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What's so great about the city?



During the holiday season stores with street windows show off their holiday spirit. Kaufmann's in downtown

Greetings!

December is such a busy month for all of us - trying to meet end-of-the-year deadlines, getting ready for the holidays, and, for some, finishing up those final exams! Here at Cool Space Locator we are preparing to say a bitter-sweet farewell to Deborah, CEO and co-founder of CSL. Deborah has accepted the position of Director of Planning, Funding, and Community Development at the United Jewish Federation and will be leaving Cool Space Locator effective January 10, 2005. While we are sad to see her leave, we sincerely congratulate her on this exciting opportunity and are getting ready to move forward with renewed energy and focus in the new year.

This month we bring you a peek at the Uptown Neighborhood in Pittsburgh and share with you a new development that may change the way governments dole out "Corporate Welfare". We hope that this holiday season leaves you refreshed and revitalized for the year ahead!

Happy Holidays!

• Cool Space Awards: Nomination Deadline February 11, 2005

Cool Space Locator is thrilled to have the following partners for the Cool Space Awards 2005, dedicating time and effort to the planning committee. Thanks to them we know that the Cool Space Awards program will be a huge success!

Our 2005 partners are:

- 10,000 Friends of Pennsylvania
- Carnegie Mellon University Center for Economic Development
- Community Design Center of Pittsburgh (CDCP)
- Green Building Alliance
- National Association of Industrial and Office Properties (NAIOP), Western PA Chapter
- Pittsburgh History and Landmarks Foundation (PHLF)
- Pittsburgh Urban Magnet Project (PUMP)

Pittsburgh is no exception. This year's theme, "Holiday Portraits" features Christmas trees in each window with portraits of holiday celebrations.

What do you love about your city? If you have a photograph of urban life that you would like to see featured here, please send it to us, and be sure to tell us what you love about urban living.

- Pittsburgh Technology Council
- Sustainable Pittsburgh
- Urban Land Institute (ULI)
- Urban Redevelopment Authority of Pittsburgh (URA)

The deadline to submit nominations of SWPA's cool spaces for an award is February 11, 2005. We're looking forward to receiving your nomination!

Cool Space Awards 2005

- **A View of Uptown Looking Downtown**



- **Featured Neighborhood: Uptown**

Uptown is located in the City of Pittsburgh, just east of downtown on a bluff above the Monongahela River, along a one and a half mile stretch of land between Oakland and Downtown Pittsburgh. The neighborhood encompasses Duquesne University and Mercy Hospital near the city, and several retail stores and other attractions along the Fifth/Forbes Corridor to Oakland. 18 bus routes traverse the neighborhood, carrying some 50,000 commuters daily through the neighborhood. Along with easy access to most of the region's highways, soon many of those commuters will find reasons to get off the bus and highway to spend some time in an up-and-coming neighborhood!



**Soho Invention, Inc.
before and after renovation**

Uptown was annexed by the City of Pittsburgh in 1846 when there were hundreds of nineteenth-century row houses and, according to Franklin Toker in his book *Pittsburgh: An Urban Portrait*, there were more wholesale distributors (mainly of dry goods) than any similar complex between New York and Chicago. The neighborhood saw a period of decay starting in the 1950s and 60s, but is starting to see the result of revitalization efforts brought about by some dedicated residents and businesses, as well as the Urban Redevelopment Authority

of Pittsburgh (URA).

New Housing is taking shape in the form of affordable town-homes and lofts, as well as through the renovation of old row houses. Several gardens have been created by the Western Pennsylvania Conservancy and neighborhood groups, and owners of some larger buildings are preparing for a bright future with renovations of old spaces, for example the Excel Kitchen Design Center in the former Fifth Avenue High School and Soho Invention, Inc., an emerging communication firm. Gist Street Studio has monthly poetry readings that attract listeners from all over the city, and a tiny blue brick building along Fifth Avenue houses Little Earth Productions, which designs and sells hip fashion and gift items made from recycled materials--including rubber tires, license plates, and bottle caps, among other things--to consumers worldwide.

Duquesne University has recently purchased two-and-a-half acres along Forbes Avenue where it intends to develop a housing and retail mix to benefit the neighborhood and its 10,000 students. In fact, there are many opportunities for new business investment and redevelopment of buildings in Uptown. And neighborhood businesses and residents, along with the URA, are working to enhance the neighborhood in many ways, by increasing public safety, creating newer affordable housing, adding a grocery store and more retail businesses, and improving access to trails and parks in the district. In October, the Pittsburgh Planning Commission approved Uptown as a Certified Redevelopment Area, which means that alternative forms of financing, such as federal community development block grant money and tax increment financing, can be used to aid development projects. For more information on Uptown's redevelopment efforts contact Tom Link at the URA at (412) 255-6600.

Thanks to Jeanne McNutt of Soho Invention, Inc. for her assistance in writing this article.

- **Uptown Community Action Group (UCAG)**

The Uptown Community Action Group (UCAG) is an active volunteer organization made up of businesses and residents committed to improving quality of life. They help to create new low-cost housing and opportunities for new business creation by partnering with the URA, Duquesne University, Mercy Hospital, and the Hill District and Oakland Community Development Corporations.



:: [email us](#)
:: [visit our site](#)

phone: 412-683-5790

For more information on UCAG's activities, visit them on the web at www.ucag.org.

- **Corporate Welfare: Is the end in sight?**

The classic debate of economic development is whether to fund place-based or people-based policies. This dilemma reached a dramatic new crossroads in an Ohio court case that is likely to set off a round of contests over how business development is incentivized in markets that are attempting a come-back.

Corporate welfare--in the form of tax credits, loopholes, and other "location-based incentives"--represents an estimated \$50 Billion in government spending nationwide. But such spending may soon stop because of a recent court decision in which an investment tax credit was found to be unconstitutional. The case involved special tax credits that Ohio gave to Chrysler while it was building a new assembly plant in Toledo. "The city and state promised Daimler a ten-year exemption from all property taxes, offered hundreds of millions of dollars in tax credits, and bought out eighty-three homes and sixteen small businesses, in order to give the company more land" (5). The Sixth Circuit Court of Appeals, in Cincinnati, ruled that "the credits interfered with interstate commerce, which only Congress has the power to regulate" (5). The three-judge panel held that "the investment credit gave preferential treatment to companies that expand within the state, rather than in other states, thus hindering interstate commerce" (2).

The court ruling should be seen as a warning to governments that are eager to give taxpayer dollars to big business. "The Ohio lawsuit was filed by a dozen taxpayers and three small businesses in Toledo, with assistance from presidential candidate and consumer advocate Ralph Nader". While the case has been appealed, if it is upheld by the Supreme Court it could be used to challenge similar incentive programs in most U.S. states (2).

While "incentives are secondary to finding the right location for the client because other things like the cost of labor, transportation and utilities have a more important impact over the 20 year life cycle of the project," says John Sisson of Fluor Global Location Strategies, incentives do "become increasingly important when the list of possible locations has been reduced to a short list of three to four sites" that meet a company's criteria (1). But in a time of global competition, it may be time for the nation and its regions to work together to keep companies in the country, rather than losing money by shuffling them around from city to city. Cities and states are being pitted against one another as they compete for companies and

large projects at the expense of tax-payers.

The logic behind corporate welfare is that because businesses create jobs, governments should do whatever it takes to attract them. But there is no proof that the "winning" cities have benefited from providing tax incentives. As explained by James Surowiecki of the New Yorker Magazine, "The problem is that though the city with the new plant may be better off, collectively we are all worse off, because the tax money spent on corporate welfare could otherwise go to more productive uses [like the improvement of infrastructure and better public education]. For the American economy, it doesn't matter whether Daimler builds Jeeps in Toledo or Kalamazoo; whatever one city spends to outdo the other is money thrown away" (5).

Chris Potter of the Pittsburgh City Paper explains one issue using Pennsylvania as an example. "The larger irony is that even as politicians try to boost the economy by cutting taxes on business and property, [college] tuition hikes represent a tax on knowledge--the key to our economic future in the 21st century. The state's budget, for example, included a \$45 million tax cut for businesses--an amount almost exactly equal to a \$46.5 million reduction in spending on higher education. Local officials, meanwhile, offer tax breaks and subsidies to lure new business to town. We're increasingly willing to subsidize everything a company needs to build a new plant here, except the education of the people who will work inside it" (4).

When government money is used to educate people, those people are then able to leave the area to get a job elsewhere. But if money is used to improve the place and bring in companies to provide jobs, the companies will need to hire educated employees. Of course the easy textbook answer would be to provide some combination of the two by creating policies that help educate a workforce while bringing in companies to employ that workforce. But in reality there are cities and companies all over the globe competing for the best deal. Educated people are not the only ones who can get up and leave - the increased mobility of companies makes it worth searching for a better deal.

Providing incentives will not be an easy policy to get rid of without federal legislation. According to Surowiecki, "states and cities are trapped in a prisoner's dilemma: as long as one town can woo a corporation with baubles and tax breaks, every town has to be willing to do so. That Toledo decision may be their only hope" (5).

What will the future hold? Depending on the fate of the

Toledo case, corporate welfare may come to an end. "Months, or years, of appeals lie ahead, but, for the moment at least, much of what we know as corporate welfare may be technically illegal" (5). But even with an end to corporate welfare, cities and regions will inevitably find other ways to entice companies to locate in their area. But there are ways to do this that can benefit both the companies and tax-payers. The availability of a well-educated workforce, good schools, low crime, affordable living, cultural amenities, and unique geography and natural resources are several examples of enticements that do not require tax incentives for big business. A better role for all levels of government could be "providing the foundations for growth through sound fiscal practices, quality public infrastructure, and good education systems - and then letting the economy take care of itself" (3). In a time of global competition the federal government may need to find ways to encourage companies to stay in the U.S.; federal incentive programs might be the way to go as opposed to the local and state economic development programs that are pitting parts of the nation against itself.

For more on corporate welfare visit the links to the following sources:

- (1) [Birch, Del. "Let's Make A Deal..." Business Facilities. February 2002.](#)
- (2) [Canadian Tax Payers Federation. "Let's Talk Taxes: Corporate Welfare, Start Your Engines". 22 October 2004.](#)
- (3) [Cassel, Andrew. "Tax incentives? Let economy be." The Philadelphia Inquirer. 1 August 2004.](#)
- (4) [Potter, Chris. "College Credit." Pittsburgh City Paper. 31 July 2002.](#)
- (5) [Surowiecki, James. "It Pays to Stay." The New Yorker. 13 December 2004.](#)

● About Us

Cool Space Locator, a project of the Tides Center (PA), is a non-profit that helps find locations for office based organizations in Pittsburgh's urban core. Aside from working directly with companies to find space, we work with government, economic and community development agencies, and commercial property owners to help boost the growth of office based jobs in the great urban commercial districts of Pittsburgh. We are supported by:

- Richard King Mellon Foundation
- The Heinz Endowments
- The Pittsburgh Foundation
- Roy A. Hunt Foundation
- State of PA; Stay Invent the Future
- The Urban Redevelopment Authority of the City of Pittsburgh
- City of Pittsburgh, Mayor's Office
- Councilman Bill Peduto