lots)	Mid-density - all lots filled	Full Improvement	Re-housing and new Clusters and Infill	Plaza based on Demand	Increased Workplace Demand
1b. Optimal Strategy	Variant of Exemplar with some lots empty	As needed to maximize economic returns	As needed	As needed	As needed
2. Continue Present Policy	Present Approach	Marginal improvement	Some Infill	Business as Usual	Business as Usual
3. Small Lots	High density	As Exemplar	As Exemplar	As Exemplar	As Exemplar
4. Large Lots	Low density	As Exemplar	As Exemplar	As Exemplar	As Exemplar
5. Mixed Lots	Mid-density	As Exemplar	As Exemplar	As Exemplar	As Exemplar
6. Favored Strategy (Illustrative Variant of Mixed Lots)	Coordinated land-use with strategic location of dwellings and parks	Landscaped main streets with high visual amenity and recreation	Re-housing and new Clusters with historic restoration	Mid-sized Plaza for Residential and Workplace Demand	Redesigned Interface between Residence, Workplace and Commerce

national data are employed these are adjusted to match known local information for the City of Buffalo. Dollar amounts have been adjusted to current values using a uniform rate of inflation.

6.2 Key Issues:

Successfully redeveloping the Fruitbelt/Medical Corridor requires understanding and addressing several key issues that are related to building a community that embraces work, living, shopping and recreation activities.

6.2.1 Residential Attractiveness

In its present condition the Fruitbelt is unattractive to private commercial and residential investors. Nonetheless, for reasons given above, it has great potential. To realize this potential, considerable public investment is needed to improve the community's physical, visual, environmental, and social conditions. This public investment in turn can leverage comparable private sector investment in new dwellings and commerce. Given this, property values should rise significantly to levels comparable to adjacent neighborhoods. The question is whether the overall total investment will be sufficient to repay public costs while still making the private sector investment attractive.

6.2.2 Role of the Medical Corridor

The Medical Corridor is the major source of economic activity in the community, but it provides little income and few jobs to the Fruitbelt residents. Although the Corridor is a source of valuable medical services, it provides little income to either the residents or the City. *The reason is that most employees live outside the City, and most institutions in the Corridor pay little or no property tax.*

Moreover, the Corridor's design discourages interaction between it and Fruitbelt residents. Yet, because the Medical Corridor is located in the community, the Corridor should play a major role in the development of the Fruitbelt resident community. For example, the Medical Corridor might take a lead in raising funds to finance various community development projects, change the Corridor's physical design and landscaping to make it more inviting to Fruitbelt residents, and encourage the training and employment of neighborhood residents.

6.2.3 Commercial Center or Plaza

The Fruitbelt resident community contains almost no eating, personal service, foodstuffs, or other establishments. Instead, the area is encircled at some considerable distance by several small plazas and mid-sized stores (Map 1.11 Location of Supermarkets and Plazas near the Fruitbelt, Appendix). This suggests that, all else equal, comparably sized commercial activities located in the Fruitbelt/Medical Corridor could be competitive. The scenarios explore the implications of locating a retailing, restaurant, and personal service area on Michigan Avenue between the Medical Complex and the residential area of the Fruitbelt and other establishments. For such ventures to warrant investment they must be sufficiently sized to attract business from existing residents, new residents, work-related expenditure (particularly from the hospitals because of their size and location), and from

residents of neighboring Census Tracts. A key issue is to demonstrate the potential of commercial endeavors.[20]

6.3 Ripple effects within and beyond the City limits

Revitalizing a particular locality in the City impacts on the development of neighboring census tracts, the rest of the City, and the County. Originally built for a population of about 500,000, the City of Buffalo now has a considerable surplus of dwellings. This is a reflection of the exodus from Buffalo to the suburbs and from western New York as a whole. However, many of these suburbanites still work in the City and daily make a lengthy journal to work. A goal of the proposed strategy is to lure this group back to the City.

Thus, it is expected that the restoration of existing homes and the construction of new homes will have an overall positive effect of the City. Demand for the proposed new retailing and commercial activities similarly are determined to come largely from new residents and new workplace demand. Previous studies have shown that there is overall a dearth of retailing in the City. To the extent that Fruitbelt, Eastside, and City residents are employed in new commercial facilities, this will have spillover effects on household income in the Fruitbelt and across the region. An important dimension of the strategy is that new construction, restoration of homes and streets, and landscaping will create jobs and opportunities for large and small contractors. With adequate training and business support this could initiate the bootstrapping of the neighborhood's economy by creating work opportunities for the residents.

In the short run, the proposed strategy may have a small, but negative impact on suburban growth. In the long run, however, to the extent that the strategy contributes to the City's revival, it is likely to impact positively on the County and the region as a whole.

Two types of short-run ripple effect are addressed:

a) The short-run impact of the proposed strategy for the Fruitbelt on employment and income in the City and County, and

b) The impact of the commercial facilities on retail outlets in neighborhoods surrounding the Fruitbelt.

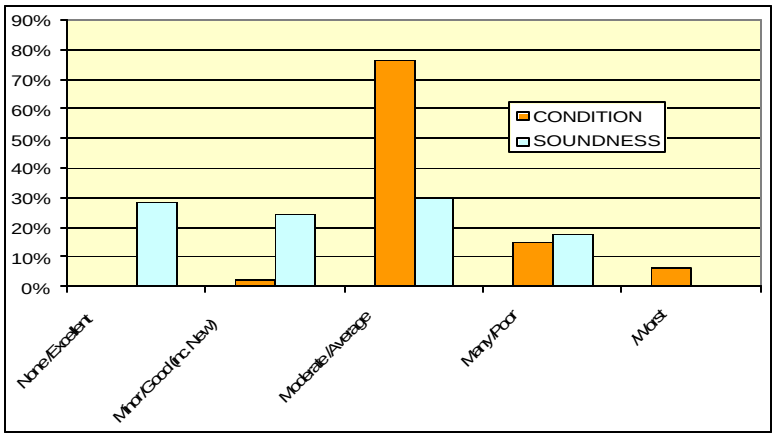
[20] This scenario will be discussed in detail in the section of the action plan dealing with commercial development. It is included here to stress the significance of commercial activity as an integral part of the community development process.

7. Cost of Restoration of Existing Houses, Vacant Lots, and the Construction of New Houses

7.1 Present Condition of Dwellings.

The calculation of restoration costs is based on the Center for Urban Studies (CENTER) survey of the "soundness" of all existing properties in the Survey Area (Figure 4). A crosscheck of the findings from this survey with the City of Buffalo Neighborhood Condition survey showed considerable disparities. The City study shows a more or less blanket "average" assessment across the neighborhood, whereas the CENTER survey conducted on a property-by-property basis shows that necessary repairs to dwellings are more evenly distributed. The CENTER survey is used here. This has some implications for the estimated cost of restoring dwellings (rough calculations show that using the City's data would over-estimate costs by a factor of two).

Figure 4. Condition Index versus Soundness of Properties



For the calculations, the present value of dwellings is based on assessed property values provided by the City of Buffalo. At least in the Fruitbelt/Medical Corridor and neighboring tracts, these current assessed values appear to be considerably less than the median values of properties by Census tract reported in the City's Master Plan.

A goal of the redevelopment project is to turn the Fruitbelt resident community into an economic asset for the City. It is anticipated that the revitalization of older homes and the construction of new ones will alter the rent structure of the community and lead to an increase in property values and City taxes. The initial increase in property values after rehabilitation is based on the assessed value plus the cost of improvement. Final values are taken to be those reached after 10 years. All values are in current prices.

7.2 Dwelling Construction and Improvement Costs.

The actual cost of restoring dwellings depends on detailed estimates, which relate to both the internal and external condition of the housing units, plumbing, wiring, and the cost of restoring or modernizing kitchens and bathrooms. The development of such detailed

estimates is beyond the scope of this study. Even so, by careful estimations of the external condition of dwellings, a crude idea of the cost of restoration can be obtained. For the calculations, the estimated costs, depending on the size of the dwelling or the complexity of the restoration task, are as follows:

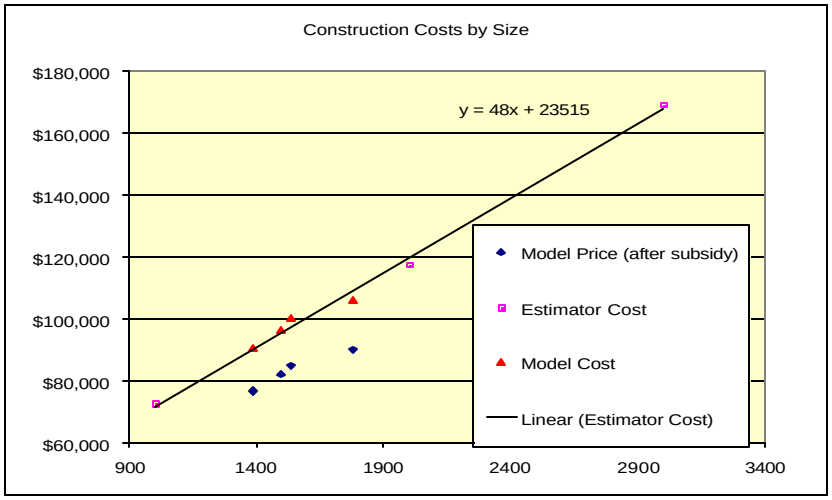
- Structural repairs to dwellings range from zero to $50,000.
- Re-painting costs range from zero to $15,000
- Lawn care range from zero to $5,000
- Demolition cost is approximately $6000 per unit
- Rehousing costs for displaced residents is about $8,000 per household
- Cleaning and replanting vacant lots range from zero to $4,000
- The construction of new homes, depending on size, varies from $80,000 to $160,000.

Currently, new homes in the Fruitbelt are sold at below cost with a public subsidy of $20 thousand. Annual maintenance costs and finance charges are excluded from the overall cost of housing in these estimates. Local home prices quoted by local contractors appear to match closely the construction costs for "average" quality dwellings as determined from national data.

Generally, there appear to be few economies of scale in housing construction (measured as costs per unit area), although there are modest gains through simultaneous construction of similar houses). In the illustrative calculations an average construction cost per dwelling of $120 thousand for a dwelling occupying five thousand square feet of land is used.

These calculations show that the actual cost of revitalizing of the Fruitbelt neighborhood will vary depending on the mix of housing, the number of units that are demolished, constructed, rehabilitated, repaired, or upgraded and the extent to which lawns are improved. Within this framework, the cost of revitalization will also vary depending on size and cost of new constructions included in the mix (Figure 5).

Figure 5. Residential Construction Costs



7.3 Mix of Dwellings.

Some new dwellings envisaged for the historical Fruitbelt neighborhood are typically larger than existing dwellings. The current rule of thumb is that new dwellings occupy two existing lots. However, obtaining the best return on new investments in the Fruitbelt depends on the most efficient use of land, as well as on social need, prospective new home-owners, and the way that vacant lots (including new demolitions) are situated. The number of homes of a given size that can be built is always less than the nominal number (based on the aggregate land available for development).

A detailed examination of the "clustering" of potentially vacant lots by street within the Fruitbelt neighborhood shows the potential for clusters with up to 18 small dwellings. Larger clusters are expected to form the core of sub-neighborhoods with the overall development scheme selected for the area. After demolitions, up to 316 new homes occupying 3 thousand square feet of land could be constructed, but only 92 homes occupying 7 thousand square feet (see Table 6). Between these two extremes, the actual number of houses built will be dependent on the mix of dwellings and lots sizes determined in the site plan. The ultimate mix of dwelling units has implications for, and is affected by, the total construction costs, and the likely mix of residents.[21]

Table 6. Possible Clusters by street and lot size

Possible Clusters of Homes by Street (for given sized lots)

STREET	3000	4000	5000	6000	7000
BEECH	5	4	2	2	2
BEST	9	7	5	4	4
CARLTON	21	15	12	9	6
GRAPE	17	8	6	5	5
HIGH	21	15	13	8	5
JEFFERSON	54	36	28	24	19
LEMON	20	13	9	5	4
LOCUST	13	6	6	2	0
MAPLE	35	26	22	14	12
MICHIGAN	23	16	12	10	8
MULBERRY	25	17	14	11	8
NORTH	10	7	5	3	3
ORANGE	14	8	6	4	3
PEACH	26	18	13	9	7
ROSE	23	15	12	10	6
Grand Total	316	211	165	120	92
Nominal	387	290	232	193	166

7.4. City Real Estate Taxes

The mix of dwellings also has implications for property tax revenues In general, it is a more efficient use of land to construct small dwellings and, all else equal, a larger property tax can be levied. For example, based on construction costs alone, almost 50% addition property tax can be levied on the more numerous but smaller properties (see Table 7). Similar results are to be expected for the Fruitbelt as a whole. It should be stressed that in the development of a detailed site plan, the appropriate mix of different size houses on different size lots must be formulated.

[21] The stated goal of this action plan is to foster a "cross-class, multiracial" neighborhood.

For the present calculations property taxes are based on existing assessments with pro-rate adjustment for expenditures on renovation and increases in property prices expected from the general improvement of the area. It is noted, however, that there appear to be a number of anomalies in assessments, possibly to be expected given the rapidly changing conditions in the Fruitbelt/Medical Corridor. Currently, medical establishments and most social properties are tax-exempt. So, then, if the area is improved and some higher income groups settle in the community, the overall tax return will increase.

Table 7. Lot Size, Construction Costs, and Taxable Assessments

LOT SIZE SqFt.	3000	4000	5000	6000	7000
POSSIBLE NEW HOMES	316	211	165	120	92
NOMINAL	387	290	232	193	166
RATIO	82%	73%	71%	62%	55%
TOTAL BUILT AREA	948,000	844,000	825,000	720,000	644,000
TAXABLE VALUE	115%	102%	100%	87%	78%
COST/HOME	$81	$101	$120	$139	$158
CONSTRUCTION COST	$25,682	$21,210	$19,763	$16,683	$14,562

7.5 Street Restoration

Dwelling construction and improvement costs are not the only costs involved in revitalizing the historical Fruitbelt neighborhood. Also included are the cost of improving all streets, sidewalks, curbs, and verges in the neighborhood, including the arteries serving both the Fruitbelt and Medical Corridor. The cost estimates are shown in Table 8, and includes those sections of the primary access and through streets--Best, High, Jefferson, Michigan, and North--that run through the neighborhood. This calculation is based primarily on City of Buffalo estimates of the cost per unit (frontage or area). The cost of landscaping all verges and medians and vacant land is similarly estimated. Street repair alone is approximately half of the total cost. The precise mix has not been determined, but should be made part of a detailed site plan.

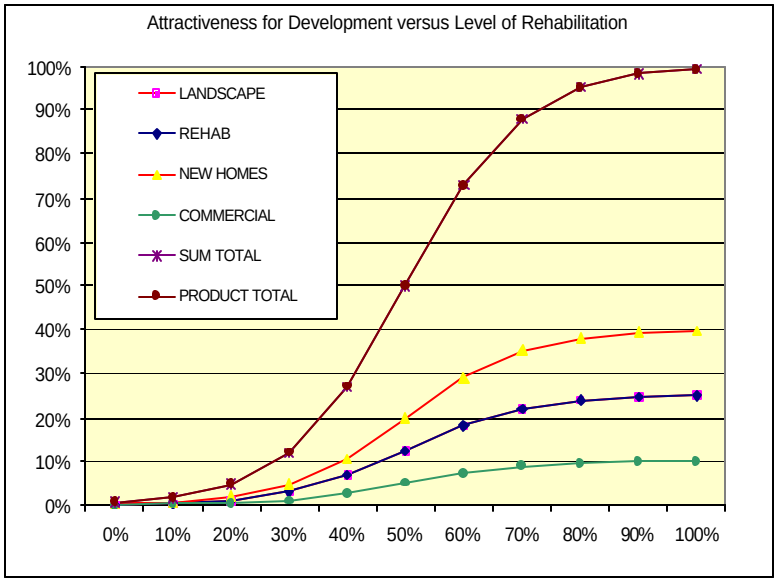
Table 8. Cost of Street Restoration

		Cost of Full Restoration $K			Full Cost of Landscaping (ex Vacant Lots)		
Street	Frontage	Street	Sidewalk	Curbs	Verges	Medians	Total $K
Beech	334	$35	$6	$17	$8		$66
Best	2402	$252	$43	$120	$58		$473
Carlton	3622	$380	$65	$181	$87		$714
Grape	1004	$105	$18	$50	$24		$198
High	3632	$381	$65	$182	$87		$716
Jefferson	7432	$780	$134	$372	$178		$1,464
Lemon	3314	$348	$60	$166	$80		$653
Locust	3891	$409	$70	$195	$93		$767
Maple	4050	$425	$73	$203	$97		$798
Michigan	3628	$381	$65	$181	$87		$715
Mulberry	3228	$339	$58	$161	$77		$636
North	4762	$500	$86	$238	$114		$938
Orange	4659	$489	$84	$233	$112		$918
Peach	3185	$334	$57	$159	$76		$627
Rose	3995	$419	$72	$200	$96		$787
TOTAL	53138	$5,579	$956	$2,657	$1,275		$10,468
Share		53%	9%	25%	12%		100%

8.1 Attractiveness to New Residents

The attractiveness of the Fruitbelt/Medical Corridor for new investment and new residents depends on the level of improvement in several dimensions. For the calculation, it is assumed that if all the above expenditures in housing, landscaping and street improvements are made, plus the development of an appropriate retailing complex, then attractiveness would rise significantly. *On the other hand, past experience shows that marginal improvements will have little impact*. *Targeting neighborhoods for minimum investment might satisfy political circumstances, but it will not rebuild successfully the City*. A greater investment is needed to significantly raise the neighborhood's attractiveness. This is illustrated by Figure 6. As attractiveness increases, so too will property prices. It is assumed that about one half of the full investment is needed to begin a snowball effect that could rapidly lead to a significant increase in property prices.

Figure 6. Attractiveness of Properties



While new construction, landscaping, rehabilitation, and improved commercial activities are not each equally important to potential investors, some significant improvement must be made in all dimensions. For example, there is a trade-off between the density of housing and the desire to ensure sufficient open space for recreation and visual amenity. For the calculations, 40% of the overall increase in attractiveness for new residents is assumed to come through construction of new homes, 25% from the improvement of vacant lots, streets, sidewalks, and curbs, 25% from improvements to existing properties, and 10% from improved access to retailing and services. Although not included in the present calculations, the contribution of improved security, and increased education opportunities should be made part of the equation.

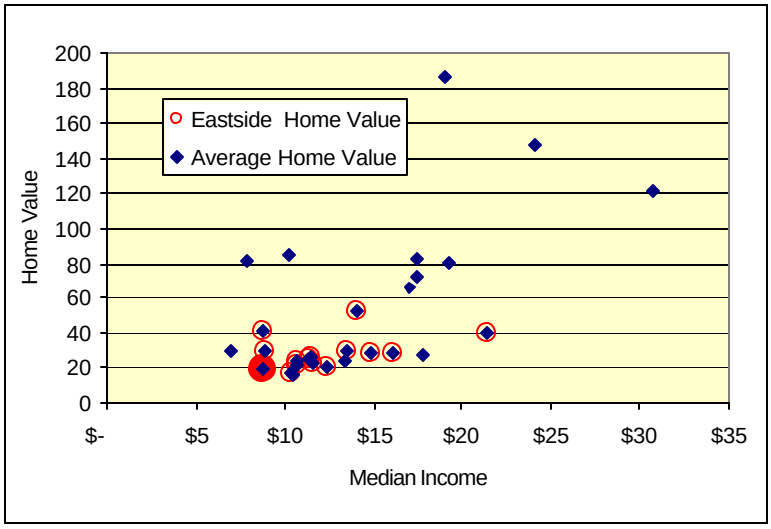
8.2 Eventual Value of Properties.

In principle, using available data, it is possible to determine the likely final level of property prices and the contribution of the various investments to property prices across

Buffalo. Additional guidance comes from realtors, contractors, and others familiar with real estate in the City. Related issues are whether improving the standard of homes in a given tract will increase (improved social and physical environment) or depress property values (through excess supply) in neighboring tracts. While the answers to these questions are unknown, it is nevertheless believed that increases in the attractiveness of the Fruitbelt neighborhood will strengthen property values in that neighborhood and make the Medical Corridor an even more desirable investment site.

Figure 7 shows the Fruitbelt/Medical Corridor (Census Tract 31) in relation to nearby tracts with significantly higher property values. (see also Map 1.5 in the Appendix). On aggregate, across the nation, there is a systematic relation between home values and the income levels of new residents. The present situation in Buffalo is more complicated than this. As the chart below indicates, the income of residents alone is a poor guide to home values in Buffalo. In particular, market values for homes on the Eastside and Tract 31 (shown in red) are low relative to the residents' average incomes. This suggests that the presence of low-incomes in a community will not necessarily hold back increases in property values, and also that a cross-class community can coexist with rising property values.

Figure 7. Property Values versus Income in Census Tracts near Fruitbelt



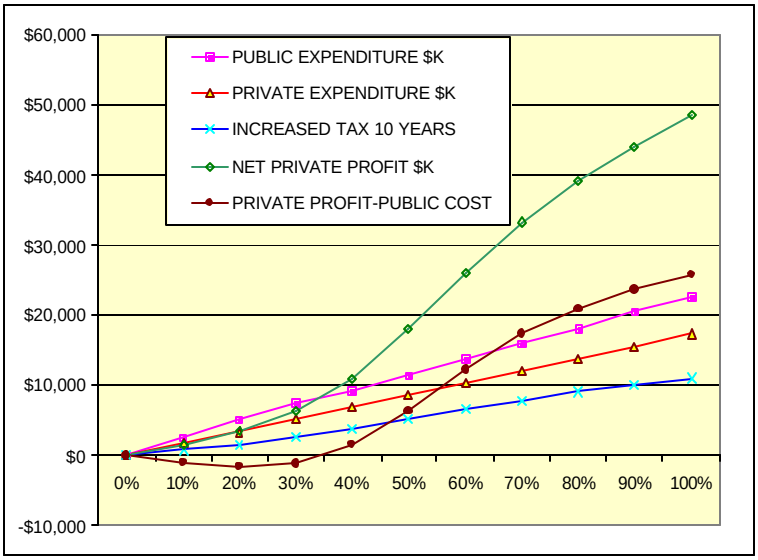
As a working assumption, the eventual increase in the real value (i.e. excluding inflation, or relative to average Buffalo property values) of properties in the neighborhood is assumed to be in the range 150 to 200% times the value of properties after improvement. This seems plausible in the light of other local property values. Newly constructed dwellings are expected to increase by the same amount. Existing properties that are currently in sound condition – about 170 dwellings would be expected to increase in value at the same rate as improved properties (and so owners would gain significant "windfall"). This increase is assumed to take place over a period of five years. The actual rate would depend on the timing and level of improvements. *Consequently, if these*

assumptions prove correct, and the restoration strategy is successful, a decade from now all property values in the Fruitbelt resident community will be significantly higher.

8.3 Thresholds and Turning Points.

To be successful, any strategy for revitalization of the Fruitbelt/Medical Corridor must offer attractive return to all participants, present and future residents, private developers and investors, and the City. Calculations of the net return to investors across different levels public and private investment shows that a high proportion of improvements have too be made before the strategy becomes attractive to developers. At low levels of investment, below about 50% of the amount required to bring property values to their assumed potential level, developers will make a net loss. Construction costs of new homes will continue to exceed their market price (and so require a continuation of present subsidies). Above a threshold of about 40% of maximum investment level property values will rise rapidly and investors will realize a significant return. While this threshold comes directly from the assumptions about the relationship between the level of improvement and the attractiveness of properties for new residents, it is quite plausible in the light of experience in Buffalo, and elsewhere.

Figure 8. Threshold Analysis for Exemplar Scenario



8.4 Public and Private Investment and Returns. Several ways exist to assess the costs and benefits to public and private sector. For purposes of illustration, all improvements to vacant land (except where new dwellings are constructed) and streets are borne by the public sector. The public sector, to protect the interests of property owners, is also taken to be responsible for improvements to existing residential and commercial properties. The private sector, on the other hand, is responsible for new dwellings and commercial establishments.

Table 9summarizes the calculation for the Exemplar Scenario based on the assumption that all improvements to the Survey Area as discussed above are completed. The upper part of the table shows actions to be undertaken (e.g. the number of homes to be demolished or repaired) and the costs of restoration. Public expenditure on rehabilitation of homes would be about $12 million, improvement to existing commercial areas would be less than $1 million, and improvements to street and landscaping would cost about $10 million. Private sector costs are calculated as $17 million for dwellings and $4 million for commercial establishments. Details of the number and type of new homes to be constructed are shown to the right-lower part of the table.

The left-lower part of the table summarizes the returns to investment. The current value of all properties is about $10 million. The post-construction value of properties is $45 million, assumed to increase by 80% to $82 million. Given the final property value of $82 million, the return on the $20 million of private sector investment plus the initial $10 million value of properties is $46 million. However, given that this significant return has been leveraged by public sector investments of $36 million, it is argued that the public expenditure on housing, for example, should be recouped by the City leaving a net return of $29 million. The result is sensitive to assumptions about "final" value of properties. For example, if the potential value of properties rises only to $150 thousand the return is halved.

Table 9. Summary of Results for Exemplar Scenario

SCENARIO SUMMARY		Example					
SCENARIO	WEIGHTS	PLAN OF ACTION		NUMBER OF LOTS			PUBLIC COST $K
DEMOLITION/REHAB	25%	100%		39/249			$10,486
REHOUSE/NEW DWELLINGS	40%	100%		17/154			$1,360
COMMERCIAL	10%	100%		53			$1,088
STREETS AND LANDSCAPING	25%	100%					$10,468
ADDITIONAL DEMOLITIONS/PARKLAND				0/0			included in above
RETURNS TO INVESTMENT				$1000's			NEW HOME VALUES
CURRENT PROPERTY VALUE				$9,917			Construction Cost
PUBLIC EXPENDITURE $K				$23,402			Present Subsidy
PRIVATE EXPENDITURE $K				$19,923			Present Price
POST CONSTRUCTION PROPERTY VALUE				$46,655			Potential Price
FINAL MARKET PROPERTY VALUE		5	YEARS	$83,730			Scenario Price
INCREASE IN PROPERTY VALUES				$37,074		HOMES	AVERAGE PLOT SIZE
PERCENT INCREASE IN PROPERTY VALUES				79%		New	3000
INCREASED TAX 5 YEARS	(INC.WINDFALL)	5%	MILL RATE	$10,702		New	5000
NET FINAL RETURN ON PUBLIC AND PRIVATE NEW INVESTMENT				86%		New	7000
PRIVATE PROFIT-PUBLIC COST				$30,487		Rehab	2969
WINDFALL PRIVATE PROFIT (SOUND PROPERTY)				$18,247		Sound	5340
GROSS PRIVATE PROFIT-PUBLIC COST				$48,735		Total	2493506

The calculation also shows that public sector will gain from significant increases in property taxes (assuming assessments rise in line with increased values). A notional mill-rate of 5% is assumed and net taxes are calculated from the average increase over the ten-year period. The private sector gains from increases in property values even after public sector investment is recouped.

Averaged over the 5-year construction phase the City is expected to receive an additional $6 million in real estate taxes. This is over and above what it might have expected to gain with no change in the situation of the Fruitbelt (although it is likely that the condition would continue to deteriorate). It is assumed that this income would be largely used to maintain the area in its improved condition i.e. this becomes an "operating expense" rather than a "return on investment".

8.5 Costs and Benefits in Other Scenarios

The development and design principles outlined above are general guides to the restoration of the Fruitbelt/Medical Corridor. However, the precise levels of investment and returns calculated depend on the specific details of the strategy and action plan. The variations in costs and benefits are illustrated by the calculations for the alternative scenarios given in Table 5. These include three scenarios based on high, low, and medium density developments. As a further alternative a "mixed landscape" scenario, which involves a greater number of demolitions and more extensive landscaping and parkland, is also explored. In each scenario, residents displaced by demolition are re-housed in small dwellings. The implications of a continuation of the present strategy of in-fill housing are also calculated. The numbers of new homes to be constructed in each scenario are given in Table 10.

Table 10. Comparison of Mix of Property Lot Sizes in Main Scenarios

	Rehouse	Lots by Size					Units
LOT SIZE SqFt.	3000	3000	4000	5000	6000	7000	
Cost/Dwelling	$81	$81	$101	$120	$139	$158	
Present	2			15			17
Example	17			155			172
Small Lots	17	299	0	0	0	0	316
Mixed Lots	17	88	0	55	0	31	191
Large Lots	17	0	0	0	0	85	102
Mixed Landscape	47	8	0	55	0	31	141

Table 11 compares the overall costs and returns in each scenario. There is negligible return from the present strategy because the threshold for property prices to increase is not reached. Returns tend to be highest with smaller properties because the density of investment is greater. The rates of return for the other scenarios are approximately constant across the scenarios because the ultimate increase in property values are assumed to be the same and all improvements are carried out. These assumptions should be adjusted after consultation with real estate specialists, community representatives, etc.

Table 11. Comparison of Public and Private Returns in Main Scenarios

SUMMARY OF COSTS AND RETURNS

Item	Example	Optimal Example	Present Practice	Small Lots	Mixed Lots	Large Lots	Mixed Landscape
PUBLIC EXPENDITURE $K	$23,402	$16,597	$1,650	$23,402	$23,402	$23,402	$24,957
PRIVATE EXPENDITURE $K	$19,923	$18,620	$1,992	$25,682	$20,002	$14,790	$15,939
POST CONSTRUCTION PROPERTY VALUE	$45,540	$40,697	$12,434	$51,299	$45,219	$40,239	$44,020
FINAL MARKET PROPERTY VALUE	$81,728	$71,726	$12,613	$92,063	$81,151	$72,215	$79,000
INCREASE IN PROPERTY VALUES	$36,188	$31,029	$179	$40,764	$35,933	$31,976	$34,980
PERCENT INCREASE IN PROPERTY VALUES	79%	76%	1%	79%	79%	79%	79%
INCREASED TAX 5 YEARS	$10,563	$9,398	$368	$11,283	$10,523	$9,900	$10,280
NET FINAL RETURN ON PUBLIC AND PRIVATE NEW INVES	84%	88%	5%	83%	83%	84%	86%
WINDFALL PRIVATE PROFIT (SOUND PROPERTY)	$18,247	$17,194	$187	$18,247	$18,247	$18,247	$18,247
GROSS PRIVATE PROFIT-PUBLIC COST	$46,733	$43,786	-$760	$51,310	$46,077	$42,352	$46,434

Any final scheme for restoration of the Fruitbelt would include a detailed street-by-street, property-by-property evaluation and recommendation. It is anticipated that this would include suggestions for about use of land, including additional land set aside for recreation, additional street landscaping, and coherent clusters of dwellings. This would entail additional public costs (for demolitions and re-housing) but would lead to higher long-term property values (because of a more attractive environment). The "mixed landscape" scenario, for example, assumes a coordinated land-use with strategic location of dwellings and parks, landscaped main streets with high visual amenity, recreation areas easily accessible from each cluster of dwellings, including historic restoration areas. The scenario also includes a substantial commercial plaza to meet residential and

workplace demand with a redesigned interface between residential, workplace and commercial areas. The number of additional demolitions is based on the residential clusters, parks and plaza developments shown in Map 1.10 in the Appendix.

Details of the calculations for each scenario are given in the following Tables 12a-c.

Table 12a. Calculation of Present Policy and Optimal Scenarios.

SCENARIO SUMMARY			Present Policy				
SCENARIO		WEIGHTS	PLAN OF ACTION		NUMBER OF LOTS		PUBLIC COST $K
DEMOLITION/REHAB		25%	10%		3.9/24.9		$105
REHOUSE/NEW DWELLINGS		40%	10%		1.7/15		$14
COMMERCIAL		10%	10%		5.3		$109
STREETS AND	LANDSCAPING	25%	10%				$1,135
ADDITIONAL DEMOLITIONS/PARKLAND					0/0		included in above
RETURNS TO INVESTMENT					$1000's		NEW HOME VALUES
CURRENT PROPERTY VALUE					$9,917		Construction Cost
PUBLIC EXPENDITURE $K					$1,650		Present Subsidy
PRIVATE EXPENDITURE $K					$1,992		Present Price
POST CONSTRUCTION PROPERTY VALUE					$12,434		Potential Price
FINAL MARKET PROPERTY VALUE			5	YEARS	$12,613		Scenario Price
INCREASE IN PROPERTY VALUES					$179	HOMES	AVERAGE PLOT SIZE
PERCENT INCREASE IN PROPERTY VALUES					1%	New	3000
INCREASED TAX 5 YEARS		(INC.WINDFALL)	5%	MILL RATE	$368	New	5000
NET FINAL RETURN ON PUBLIC AND PRIVATE NEW INVESTMENT					5%	New	7000
PRIVATE PROFIT-PUBLIC COST					-$947	Rehab	2969
WINDFALL PRIVATE PROFIT (SOUND PROPERTY)					$187	Sound	5340
GROSS PRIVATE PROFIT-PUBLIC COST					-$760	Total	1751006
SCENARIO SUMMARY			Optimal Example				
SCENARIO		WEIGHTS	PLAN OF ACTION		NUMBER OF LOTS		PUBLIC COST $K
DEMOLITION/REHAB		25%	83%		32.5150148121039/207.595863800355		$7,289
REHOUSE/NEW DWELLINGS		40%	93%		14.1732115847632/146		$945
COMMERCIAL		10%	100%		53		$1,088
STREETS AND	LANDSCAPING	25%	69%				$7,275
ADDITIONAL DEMOLITIONS/PARKLAND					0/0		included in above
RETURNS TO INVESTMENT					$1000's		NEW HOME VALUES
CURRENT PROPERTY VALUE					$9,917		Construction Cost
PUBLIC EXPENDITURE $K					$16,597		Present Subsidy
PRIVATE EXPENDITURE $K					$18,620		Present Price
POST CONSTRUCTION PROPERTY VALUE					$40,697		Potential Price
FINAL MARKET PROPERTY VALUE			5	YEARS	$71,726		Scenario Price
INCREASE IN PROPERTY VALUES					$31,029	HOMES	AVERAGE PLOT SIZE
PERCENT INCREASE IN PROPERTY VALUES					76%	New	3000
INCREASED TAX 5 YEARS		(INC.WINDFALL)	5%	MILL RATE	$9,398	New	5000
NET FINAL RETURN ON PUBLIC AND PRIVATE NEW INVESTMENT					88%	New	7000
PRIVATE PROFIT-PUBLIC COST					$26,592	Rehab	2969
WINDFALL PRIVATE PROFIT (SOUND PROPERTY)					$17,194	Sound	5340
GROSS PRIVATE PROFIT-PUBLIC COST					$43,786	Total	2434414

Table 12b. Calculation of Mixed Landscape Scenario.

SCENARIO SUMMARY			Mixed Landscape				
SCENARIO		WEIGHTS	PLAN OF ACTION		NUMBER OF LOTS		PUBLIC COST $K
DEMOLITION/REHAB		25%	100%		69/219		$9,431
REHOUSE/NEW DWELLINGS		40%	100%		47/94		$3,760
COMMERCIAL		10%	100%		53		$1,088
STREETS AND	LANDSCAPING	25%	100%				$10,678
ADDITIONAL DEMOLITIONS/PARKLAND					30/50		included in above
RETURNS TO INVESTMENT					$1000's		NEW HOME VALUES
CURRENT PROPERTY VALUE					$9,917		Construction Cost
PUBLIC EXPENDITURE $K					$24,957		Present Subsidy
PRIVATE EXPENDITURE $K					$15,939		Present Price
POST CONSTRUCTION PROPERTY VALUE					$43,769		Potential Price
FINAL MARKET PROPERTY VALUE			5	YEARS	$78,549		Scenario Price
INCREASE IN PROPERTY VALUES					$34,781	HOMES	AVERAGE PLOT SIZE
PERCENT INCREASE IN PROPERTY VALUES					79%	New	3000
INCREASED TAX 5 YEARS		(INC.WINDFALL)	5%	MILL RATE	$10,248	New	5000
NET FINAL RETURN ON PUBLIC AND PRIVATE NEW INVESTMENT					85%	New	7000
PRIVATE PROFIT-PUBLIC COST					$27,736	Rehab	2969
WINDFALL PRIVATE PROFIT (SOUND PROPERTY)					$18,247	Sound	5340
GROSS PRIVATE PROFIT-PUBLIC COST					$45,984	Total	2324173

Table 12c. Calculation of High, Medium, and Low Density Residential Development Scenario.

SCENARIO SUMMARY		Small Lots				
SCENARIO	WEIGHTS	PLAN OF ACTION	NUMBER OF LOTS		PUBLIC COST $K	PRIVATE COST
DEMOLITION/REHAB	25%	100%	39/249		$10,486	
REHOUSE/NEW DWELLINGS	40%	100%	17/299		$1,360	$24,322
COMMERCIAL	10%	100%	53		$1,088	$4,141
STREETS AND LANDSCAPING	25%	100%			$10,468	
ADDITIONAL DEMOLITIONS/PARKLAND			0/0		included in above	
RETURNS TO INVESTMENT			$1000's		NEW HOME VALUES	$1000's
CURRENT PROPERTY VALUE			$9,917		Construction Cost	$81
PUBLIC EXPENDITURE $K			$23,402		Present Subsidy	$20
PRIVATE EXPENDITURE $K			$25,682		Present Price	$61
POST CONSTRUCTION PROPERTY VALUE			$52,440		Potential Price	$110
FINAL MARKET PROPERTY VALUE		5 YEARS	$94,112		Scenario Price	$110
INCREASE IN PROPERTY VALUES			$41,672	HOMES	AVERAGE PLOT SIZE	NUMBER
PERCENT INCREASE IN PROPERTY VALUES			79%	New	3000	316
INCREASED TAX 5 YEARS	(INC.WINDFALL)	5% MILL RATE	$11,426	New	5000	0
NET FINAL RETURN ON PUBLIC AND PRIVATE NEW INVESTMENT			85%	New	7000	0
PRIVATE PROFIT-PUBLIC COST			$35,111	Rehab	2969	249
WINDFALL PRIVATE PROFIT (SOUND PROPERTY)			$18,247	Sound	5340	174
GROSS PRIVATE PROFIT-PUBLIC COST			$53,358	Total	2616506	739
SCENARIO SUMMARY		Mixed Lots				
SCENARIO	WEIGHTS	PLAN OF ACTION	NUMBER OF LOTS		PUBLIC COST $K	PRIVATE COST
DEMOLITION/REHAB	25%	100%	39/249		$10,486	
REHOUSE/NEW DWELLINGS	40%	100%	17/174		$1,360	$18,642
COMMERCIAL	10%	100%	53		$1,088	$4,107
STREETS AND LANDSCAPING	25%	100%			$10,468	
ADDITIONAL DEMOLITIONS/PARKLAND			0/0		included in above	
RETURNS TO INVESTMENT			$1000's		NEW HOME VALUES	$1000's
CURRENT PROPERTY VALUE			$9,917		Construction Cost	$105
PUBLIC EXPENDITURE $K			$23,402		Present Subsidy	$20
PRIVATE EXPENDITURE $K			$20,002		Present Price	$85
POST CONSTRUCTION PROPERTY VALUE			$46,726		Potential Price	$153
FINAL MARKET PROPERTY VALUE		5 YEARS	$83,857		Scenario Price	$152
INCREASE IN PROPERTY VALUES			$37,131	HOMES	AVERAGE PLOT SIZE	NUMBER
PERCENT INCREASE IN PROPERTY VALUES			79%	New	3000	105
INCREASED TAX 5 YEARS	(INC.WINDFALL)	5% MILL RATE	$10,711	New	5000	55
NET FINAL RETURN ON PUBLIC AND PRIVATE NEW INVESTMENT			86%	New	7000	31
PRIVATE PROFIT-PUBLIC COST			$30,536	Rehab	2969	249
WINDFALL PRIVATE PROFIT (SOUND PROPERTY)			$18,247	Sound	5340	174
GROSS PRIVATE PROFIT-PUBLIC COST			$48,783	Total	2474173	614
SCENARIO SUMMARY		Large Lots				
SCENARIO	WEIGHTS	PLAN OF ACTION	NUMBER OF LOTS		PUBLIC COST $K	PRIVATE COST
DEMOLITION/REHAB	25%	100%	39/249		$10,486	
REHOUSE/NEW DWELLINGS	40%	100%	17/84		$1,360	$13,430
COMMERCIAL	10%	100%	53		$1,088	$4,065
STREETS AND LANDSCAPING	25%	100%			$10,468	
ADDITIONAL DEMOLITIONS/PARKLAND			0/0		included in above	
RETURNS TO INVESTMENT			$1000's		NEW HOME VALUES	$1000's
CURRENT PROPERTY VALUE			$9,917		Construction Cost	$145
PUBLIC EXPENDITURE $K			$23,402		Present Subsidy	$20
PRIVATE EXPENDITURE $K			$14,790		Present Price	$125
POST CONSTRUCTION PROPERTY VALUE			$41,472		Potential Price	$226
FINAL MARKET PROPERTY VALUE		5 YEARS	$74,428		Scenario Price	$225
INCREASE IN PROPERTY VALUES			$32,956	HOMES	AVERAGE PLOT SIZE	NUMBER
PERCENT INCREASE IN PROPERTY VALUES			79%	New	3000	17
INCREASED TAX 5 YEARS	(INC.WINDFALL)	5% MILL RATE	$10,055	New	5000	0
NET FINAL RETURN ON PUBLIC AND PRIVATE NEW INVESTMENT			86%	New	7000	85
PRIVATE PROFIT-PUBLIC COST			$26,318	Rehab	2969	249
WINDFALL PRIVATE PROFIT (SOUND PROPERTY)			$18,247	Sound	5340	174
GROSS PRIVATE PROFIT-PUBLIC COST			$44,566	Total	2312506	525

9. Commercial Development: The Need for a Neighborhood Shopping Plaza

No shopping facilities exist in the Fruitbelt/Medical Corridor to provide residents with convenient goods and services. This imposes a hardship on residents. About 40 percent of the residents are dependent on public transportation and making the journey-to-shop is difficult for them. As an Eastside resident once said, "Bags, babies and buses don't mix." She was talking about problems making the journey-to-grocery shop. Second, because many shoppers use cabs to make the journey-to-grocery shop, taxi fare represents a surcharge on their grocery bills. Third, absence of a neighborhood supermarket poses a health risk to Eastside residents. Many health problems confronting African Americans are diet related. The lack of food stores in the community makes it difficult for residents to maintain good eating habits. For most Fruitbelt residents, it is easier to buy hamburgers and French fries than oranges and apples.

Although a shopping plaza is needed, the income of Fruitbelt residents is too low to support one. Less than four thousand people live in there, and the majority of them have low-incomes. Consequently, unless the market for a neighborhood shopping plaza is expanded, it would not be practical to establish one.

9.1 The Market

Given the size and income of the Fruitbelt resident population, it is not seem feasible to develop a neighborhood-shopping plaza that caters only to them. However, given the community's strategic location, it is possible to develop a neighborhood-shopping plaza large enough to capture a share of the retail shopping market sufficiently large to generate the sales needed to reach the economic threshold required for success. For example, within a one-mile radius of the Fruitbelt, there are about ten West Side and Eastside neighborhoods that have a combined population of over 30,000 residents. Moreover, between 20,000 and 30,000 workers are employed in the Medical Corridor and downtown Buffalo. If a significant share of this retail market is captured, a medium-size neighborhood-shopping plaza could be profitable.

9.2 The Site

The success of the proposed neighborhood-shopping plaza is based on its ability to provide goods and services to Fruitbelt residents, workers in the Medical Corridor, West Side/Eastside residents, and downtown workers. To accomplish this goal, the shopping plaza must be accessible to Fruitbelt residents and workers in the Medical Corridor and easily reached by downtown workers and West Side and Eastside neighborhood residents.

Michigan Avenue, between High Street and Carlton, is the only site that meets these locational requirements. The shopping plaza should be situated on the eastern side of Michigan Avenue, between High Street (the northern side) and Carlton. Michigan Avenue is conveniently situated between the Fruitbelt neighborhood and the Medical Corridor. The street is a major thoroughfare that links the plaza to downtown employees.

These workers could make a quick trip to the plaza before going home. Also, both West Side and Eastside residents can easily reach the Michigan Avenue location.

Lastly, to facilitate access to the plaza by Fruitbelt residents, the Michigan Avenue Plaza should be designed with an egress linking it to Maple Street, between High and Carton. Such an egress would make it easier for Fruitbelt residents without automobiles to reach the plaza.

9.3 Design Problems

Serious community design problems must be solved before the site will work. Michigan Avenue is a barrier that separates Fruitbelt residents from the Medical Corridor, while the buildings along Michigan, between High Street and Carlton, function as a wall that symbolizes the Corridor's isolation from the resident community. Consequently, little interactions occur between residents and workers and visitors in the Corridor. Both vehicular and pedestrian traffic is orientated toward Main Street, while Michigan Avenue allow visitors and workers to quickly leave the area. If the neighborhood-shopping plaza is to succeed, the Michigan Avenue environment must be made welcoming and Medical Corridor pedestrian and vehicular traffic director toward the plaza.

9.4 The Retail Mix

The proposed neighborhood-shopping plaza should be orientated toward convenience goods and services, with facilities such as banks, service station, pharmacy, healthy & beauty aid, hardware store, electronic goods (e.g. Radio Shack), optician, dry cleaner, variety store (e.g. Dollar Tree), barbershop/beauty parlor, sit-down restaurant, fast food outlet, newsstand, laundromat, shoe repair, beauty supply shop, gift/souvenir/flower shop, supermarket, gift shop, restaurant, hardware and home construction store coffee shop, and a fast food restaurant. A supermarket should anchor the plaza. Given this supermarket's importance to the plaza's overall success the calculations that follow focus on the size and location of this store. Similar calculations can be carried out for other activities.

10. The Economics of Commercial Development: Calculations of Retail Activity

A (spatial location) model has been developed to estimate the expected sales from the retail establishments located in the plaza and to compare this with the necessary investment needed for their construction. The model calculates the probability that residents from different locations will use particular stores, and hence the turnover for selected commodities at each store's location, and the demand from each census block within Tract 31. The details depend on assumptions in particular scenarios, as well as those discussed below.

A variety of retail activities will be considered, including a new supermarket (for food-at-home), restaurants and fast-food outlets (for workplace-related and away-from-home dining), hardware and home construction goods, personal services, dry cleaning, service

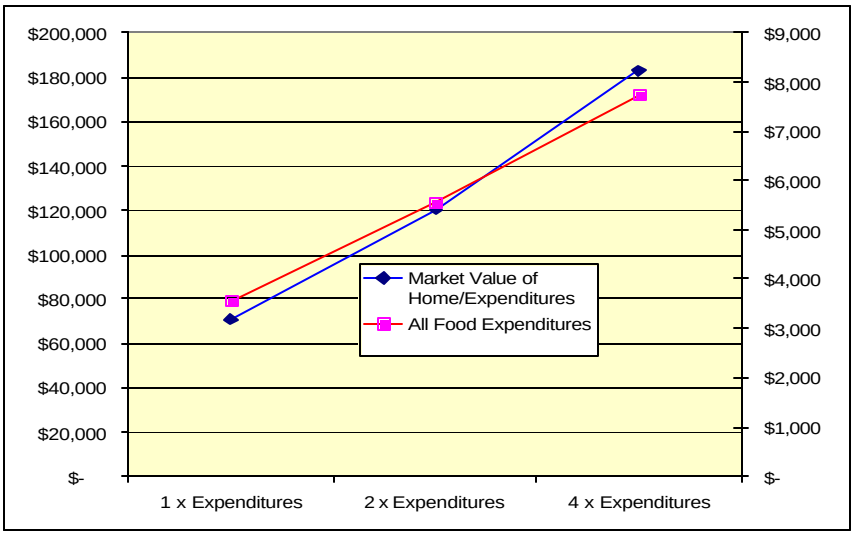
station, and Laundromat. The economic viability of these opportunities will depend on the specific choices with the overall strategy. Prior considerations – not the least of which is that there are almost no retail outlets in the Fruitbelt – indicate that present demand locally is insufficient. However, new demand could come from several sources. The extent to which a new venture is attractive to existing residents, new residents, nearby residents, and commuters depends on the size and location of the new facilities and competing stores.

To take the case of foodstuffs: currently residents must use one or other of the plaza-style opportunities ringing the Fruitbelt (all over ½ mile) or the stores at the more distant suburban malls. The calculations suggest a small store located anywhere in the Fruitbelt might not attract sufficient business from existing residents to warrant new investment. Accounting for the additional demand from higher income new residents would not change this conclusion. However, an outlet located close to the Medical Corridor on Michigan Avenue, which could attract customers from the Corridor and other businesses, and be driven by this demand, could be very competitive with surrounding stores.

10.1 Residential Income and Commercial Activities

In determining the feasibility of a neighborhood-shopping plaza, it should be remember that the income of residents will increase over time. The mix of homes constructed in the neighborhood will dictate the extent of that increase in income. In other words, the housing mix will determine the likely income and other characteristics of homeowners, which in turn will impact on commercial activities in the proposed plaza. In determining the feasibility of the shopping plaza, the calculations will assume that the steady relationship shown in Figure 9 – based on aggregate trends - holds between the market value of house and income and retail expenditures.

Figure 9. Food Expenditures and Home Values versus Income



10.2 Household Demand

The situation for foodstuffs shopping has been examined in detail. The calculations are based on household expenditure data adjusted for the income and other characteristics of each household group. For the Fruitbelt these data account for both new and current residents in the two blocks covered in the historical Fruitbelt neighborhood (31.5 and 31.6), and existing residents in the other six blocks, and in nearby census tracts. The number of new residents, in particular, depends on the details of the strategy (e.g. the mix of residents, or the amount of land retained for public space). The amount spent on different goods (food, furnishings, vehicles, entertainment, medical and insurance, etc.) varies by type of household (household income, stage-of-life, ethnicity, or region). Poorer households typically spend a higher proportion of their income on basic goods such as food. Expenditures and patterns of expenditure based on number of persons and average income are calculated separately for new and existing residents (who are taken to have income levels double those of current residents).

10.3 Workplace Related Demand

Information about the actual expenditures of commuters is not available, although it is likely to be significant, given the necessary improvements in the physical and social conditions of the Fruitbelt/Medical Corridor. For example, a recent survey of the potential impact of the closing of Children's' Hospital in the more prosperous Elmwood Strip neighborhood/Delaware District suggests that 20% of nearby businesses are dependent on the Hospital. To the extent that the *prevailing* situation in the Elmwood/Delaware area reflects the *potential* situation in the Fruitbelt, it seems that several businesses on Michigan Avenue might be supported by demand from employees at the much larger Medical Corridor. Assuming that they have incomes similar to new residents in the Fruitbelt, for the present calculation, varying levels of demand from commuters (up to 5% of food-at-home household demand and up to 20% of away-from-home dining), are considered. These modest figures are speculative ones based on very conservative estimates. For example, workplace-related dining averages about 50 cents per day per worker and food-for-home averages less than 20 cents per day per worker. Nonetheless, if such small amounts were spent by up to15 thousand workers, they would significantly increase demand.

Table 13 shows the estimated demand for goods and service from existing and new residents, and workplace demand, relative to present levels for the Exemplar scenario. The racial, income, and class mix of residents will affect the composition of stores that might be located in the proposed plaza. For example, demand is calculated to be highest for most goods and services in the "large lot" scenario.

Table 13 Potential Demand by Commodity

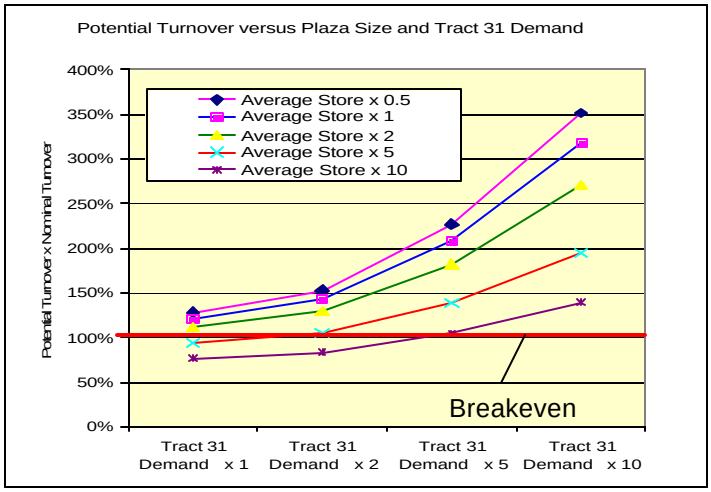
Potential Demand for Commodities from Tract 31

Expenditure Item	Amount $K (1998)	Total/Current
Food at home	$6,996	1.9
Food away from home	$7,454	4.1
Alcoholic beverages	$527	1.9
Housing	$14,677	1.2
Apparel and services	$2,829	1.9
Transportation	$9,478	1.9
Health care	$5,014	1.9
Entertainment	$5,014	1.9
Personal care products and services	$963	1.9
TOTAL	$52,953	1.7

11. The Viability of New Commercial Establishments

The viability of each type and size of store is assessed by comparing its nominal sales with its expected (or potential) sales as calculated from the model. For the calculations, nominal sales is measured as multiples of the annual turnover at average-sized stores in Buffalo for each commodity. Expected sales are calculated from the retailing model. If the model suggests that total expected sales (from residents and commuters) at a store of given nominal size are significantly higher than the nominal size (i.e. well above its breakeven sales), then it is considered to be above the threshold for viability. It will be profitable and may have good prospects for expansion. Conversely, if expected turnover is less than the nominal turnover, it is a poor prospect. The above implies that all outlets are equally favorably located in other respects, such as ease of access, security, and so on. This is not presently the case for the Fruitbelt/Medical Corridor, where the current unfavorable social and physical environment adversely affects any store.

Figure 10. Threshold Analysis for Retailing Activity



For example, given the assumptions of the model, a foodstuffs retail establishment located on Michigan with a nominal size equal to the current total demand of the

Fruitbelt/Medical Corridor has a potential of 120%. If the area were improved, such a store would be viable. However, if all new resident and workplace demand as discussed above (roughly doubling the current demand) is included, the ratio rises to 141%.

If the level of demand from the workplace averaged $2 per day per worker, the potential for this store would be over 204%. This suggests that an even larger store might be considered – a store with a nominal size 5 times the average Buffalo establishment-- would have a potential of 145%. The decline in growth potential (as opposed to overall turnover) arises because as the nominal size of a store rises, it must attract customers from further a field who are closer to competing stores. Overall, the calculations show good potential for a medium sized supermarket (i.e. well above average-sized Buffalo retail food establishment) in an upgraded Fruitbelt/Medical Corridor.

A store of this size, after all new demand from new residents and workplace demand is taken into account, would reduce turnover at competing stores by between three and eight percent. Similar conclusions might be expected for other commodities. A larger supermarket-anchored plaza would have a displacement effect of up to 20 percent on the turnover at local stores. The approximate displacement from a small plaza offering a range of commodities is shown in Table 14. The majority of the commuter and residential displacement is assumed to be outside the City of Buffalo.

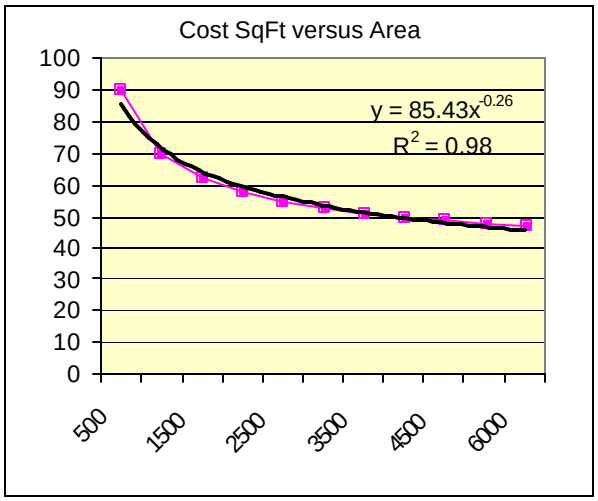
Table 14. Displacement of Sales from Regional Stores.

Sales $m	Resident Only	Workplace	Resident + Workplace	Nearby Stores Displacement	Commuter and Residential Displacement
Food Sales	$4	$6	$10	-$6	-$3
All Plaza Sales	$21	$21	$46	-$30	-$16

11.1 Construction Costs for Commercial Activities

Costs of construction for new commercial activities vary by type and quality, of construction, regional labor costs, etc. The calculations are based on available (a) national data for costs per unit area of usable space adjusted to the Buffalo Area, and (b) national data for the average sales per unit area adjusted to the North East region. A relationship between sales and construction costs has been determined for average construction-quality stores. Unlike houses, there are marked economies of scale for the construction of larger commercial establishments. For example, a store that is five times the average-sized Buffalo store costs only three times as much to construct (see Figure 11). There are similar savings in terms of operating costs (through bulk purchases and more efficient use of labor). Overall these economies of scale could offset the tendency for the potential of stores in the Michigan Avenue location to decline as their nominal size increases. The overall investment required for the Fruitbelt/Medical Corridor is based on this analysis, although detailed calculations have yet to be conducted. For the Exemplar scenario an approximate cost of $4 million is calculated for the construction of a supermarket, restaurants, and other establishments.

Figure 11. Construction Costs for Commercial Activities



11.2 Employment in Construction and Commercial Activities

The number of construction jobs required for the residential and commercial development in each scenario is shown in Table 15. These calculations are based on average productivity in the construction sector in Erie County. Approximately 100 jobs are created for the 5-year construction period.

Table 15. Construction Jobs

CONSTRUCTION JOBS

Item	Example	Optimal Example	Present Practice	Small Lots	Mixed Lots	Large Lots
PUBLIC EXPENDITURE	$23,402	$16,597	$1,650	$23,402	$23,402	$23,402
PRIVATE EXPENDITUR	$19,923	$18,620	$1,992	$25,682	$20,002	$14,790
TOTAL $K	$43,325	$35,217	$3,643	$49,084	$43,404	$38,192
JOBS/ $M	12.5					
JOBS YEARS	540	439	45	612	541	476
JOBS/YEAR	108	88	9	122	108	95
WAGE RATE	$34					
WAGES $K	$3,698	$3,006	$311	$4,190	$3,705	$3,260

Note: Based on 1995 Productivity Data

11.3 The number of jobs created through commercial development.

Based on Buffalo annual average retail sales and productivity by type of store, a small supermarket commanding 5 times the Buffalo average sales for food stores would provide around 100 permanent jobs. Anchored by a store of this size, and including other retail commodities and dining, a successful plaza might provide 3-6 times this number of jobs. About one half of these jobs would come from the anticipated demand for workplace related dining. This is shown in Table 16.

Table 16. Jobs and Income from Commercial Development

Item	Sales	Potential Jobs	Wages $K
Food stores	$ 7,130	78	$ 788
Eating and drinking places	$ 7,905	292	$ 2,158
Liquor stores	$ 538	8	$ 84
Building and home Materials	$ 14,242	114	$ 1,151
Apparel and accessory stores	$ 2,883	38	$ 782
Sub-Total	$ 32,697	529	$ 4,963

12. Ripple Effects in Buffalo and Erie County: Community Accounts

12.1 Buffalo Area

The spillover effects of the construction and renovation of the Fruitbelt on the Eastside economy and on the rest of the City and County have been calculated using the social accounting matrix shown in Table 17. While this table is approximate, so that the results are illustrative, it captures many characteristics of the income flows within and between the three regions and their links with the outside world.

Table 17. Social Accounts for the Eastside, City, and Suburbs

EASTSIDE-BUFFALO-SUBURB COMMUNITY ACCOUNTS

	EASTSIDE			REST OF BUFFALO			REST OF ERIE		
SECTOR	ESB	ESW	ESH	CBB	CBW	CBH	ERB	ERW	ERH
Eastside Business	3		8	10		15	27		21
Eastside Workers	39								
Eastside Households	0	6	38	2	22	5	5	72	5
Other Buffalo Business	13		40	1245		885	1327		1176
Other Buffalo Workers				1837					
Other Buffalo Household	1	9	5	72	841	405	68	852	100
Erie Business	38		120	1405		1466	7156		6356
Erie Workers							5730		
Erie Households	3	29	5	104	1070	100	543	5847	1568
Capital	44		2	2625		256	8158		844
Government	1	3	26	78	178	705	250	563	3846
Rest of World	24	1	11	1082	329	214	3293	245	1764
TOTAL	166	49	255	8459	2440	4053	26556	7579	15681

$million

12.2 Economic Impact of Fruitbelt Revitalization

Table 18 shows the annual economic impact of the construction and commercial activities for businesses and households in the Eastside, the City of Buffalo, and Erie County. The first three columns show the impacts without displacement of retailing demand. It is evident that most of the benefits of new income created from construction and in the Fruitbelt are likely to "leak" from the Eastside. The fourth column takes account of displacement of demand at other retailing activity in the City and suburbs.

Table 18. Direct, Indirect, and Displacement Effects

Annual Impacts of Fruitbelt Revitalization — Mixed Landscape Scenario

Sub-Total	Construction	Retail	Total	with Displacement
New Income	$9.3	$85.6	$94.9	$9.3
Eastside Business	$9.5	$87.5	$97.1	$96.6
Eastside Households	$0.4	$3.8	$4.2	$3.3
All BuffaloBusiness	$12.5	$114.6	$127.1	$38.1
All Buffalo Households	$2.1	$19.7	$21.9	$3.6
All Erie Business	$22.2	$203.8	$226.0	$27.4
All Erie Households	$8.4	$77.6	$86.0	$13.7

Note: Construction for 5 years — 60 months horizon

Overall the nearly $95 million in new annual business in the Fruitbelt increases household incomes on the Eastside only by about $3 million, after displacement effects are accounted for. This modest impact arises because few Eastside residents own businesses or work in the neighborhood, and because most downstream income leaks into the wider City and County economies.

13.3 Revitalization as an Engine of Economic Development for the Fruitbelt

Current levels or participation of Eastside residents in the neighborhood economy are around 3% for business ownership and 24% for the labor force respectively. Raising these levels of "localization" of business ownership and employment to 20% and 60% (as shown Table 19) suggests that, with adequate workforce training and business support, local residents could benefit economically as well as physically and socially from the construction of new residences and commercial activities.

Table 19. Localization of Jobs and Business.

Impact of Revitalization with Localization of Activity

Sub-Total	with Displacement	with Localization
New Income	$9.3	$9.3
Eastside Business	$96.6	$119.4
Eastside Households	$3.3	$23.2
All BuffaloBusiness	$38.1	$63.9
All Buffalo Households	$3.6	$24.4
All Erie Business	$27.4	$33.7
All Erie Households	$13.7	$15.6

60 months horizon

13. Developing the Fruitbelt/Medical Corridor as a Single Place

The Fruitbelt/Medical Corridor functions as two separate and independent places: the Fruitbelt and the Medical Corridor. Consequently, development of the Medical Corridor has not been beneficial to the Fruitbelt neighborhood. However, if the Fruitbelt/Medical Corridor is to reach its full potential, the locale must be developed as a single place, rather than two separate communities. The key to developing the Fruitbelt/Medical Corridor as a single place is to construct a common identity and image that ties the community together. This task should proceed in the following way:

- **A name should be selected that unites the community and builds a singular identity and image.** Because the Fruitbelt/Medical Corridor functions as two separate places, the area has two different names and images. If the area is to be transformed into one functional place, it should have a singular name and image. One possibility is to refer to the community as **The Medical Park: Home of the Historic Fruitbelt Neighborhood.** In this approach, the boundaries of the historical Fruitbelt neighborhood would be clearly delineated, and it would be marketed as a "must see" site for all who visit the community.

- **The "park" should be used as a community-wide guide to the redevelopment process theme.** Public art and landscaping should be used to tie the community together. If the literal definition of *"park"* is combined with the notion of a *Fruitbelt* then a powerful image for the community emerges: Conceptually, the idea of a medical corridor situated in a park-like setting represents a perfect complement to a residential community, which is already enveloped in a wonderful garden environment. What better way to take advantage of the Fredrick Law Olmsted tradition in Buffalo than to transform the *Fruitbelt/Medical Corridor* into an *authentic* medical park?

14. Part Three: Financing, Implementation, and Time Table

This section identifies the potential sources of funds to finance the restoration of the Fruitbelt/Medical Corridor. Restoring the Fruitbelt/Medical Corridor, and developing it as a single community, is a costly project that will require accessing public, private, and community funds to finance it. This section identifies sources that can be used to restore the community within a five-year period, sustain community development over time, and repay bonds and other debts that are accumulated in the restoration process.

The full cost of this project cannot be determined until a detail strategic plan is developed. Even so, the estimates made in this study suggest it will take from between 30 to 40 million to *completely redevelopment* the community. The particular mix of programs and their specific use of funds will be dependent on a strategic planning process.

14.1 The Finance Strategy

A variety of financial tools exist for physical and economic development the restoration and revitalization of inner-city communities. Seldom, however, are used for the comprehensive development of a single neighborhood. In this plan, the idea will be to use funds from a variety of sources to leverage private sector dollars. Underscoring this strategy is the belief that the successful restoration of the Fruitbelt/Medical Corridor will substantially increase property values and revenues in the locale. If a portion of these resources is captured, they can be used to finance the redevelopment process. The final mix of sources listed below and the specific activities they finance will be dependent on the formulation of a detailed financial plan.

- **Tax Increment Financing**

  Establishing a Tax Increment Finance District (TIFD) is key to financing residential and commercial development in the Fruitbelt/Medical Corridor. A (TIFD) should be established that encompasses the Fruitbelt neighborhood and the Medical Corridor. The TIFD is a technique used to capture increases in property tax caused by a redevelopment project to pay for the cost of restoration. It is based on the assumption that increased assessed valuation will accompany a successful restoration project and that the valuation can be used to pay for the redevelopment. This approach typically involves the setting up of a TIFD Authority with the legal power to issue bonds, assemble land repair streets, sidewalks, and curbs and engage in a range of other activities to develop the local.

  To upfront the cost of restoration, the TIFD could issue two types of bonds: a general obligation bond, issued for a ten to 25-year period, and a lease revenue bond. This latter bond could be used for the development of the commercial strip on Michigan Avenue. Here, the funds would be used for land acquisition and site preparation, the construction of neighborhood plaza (buildings, parking lot, and landscaping). The tax increases will be used to repay the bond. The data analysis shows the complete restoration of the community will result in a significant increase in property values.

14.1.1 Other Sources of Revenue for Residential Development

The City has successfully used a variety of funding sources to finance residential development project in the past, and many of these same sources should be tapped for the Fruitbelt/Medical Corridor Project.

- **The New York State Affordable Housing Corporation (AHC).** The AHC to secure funds to provide subsidies of $20,000 for eligible low- to moderate-income homebuyers. The State's Mortgage Insurance Fund should be explored as a way to insure the mortgages of low- to moderate-income residents. Tax-exempt Housing Bonds can also be a source of funds to finance discount mortgages for first time homebuyers.

- **Section 8 Project Based Rental Assistance Program.** This program can be used to establish rent subsidies for the rental units catering to low-income families. Such a program would make it possible to retain families in a neighborhood that had been completely redeveloped.

- **Home Funds.** There are two ways that Home funds can be used. First, they can be used to generate funds for the rehabilitation of rental properties in the Fruitbelt. Second, they can be used as rental subsidies to rehouse displaced renters in rehabilitate units within the Fruitbelt.

- **HUD Section 108 Economic development Initiatives grants and Loan Guarantees.** A combination of these two Section 108 programs can be used to construct the neighborhood-shopping plaza.

  HUD Section 108 Loan Guarantees could also be used for housing rehabilitation and infrastructure development (streets, sidewalks and curbs) and landscaping and streetscaping.

- **Community Development Block Grant Funds.** These funds can be used in several interrelated ways. First, the funds can be used to help finance construction of the shopping plaza. Second, CBDG funds can be used in housing rehabilitation. Third, CBDG funds can be used to develop an employment program to provide training for neighborhood residents.

- **Tax Exempt Housing Bonds.** The City should also explore the use of tax exempt Housing Bonds to finance discount mortgages for first time low-income homebuyers.

- **Capital Budget.** A portion of the infrastructure costs (streets, sidewalks, and curbs) should be funded through the capital budgeting process.

14.1.2 The Community Development Fund

Community residents and stakeholders should become involved in the quest to raise funds to finance the development of the Fruitbelt/Medical Corridor and to sustain its development over time. These funds are to be used in two interrelated ways. First, these internally generated funds can be used to leverage dollars from outside investors. Secondly, the development fund can be used to support a range of community development costs over time. For example, many older neighborhood residents may not be able to afford repairs on their home and the cost of lawn maintenance. The development fund could pay for these costs. Also, these resources could be used to pay for the ongoing cost of maintaining the physical environment and could also be used to support some social service activities.

The establishment of such a fund requires the collaboration of resident, faith-based institutions, community-based organizations and agencies and institutions in the Medical Corridor. The idea will be for these groups to come together to raise enough money to establish an endowment fund to finance a variety of community development efforts.

15. The Implementation Strategy and Time Table

15.1 Implementation

- **Project governance**. A Steering Committee should be established to oversee the residential and commercial development project in the Fruitbelt/Medical Corridor. This group should have the responsibility and authority to guide all

phases of the community development effort. The committee should be representative of the Fruitbelt neighborhood and consist of residents, community-based stakeholders, and stakeholders. The Fruitbelt Task Force represents to ideal body to assume this role.

- **Development Corporation**. The Steering Committee's first task will be setting up a Development Corporation to guide restoration of the Fruitbelt/Medical Corridor. This corporation should have a full-time staff of three people. The corporation will report to the Steering Committee, which will serve as a Board of Directors.

- **Development of a Site Plan and Financial Plan**. An RFP should be issued for the development of a comprehensive and detailed site plan to guide the revitalization of the community. Part of this task will be the development of a detailed financial plan, which outlines the specific developmental costs, should be part of the RFP. An urban design and landscaping scheme should be also be made part of the site plan.

- **Development of a Plan for Commercial Development.** An RFP should be issued for a market study of the viability of the neighborhood plan, which also informs the selection of a retail mix for the plaza. The market study should include assessment of the market potential in the Medical Corridor, downtown workers, and nearby neighborhood residents.

- **Establishment of a Tax Increment Finance District (TIFD).** The Fruitbelt Development Corporation should run the TIFD. Once established, the Development Corporation the City should collaborate on the writing of grants and the acquisition of the funds needed to finance the redevelopment project.

- **Development of a Community Redevelopment Endowment Fund.** The Steering Committee should work in partnership with representatives from the Medical Corridor, the Fruitbelt Faithbased community, and friends of the Fruitbelt to establish a Community Redevelopment Endowment Fund to help finance the restoration process.

- **Development of a Workforce Development Strategy.** An RFP should be issued for the development of a plan that prepares Fruitbelt residents to participate in the redevelopment process and that trains them for jobs and opportunities in the Medical Corridor. The development and implementation of such a plan should involve representatives from the Medical Corridor and should be linked to specific jobs and opportunities that stem from the restoration process and the development of the Medical Corridor.

- **Development of a Business Development Strategy for African American and Latino entrepreneurs.** A program should be established to help minority entrepreneurs capture a share of the business opportunities that are

created by the redevelopment process. This program should have an outreach arm and should provide participating businesses with access to capital, technical assistance, and entrepreneurial training.

- **Setup a Board to establish and regulate building design and other aspects of neighborhood development.** No building design or neighborhood development designs are enforced in the Fruitbelt. For example, any type of house can be built on corner lots. Residents can put up any type of fence or put up any type of structure they desire. Controls should be placed on this type of development.

15.2 Timetable

The redevelopment of the Fruitbelt/Medical Corridor should be placed on a fast track. The idea is to complete Phase One in five years.

- **Year One:**

  1. Establish the Steering Committee and Development Corporation.
  2. Complete the Site Plan and Financial Plan for housing and residential development and for commercial development.
  3. Set-up the Tax Increment Finance District
  4. Hold a series of community visioning sessions with residents and representatives from the Medical Corridor.
  5. Establish formal relations with the group overseeing development of the Medical Corridor.
  6. Secure Resources for the redevelopment project.
  7. Map out a plan for the improving streets, sidewalks, and curbs.
  8. Initiate discussions about naming the community.
  9. Development of a marketing strategy for the community.

- **Year Two:**

  1. Secure resources for financing the redevelopment project.
  2. Adopt residential and commercial development plan
  3. Formulate a set of building and neighborhood development regulations [signage, types of acceptable fences, setbacks, etc.]
  4. Complete all unfinished Year One tasks.
  5. Develop and implement fund raising plan for the establishment of the Community Endowment Fund.
  6. Complete improvements of the streets, sidewalks, and curbs
  7. Complete extensive landscaping and streetscaping.
  8. Initiate land assemblage for neighborhood and commercial redevelopment.
  9. Develop and implement strategies for workforce development and business support.
  10. Marketing.

- **Year Three**

    1. Complete all remaining Year Two tasks.
    2. Secure resources for financing the redevelopment project
    3. Construction of new houses
    4. Rehabilitation of older homes
    5. Development of public spaces, including parks and playgrounds
    6. Secure resources to finance the project
    7. Marketing

- **Year Four and Five**

    These two years will focus on completing construction of new houses and the rehabilitation of the older homes. The marketing process will intensify during these final two years.

16. Part Four: Recommendations

16.1 Housing and Residential Development

- A comprehensive site plan should be developed to guide the housing and residential development. This plan should show where the various housing clusters by type and cost should be located, along with the location of parks, playgrounds, benches and the like. The site plan should be used as a blueprint for the redevelopment of the neighborhood.

- Extensive landscaping and streetscaping, combined with extensive infrastructure redevelopment—streets, sidewalks, and curbs—should precede housing construction and rehabilitation.

- The Fruitbelt neighborhood should be developed historical community, which becomes part of cultural tourism on the Niagara Frontier. The Fruitbelt resident community contains one of the largest concentrations of 100-year-old houses in Buffalo. By developing the community as part of the City's cultural heritage movement, a premium should be placed on the restoration of as many of the older homes as possible.

- New housing units should be constructed to attract a range of income groups and household types. Three distinct clusters should be developed: $70,000 to $90,000; $91,000 to $120,000; $121,00 to 150,000. As much as possible, efforts should be made to build these houses in homogenous clusters.

- New housing construction should conform to the existing design of the neighborhood. The idea is to reproduce the existing urban design and not recreate a suburban model of housing in the neighborhood.

- The rental housing market should be targeted in the construction of new dwellings. A segment of the community should be developed for townhouses and doubles that are developed as upscale rental units. These units should be targeted for the upwardly mobile and middle classes.

- The low-to-moderate income rental market should also be developed. Numerous housing units fall into this category. Efforts should be made to attract developer interest in developing products for this market. Given the complexity of this task, an action plan for rental housing needs to be developed.

- An action plan for providing grants to low income homeowners for repairing and landscaping their premises should be developed.

- Residents who are displaced should be rehoused in the community, if they are desirous of staying there. The goal should be to rehouse any displaced resident in a dwelling unit superior to the one from which he/she was displaced.

16.2 Commercial Development

- A medium-size neighborhood-shopping plaza should be developed on Michigan Avenue, between High Street and Carlton.

- A medium-size supermarket should anchor the shopping plaza.

- The shopping plaza should have a retail mix that appeals to (a) Fruitbelt residents (b) West Side and Eastside residents, who live near the Corridor (c) Medical Corridor workers and visitors, and (e) downtown workers.

- Extensive streetscaping and landscaping must be done on the western side of Michigan Avenue to soften the harshness of the building façade and to make the area look inviting. Also, both vehicular and pedestrian traffic in the Medical Corridor will have to be orientated toward Michigan Avenue.

- A Workforce training program should be initiated and a strategy formed to link the training of residents to jobs and opportunities created by the restoration process.

- A minority business development program should be initiated as part of the workforce development strategy, so that minority businesses will be able to capture a share of the wealth produced by the restoration process.

16.3 Developing the Fruitbelt/Medical Corridor as a Single Place

- **A name should be selected that unites the community and builds a singular identity and image.** One possibility is to refer to the community as The Medical Park: Home of the Historic Fruitbelt Neighborhood.

- **The “park” should be used as a community-wide guide to the redevelopment process theme.** Within this framework, public art and landscaping should be used to tie the community together.