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Case Studies

Toward a Vibrant Downtown Greensburg, Pennsylvania

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Volume 47, Number 22 - December 13, 2023 • Written by: [Ms. Jacqueline Buhn, CRE](#), [Mr. Dennis Davis, II, CRE](#), [Mr. Robert Dietrich, CRE](#), [Mr. H. Kincer, CRE](#), [Mr. Robert Rajewski, CRE](#)



SHANE DUNLAP @ TRIBUNE-REVIEW

The following is excerpted from the executive summary of the final CRE Consulting Corps report presented to the City of Greensburg, the Greensburg Community Development Corporation, and the Realtors® Association of Westmoreland, Indiana, and Mon Valley.

The Counselors of Real Estate® Consulting Corps was asked by the **City of Greensburg**, the **Greensburg Community Development Corporation (GCDC)**, and the **Realtors® Association of Westmoreland, Indiana, and Mon**



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Valley (RAWIM®) to provide action steps toward creating a more vibrant downtown. Despite its assets, Greensburg has seen slowly decreasing population and increasing vacancies in its downtown.

The CRE® Consulting Corps team visited Greensburg in July 2023 for several days and met with more than 60 stakeholders: Greensburg staff and elected officials, community and cultural organizations, universities, business owners, downtown property owners, and many others. The team examined demographic and economic data, reviewed prior plans and studies, and analyzed market data.

The team was asked to review potential opportunities at several downtown sites. Redevelopment opportunity relates to factors such as the economic outlook, overall market demand, condition of the building, and regulatory rules and processes. As in much of the country, Greensburg’s office market is not positive. The retail market is also negative. In contrast, multifamily housing shows demand. Due to the relative affordability and low rent levels in Greensburg, redevelopment initiatives are likely to require gap funding, cooperative effort, and flexibility in permitting to bridge the economic gap. The report presents potential uses for the specific sites and identifies potential sources of gap financing.

The Sites

The sites below were considered in detail by the team:




The sites analyzed are listed below:

- Site 1: Dollar General – 450 South Main Street
 - This site is one of the largest available in (although on the edge of) downtown Greensburg, making it a prime candidate for any new downtown construction.
 - The best return on new construction in today’s market would likely be apartments, which would add to downtown activity. However, because Greensburg’s rents do not today cover the cost of new construction, such construction would need to either be subsidized or wait for the time when the market supports the cost of construction.
 - The site is privately owned with development/leasing options under exploration.
- Site 2: Atherholt Retail and Apartments – 321 South Main Street
 - This site was recently acquired, and the owner is currently making improvements to make the apartments livable; the property will remain legal nonconforming.
 - Redevelopment is not financially feasible.
 - This is an example of a local investor with limited capital is creating livable apartments which will increase downtown residents. Investments and upgrades over time, possibly including grants, will continue to improve the housing stock.


agricultural real estate, special purpose properties

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- Site 3: Advance Furniture Lot – 227 South Main Street
 - Owned by the land bank, the site is currently vacant, as the dilapidated building was demolished.
 - Several use options are considered, and the report identifies pros and cons of these options.
 - One option is mixed use redevelopment, which is appropriate and would contribute to downtown vibrancy. Such redevelopment would require gap funding.
- Site 7: Troutman's Annex – 211 South Pennsylvania Avenue
 - Privately owned with a development plan in progress.
 - The use (self-storage) brings a building back from vacancy. Potential uses are limited by lack of a façade, age, condition, regulatory restrictions, and size.
- Site 8: Derby's Restaurant Site – 127 South Pennsylvania Avenue
 - A plan is underway to create a parklet and open space for public events and restaurant seating.

The team noticed that while Greensburg has a magnificent County Courthouse, it lacks a traditional courthouse square. These typically served as key gathering and activity spots in small U.S. cities historically and do so currently in towns that have successfully redeveloped. In addition to evaluating potential uses of the sites listed below, the team presents a redevelopment concept for using these sites to create a sense of place in downtown Greensburg centered around the Courthouse and intersection of Main and Pittsburgh:

- Site 9: First Commonwealth Bank Building – 111 South Main Street
 - While not originally among the list of properties that the City requested the team review, we identified this location as a possible focal point of a larger redevelopment effort.
 - Potential catalyst site recommended for a combination of apartments and short-term rental (Airbnb).
- Site 4: Barclay's Bank Building – One North Main Street
 - The current owner's intent is to convert it to an event space, which would work well with a limited-service hotel/short stay across the street. An expert in event planning could craft this proforma and share it with the building owner.
- Site 5: PNC Bank Building – 125 South Main Street
 - Co-working space could be a good fit. The team believes funding programs could fill the financing gap.
- Site 6: Royer's – 114 South Main Street (Potentially Adding 100 South Main)
 - Could be converted to residential use, requiring significant gap financing.
 - Part or all of the building could be demolished.

The team added two sites to the analysis as the below sites fit into the larger redevelopment concept:

- Site 10: YMCA & Parking – 101 South Maple Avenue
- Site 11: Stifel Nicolaus – 100 South Main Street

Site 9: First Commonwealth Bank Building – 111 South Main Street

While not originally included in the list of properties that the City requested that we review, upon our tour we focused upon this location as a possible focal point of a larger redevelopment effort. This concept is an opportunity to benefit several parcels identified by the City. As described above, coordination and process management by a Development Manager would be helpful in implementing this redevelopment. Interestingly, this building has garnered interest from other groups and market participants who similarly see the potential for the building and this location. A brief discussion of some of those concepts follows:

SETON HILL UNIVERSITY – STUDENT HOUSING 2014

We understand that First Commonwealth Bank donated a portion of the building at 111 South Main Street to Seton Hill University. We reviewed plans dated December 1, 2014, compiled in contemplation of Seton Hill University's use of the building for off campus housing. The plan illustrates the conversion of the upper floors of the First Commonwealth Building located at 111 South Main Street into student housing. This would include 45 to 54 student units. Approximately 28,000 square feet was to be retained for bank offices. An additional 50-unit building would be constructed on the rear parking lot at the corner of South Maple and West Pittsburgh Street.

The new building would include a parking deck serving the existing office space and the student housing. Finally, the park located at Main Street and West Pittsburgh Street would be utilized as pedestrian access to the new building and possible additional parking below.

SETON HILL – STUDENT HOUSING 2015

In March 2015 another plan was prepared that illustrated only the renovation of the First Commonwealth Bank Building at 111 South Main Street. This plan outlined conversion of floors 2-7 into student housing with a varied unit mix totaling 56 units. These plans were later cancelled, and Seton Hill sold the property.

WESTMORELAND COUNTY HOUSING AUTHORITY

The Westmoreland County Housing Authority purchased the building from Seton Hill in 2019 and currently leases back first- and second-floor office space. Originally, their idea was to redevelop the upper floors as rental housing similar to the above concepts. Given the Housing Authority’s mission, the target for the housing was planned to be seniors. However, this plan has been scuttled under dis-favorable pressure from the local government which opposed redevelopment for age restricted housing. The upper floors of the building continue to sit vacant.

Additionally, our research uncovered that there have been several attempts to redevelop the building as a hotel. However, no detailed plans were shared with us. The economic and market feasibility of a hotel in similar markets is uncommon and is presently unknown for Greensburg.



Land Area:	Approximately 5,800 sf (excludes pocket park, adjacent alley, and bank branch with parking lot)
Improvements:	Approximately 57,064 sf, seven-story building plus basement
Owner:	Westmoreland Housing Authority
Current Use:	First and second floors are leased for a short term to First Commonwealth Bank.
Ideas:	This is the site that serves as a catalyst for changing the “just do something” or “government is broken” perception of the City.

PREVIOUS USE CONCEPTS

- Student Housing
- Affordable Senior Housing
- Market Rate Housing
- Hotel

OPTION FOR FUTURE USE

The team recommends conversion of the building to Airbnb (short stay)/ Apartment Unit mix. The goal is to bring housing to a central intersection of the city while also offering parents of the University students and tourists an interim location for overnight extended stays.

This “hybrid” use allows for overnight stays without the need for a “Flag” and/or additional overhead (hotel staffing) or amenities (pool, restaurant, gym, event space) compared to a traditional style hotel. Pool and exercise amenities can be arranged in agreement with the adjacent YMCA, and the adjacent site at One North Main can serve as an independent but allied event space.

- Pros:
 - Flexibility of cash flows – If the apartment or Airbnb experiences a demand surge over time the fit out accommodates changing demand.
 - Lower cost to redevelop – A full-service hotel would need to offer the following: full staff, flag affiliation, amenities (gym, restaurant, communal areas, event space).
 - The YMCA would offer residents a monthly fee for use of their facility and Airbnb guests a daily rate.
- Cons:
 - Requires an agreement with private owner (lot is owned in fee simple by First Commonwealth Bank) to sell the parcel.

SPILLOVER EFFECTS

- The First Commonwealth Bank parking lot is in the center of stakeholder needs. The lot is not used to its potential not only at night but also during business hours. This affords a unique opportunity for the key stakeholders (Housing Authority building, YMCA, restaurants, 1 East Main) to collaborate on a parking solution for a structured garage.
- The lot could be co-habitational wherein the YMCA uses it for member parking (during the day) allowing the YMCA then to move its outside child area and develop their rear parking into a new outside child lot.
- The lot could also be co-habitational by patrons of “Restaurant Row” located along East Pittsburgh Street.
- One East Main Street would require parking for events.

GREENSBURG PA		
CONSOLIDATED SITE - FIRST COMMONWEALTH BANK		
POTENTIAL VALUE, HYBRID RESIDENT MARKET RATE APARTMENTS AND AIR B&B WITH SUPPORTING RETAIL		
Total Apartment and Air BB Rentable Area	49,500 sf	
First Floor Supported Retail	5,700 sf	
Total Apartment and Air BB Rentable and Retail	55,200 sf	
Apartment Air BB Unit Yield	60 units	825
Retail Unit Yield	1 unit	
Gross Rents (apartments and Air BB)	\$1,751 /unit/month	
Gross Retail Rent	\$25.00 /sf	
Annual Retail Revenue & Opex Recoveries	\$173,977	
Ancillary Revenue (pet, storage, applications)	\$119,542	
Gross Income for Above	\$1,554,239	
Less: Vacancy	(\$77,712)	
Effective Gross Income	\$1,476,527	
Operating Expense Ratio	27%	
Annual NOI	\$1,078,160	
Assumed Cap Rate	7.50%	
Potential Value Fully Leased	\$14,375,467	
USES OF CAPITAL		
Building and Land Purchase	900,000	
RenoVation Costs including Hard and Soft	18,089,298	
Total Project Cost	18,989,298	311,300 per unit
SOURCES OF CAPITAL		
Sponsor/Investor Equity	900,000	
Debt	9,488,199	
Total Sources	10,388,199	
GAP	8,601,099	45%
GAP FUNDING		
Historic Federal/State Tax Credits/New Market Tax Credits	7,701,099	
City of Greensburg Contribution to Predevelopment Costs	900,000	
Brownfield Tax Credits		offset of taxes

Consolidated Site Analysis

Summary of Recommendations

The recommendations that follow include both short- and long-term actions as well as criteria for prioritizing proposed actions. Many of the recommendations are interrelated, making prioritization impractical. To advance redevelopment of the properties and foster a more vibrant downtown, the team’s recommendations include:

- Add market rate housing in downtown Greensburg.

- Improve Greensburg marketing of itself to its existing community.
- Align government efforts by improving communication. Provide prospective developers with guidance through the “approval” process to obtain necessary permits.
- Support development by de-mystifying the approval process for ALL agencies.
- Work closely with and support local institutions such as local businesses, colleges, and health care institutions.
- Reorganize and manage downtown parking so it is not a burden on residents.
- Improve public transit, including such alternative options as electric scooters and shared bikes.
- Attract immigration.
- Create a memorable, positive image of Greensburg.

The recommendations detailed in the report provide actionable steps that local stakeholders can take to create a more vibrant downtown Greensburg.


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