



McAllisters of York restaurant and bar space. Photo by Emily Zebel



# Making Room

## Housing for a Vibrant Community

Across the nation, the supply and the cost of housing are a pressing concern, especially for middle-class and working-poor families.

The problem is complex, and the answer is not simply a matter of building more units and reducing rent by a magical percentage; it's a long response involving land prices, rental affordability, household information, and building trends. Our core communities in commercial business districts and residential neighborhoods across PA are no exception, with housing challenges top-of-mind in the wake of the pandemic. And while the housing problem continues to make headlines in communities of all sizes, our main streets can emerge with unprecedented opportunities to address these housing-related issues, rebuilding more resilient downtowns, attracting new residents, and taking advantage of a newly flexible workforce.

With the potential that housing development opportunities can offer in our core communities, it's important to first unpack what's holding us back. A prominent obstacle? Many community practitioners simply have housing outside their focus; while most share the view that there isn't enough housing to accommodate those who want to live in the district, there isn't yet enough adequate research or evidence to prove how additional housing in our business and residential corridors would contribute to economic vitality, and so it falls short of getting the attention it deserves.

Addressing vacant upper floors, vacant lots, and vacant buildings can benefit communities across scales and geographies in numerous ways by providing:

- Options for maintaining our existing residents so that they can remain in the community or neighborhood of their choice.
- Opportunities for aging in place and providing for expanding or shrinking families.
- Opportunities for multi-generational and multi-family co-living spaces.
- Options to live where you work and work where you live.
- Opportunities for starting or expanding a business.
- Options for commuting, increasing mobility, and recreational opportunities just outside your door.

Another housing barrier for our communities is that many traditional development models don't accommodate the full range of needs. In

continued on page 28

continued from page 27

districts where there are legacies of disinvestment, market-based development risks destabilizing and uprooting long-time residents; additionally, what is affordable and accessible can vary dramatically from one community to the next.

State and local processes can also make housing development and building rehabilitation projects prohibitively difficult, with building codes that present challenges in the kinds of older and historic stock often found in our downtowns, presenting unique design hurdles for property owners to the point that many often leave their upper floors vacant and unused.

Relatively few developers specialize in small-scale development, adaptive reuse or activation of vacant upper floors in commercial buildings as well, further compounding the mismatch between housing opportunities and established development models.

New development *can* complement older and historic development in ways that allow for density, diversity and dynamism, contributing to local economies and distinctive livable communities. Research by Preservation Green Lab found that smaller buildings and blocks provide “punch above their weight class” when considering a full spectrum of outcomes on a per-square-foot basis. Increased levels of walkability, a more diverse mix of residents, opportunities for entrepreneurs through affordable, flexible space, higher proportions of



Constructed in the 1920s as a 70-room hotel, the building had long been underutilized and now has a bright future. Photo by Emily Zebel.

non-chain restaurants and retailers, and hidden densities such as jobs per commercial square foot when compared to streets with large, new buildings all highlight the role that the older, smaller buildings of our Main Streets can play in future development.

So, how can leaders incorporate a vision for new housing in a way that builds upon the strengths of their districts? In *Main Street America's Home on Main Street: A Report on the State of Housing in Downtowns and Neighborhood Commercial Districts*, two broad strategies are identified: activating existing vacant and underutilized spaces, and building new housing units.

Ensuring that existing spaces in and around the district are being actively used should be a priority, abiding by the preservation ethic that “the greenest building is the one that

already exists.” Vacant upper floors above commercial spaces can be converted to housing, contributing to a host of benefits like generating revenue, added needed housing in the center of the community, and supporting small business owners.

## Diversified Income Streams

Incorporating mixed-use projects as well can not only bring additional financing options into the initial redevelopment, but can also provide a means of diversified income streams during the operational phase. The McAllister Hotel, an anchor building in Hanover Borough of York County, is an exemplary project that embodies this kind of transformation. Constructed in the 1920s as a 70-room hotel, the building had long been underutilized and partially blighted for years, leaving a major portion of



*Jordan Ilyes, owner of the McAllister, chats with Justine Trucksess, Main Street manager, Main Street Hanover, in the new coffee shop. Photo by Emily Zebel.*

Hanover's downtown streetscape un-activated.

In serious need of repair, rehabilitation, and new ownership, the York County Economic Alliance (YCEA), Main Street Hanover (MSH), the Borough of Hanover, Rep. Kate Klunk and other community partners came together and identified the building as a potential catalyst for the revitalization of the downtown. Led by Jordan Ilyes, a local developer with an established track record with previous historic redevelopment projects, the project moved forward with strong community support.

### **A Restaurant, Luxury Apartments, Coffee Shop and Parking!**

In 2018, the YMCA agreed to sell the property to the Redevelopment Authority of the County of York (RACY), which agreed to hold the property on Ilyes's behalf during development. MSH, the borough, and

other partners advocated alongside Ilyes to wave a significant county tax lien on the property that may have prevented redevelopment. With the building in public ownership and the lien waved by the county, Ilyes proceeded with an investment of \$3 million in private capital to transform the 50,000 sq. ft. property into 30 market-rate, luxury apartments, a 4,000 sq. ft. first-floor restaurant and bar space, and a unique, 500 sq. ft. basement-level coffee shop and retail space. Ilyes also created a basement-level parking garage to accommodate tenants.

"I toured the McAllister when it was in its most blighted phase, but I just loved the building and really wanted to make it work," said Ilyes. "I have been involved in a few downtown historic projects and I love the before and after, and how I can impact a community to create something vibrant."

continued on page 30

Join us in Scranton, PA this **June 25-28, 2023** as Pennsylvania Downtown Center hosts the PA's Premier Revitalization Conference on **Making Room: Housing for a Vibrant Community**. We'll help you discover innovative approaches and additional funding sources and encourage you to borrow new ideas from fellow Main Street and Elm Street managers, local, county, and regional community and economic development staff, and other professionals in the field. Although the theme will be focused on housing-related sessions, there will be plenty of opportunities to dig deeper, be inspired, and learn from one another. Learn more at [Padowntown.org/conference](https://Padowntown.org/conference).

continued from page 29

During construction, Ilyes initiated an application for an Economic Development Liquor License (EDLL) for the restaurant space. This entailed considerable effort on his part to document his inability to purchase a market-rate liquor license and secure legal counsel to navigate the PLCB approval process. YCEA, RACY, MSH, the borough, local elected officials and the Pennsylvania Downtown Center (PDC) participated in a PLCB hearing to make the case for the EDLL. In June 2020, the EDLL was approved, which allowed Ilyes and his partners to move forward with a \$500,000 investment in fitting out the restaurant space and preparing for full bar service.

**“This has been a catalytic project for us and has really activated the entire block.”**

**JUSTINE TRUCKSESS**

In 2019, RACY transferred ownership to Ilyes, who completed renovations in early 2020 during the early months of the COVID-19 pandemic. Despite pandemic-related restrictions on construction and other obstacles, Ilyes began leasing apartments in March 2020, securing McAllisters on York as the restaurant tenant and Ikigai Coffee in the basement space. The apartments and retail spaces



*The Ikigai Coffee shop.*

were fully-occupied by mid-2020 and weathered the ongoing pandemic disruptions of 2021, which slowed their full opening to customers. Today, the building is beautifully restored and bustling, providing downtown Hanover’s only luxury apartments and fine dining experience.

“This has been a catalytic project for us and has really activated the entire block,” said Justine Trucksess, Main Street Manager of Main Street Hanover. “It’s brought new vibrancy to the space and some great tenants, and it’s brought more people to the downtown that wouldn’t have come here otherwise.”

Innovative new housing models are taking shape, with downtowns and neighborhoods becoming sites of creativity as communities work to identify housing opportunities and empower developers, nonprofits, and local governments in understanding funding mechanisms for a vision of housing throughout the

commonwealth the closes the gap between current housing realities and a brighter future. While you might not be a housing developer, you can have influence, forge partnerships, and advise decision makers in addressing housing options that leverage big changes. **B**



**ABOUT THE AUTHOR**

Emily’s passion for storytelling, healthy communities and nature-based placemaking inspires her

role at PDC, where she supports the organization’s marketing, communications, and membership. She also works as freelance designer, photographer and videographer and has received numerous awards including selections in the No Man’s Land Film Festival, Filmed by Bike Oregon, and S.O.F.A. Film Festival. She resides in Dauphin, PA, where she can be found working on her next oil painting, exploring the nearby rivers and trails with her young daughter, Willow, or training for her next ultramarathon.