

RETAIL DIVERSITY AND NEIGHBORHOOD HEALTH

Testimony of
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Before the
New York State Senate Committee on Cities

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TESTIMONY

Thank you for the opportunity to share my views with you concerning the issues of Retail Diversity and Neighborhood Health facing cities in New York State. As the Chief Executive Officer of the City of Corning and being a Past President of the new York State City/County Management Association, I have firsthand knowledge of the difficulties cities face in rehabilitating old neighborhoods and downtowns. The City of Corning, located in Steuben County, has long struggled with retail competition from the Arnot Mall located approximately 15 miles to our east which was built in Chemung County in 1967. In recent years we have seen further big-box retail expansion around the Arnot Mall as well as the Town of Erwin located in our own County, approximately 5 miles to our west. So, this big-box retail is flanking us on both sides of our municipality.

This type of expansion, has been in direct competition with our local retailers many of which are located in the heart of downtown on Historic Market Street which is on the National Register of Historic Places. Not wanting to see our downtown become a hollow core as has been experienced by so many cities in New York State, we have taken a proactive approach to retail retention and recruitment, as well as upper floor conversions of vacant downtown space for market rate apartments in order to increase urban density and retail activity.

Our challenge has not been easy, but we have successfully used State incentive programs such as the Empire Zone Program, New York State Main Street Grants, the Restore New York program to help our downtown remain vibrant. Rehabilitation costs for historic buildings are significantly higher than conventional projects. This requires public funding to attract private sector funding which otherwise would not be available. Without public funding these projects are not cost effective and cannot compete for private sector funds based solely on return-on-investment.

Concerning the Restore New York Program, which has been a very successful program the Legislature adopted, we have been awarded \$3.18 million since 2006. These funds have leveraged \$3.4 million of private investment to rehabilitate 4 retail anchor buildings in our downtown revitalizing the first floor retail space and creating upper-floor commercial offices and residential units. By using other funding sources such as Main Street Grants, the NYS Real Property 485-b Commercial Property Exemption, the State's 444-a Historic Tax Exemption, federal tax credits and other public incentive programs, we are on target to have 65 upper-floor apartments on Historic Market Street most have which have been created in the last 5 years.

Despite our efforts, much more work needs to be done, but we need additional assistance from the State, not only by continuing programs such as Restore New York, but also in terms of enacting State policy reforms.

In 2006, the New York Conference of Mayors and Municipal Officials called for a single entity to handle a comprehensive urban renewal policy. Currently, programs with similar aims are distributed among various agencies. For example, the newly created Restore NY initiative, which deals with the rehabilitation of commercial and residential properties, is handled by the Empire State Development Corporation, while the Community Development Block Grant Program, which can also deal with the rehabilitation of commercial and residential properties, is administered by the Governor's Office of Small Cities. Greater coordination of programs at the State level could lead to greater coordination at the local level where communities could access two or more related programs to address a project comprehensively through a single agency rather than try to balance the requirements of multiple agencies, differing deadlines and multiple reporting demands. This will reduce fragmentation and relieve developers from delaying investment.

Further, like NYCOM, I urge that a comprehensive State policy be instituted in governing development. This policy doesn't have to be punitive to new suburban development so long as it is more favorable to rehabilitation and revitalization of existing urban areas. Established cities have infrastructure, sites and policies in place which meet with some success; greater success will be achieved if the State enunciates policies which support those of the cities. This means the State should be more supportive, through tax or other incentives, toward those developments which locate within traditional downtowns within our urban centers than those which do not. Commercial projects seeking qualification under the Empire Zone, for example, might be given Empire Zone benefits only if they can prove that existing sites (rather than Greenfield sites) cannot meet their needs. All aspects of State planning and development support should be geared toward the preservation of existing communities and downtowns first.

Revitalization of our cities is imperative to the growth of New York State. Our cities need to be restored as economic and cultural centers, providing needed jobs, quality education, and improved standards of living. This can only be achieved with the assistance of the State Legislature to enact a comprehensive urban renewal policy.

In conclusion, Corning is moving forward with revitalizing its downtown and creating new upper floor apartments and remodeling retail space. Despite the down economy we are progressing forward, but we need your help if we are going to continue this momentum. The potential for additional success is there, but the buildings we have left to rehabilitate are some of the most challenging.

Again, thank you for allowing me to share with you the concerns I perceive exist in terms of Retail Diversity and Neighborhood Health in New York State. I greatly appreciate your willingness to hold these hearings to collect this valuable input. It is this type of dialogue that is needed on an ongoing basis, so we can relay financial conditions of our municipalities to you, in order for the Legislature to

have all of the necessary information needed when making difficult decisions effecting cities in throughout the state.