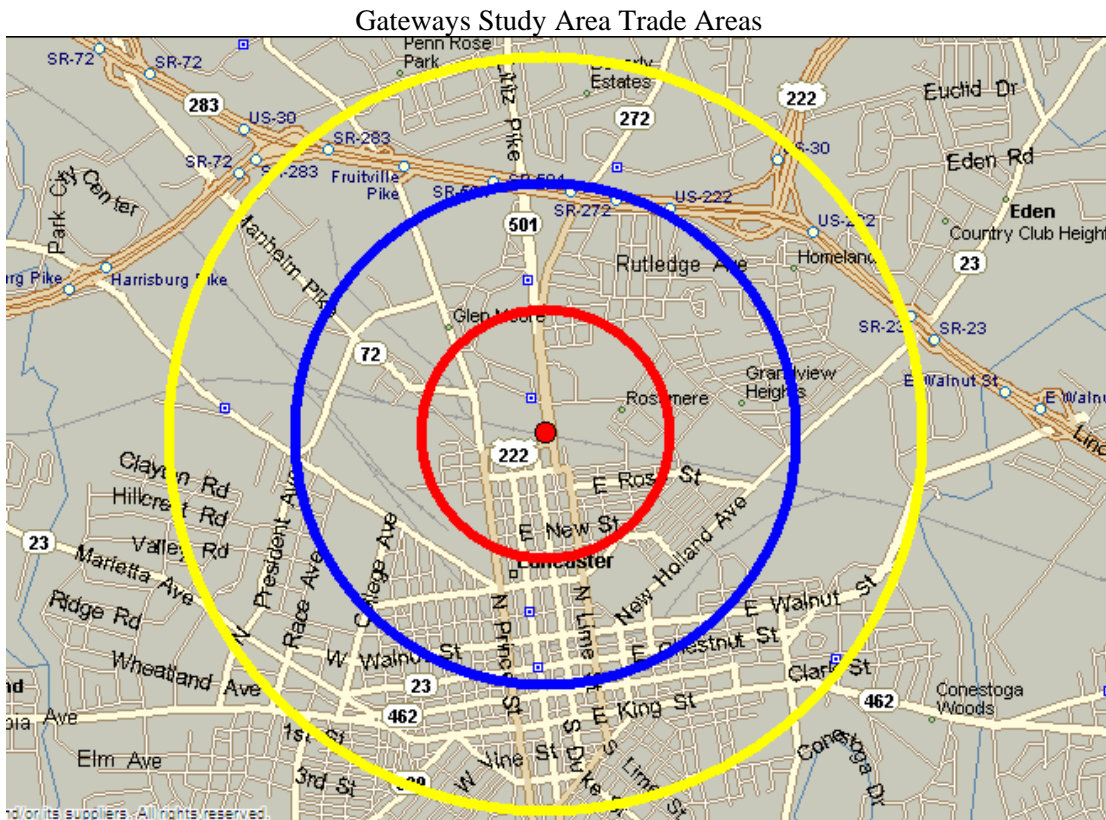


GATEWAYS INITIATIVE Demographic and Market Data and Analysis

The Gateways Study Area is comprised of over 600 acres of urban land in the vicinity of Lancaster's Amtrak rail station. With numerous vacant or underutilized sites in the immediate vicinity of the rail station, and a \$10 million rehabilitation of the station soon to begin, there is a rare opportunity to reinvent the Gateways Area by investing in Transit Oriented Development¹.

To assess the market opportunities in the area, LCPC staff analyzed demographic and market data² for three Trade Areas (see map below). Because the market focus is towards transit oriented development and therefore, pedestrian activity, we used simple mile rings of ½, 1, and 1 ½ mile rather than the drive-time data, which is more commonly used for reports such as this.



¹ Transit Oriented Development is development concentrated around and oriented to transit stations in a manner that promotes transit riding or passenger rail use. The term does not refer to a single real estate project, but represents a collection of projects, usually mixed use, at a neighborhood scale that are oriented to a transit node. (Pennsylvania Department of Community and Economic Development)

² Unless otherwise noted, the data was supplied by Claritas and assembled by Rose Long, Research and Information Specialist, Economic Development Planning Division of the Lancaster County Planning Commission.

Market Influences

Several factors are expected to influence the market for transit oriented development in the Gateways Area, including:

- \$10 million rehabilitation of the Lancaster Amtrak rail station
- Proposed changes to the roadway network with a focus on improving mobility and accessibility
- Redevelopment of the former Armstrong World Industries Floor Plant by Franklin and Marshall College (F&M) and Lancaster General Hospital (LGH) resulting in up to 1,400 new students and 750 to 1,000 new jobs – planned development includes athletic fields, relocation and expansion of Lancaster General Hospital College of Nursing and Medical Sciences plus other potential LGH buildings for centralized administration, outpatient services and a research and development center
- Construction of the Lancaster Convention Center in downtown Lancaster
- Establishment of a federal courthouse in Lancaster
- Rising fuel prices
- Increasing concerns about global climate change

Population Characteristics

The residential population within ½ mile of the Amtrak rail station is expected to grow by 1.0% over the next five years, while the number of households is expected to decline by 0.4% over the same time period. Meanwhile, the populations of the 1 mile and 1 ½ mile Trade Areas are projected to decline in the next five years, along with the number of households. It should be noted that these projections do not take into account the increasing demand for housing near transit.

The age of the population within the three Trade Areas is slightly younger than the County as a whole (median age of 33.4 years within the 1 ½ mile Trade Area versus 37.2 years for the County). Another notable characteristic is the percentage of Hispanic or Latino population which is significant, especially when compared to the County as a whole.

Selected data is included in Table 1 below while more detailed data is included later in this report.

Table 1

	<i>½ mile</i>	<i>1 mile</i>	<i>1 ½ mile</i>	<i>County</i>
Residential Population (2006 est)	4,851	19,014	45,661	493,479
<i>Projected Growth (2006 – 2011)</i>	<i>+ 1%</i>	<i>- 1.4%</i>	<i>- 1.4%</i>	<i>+ 3.9%</i>
Households (2006 est)	1,872	7,711	17,554	183,195
<i>Projected Change (2006 – 2011)</i>	<i>- 0.4%</i>	<i>- 2.1%</i>	<i>- 1.9%</i>	<i>+ 4.7%</i>
Hispanic or Latino	25.5%	21.7%	29.9%	6.7%
Average Household Income	\$44,685	\$44,537	\$44,267	\$63,350
Bachelor's Degree or Above	5.5%	7.0%	7.2%	13.9%

Employment Characteristics

In addition to the residential population, the three Trade Areas also represent a significant portion of Lancaster County’s employment base (private, government and non-profit). This is significant in that the businesses and employees within the three Trade Areas represent additional buying power and market opportunities. See Table 2 below for details. As noted previously, redevelopment of the former Armstrong World Industries site is also slated to add 750 to 1,000 new jobs within the 1 mile Trade Area.

Table 2

	<i>½ mile</i>	<i>1 mile</i>	<i>1 ½ mile</i>	<i>County</i>
Number of Businesses	287	1,358	3,065	21,213
Number of Employees	6,031	24,187	50,430	294,910

The employment breakdown for the three Trade Areas is as follows:

Employment Category	% per Trade Area		
	½ mile	1 mile	1 ½ mile
Management Business and Financial Operations	7.1	8.9	8.8
Professional and Related Occupations	15.2	19	17.8
Service	22.1	18.7	18.6
Sales and Office	22.6	25.6	25
Farming, Forestry and Fishing.....	0.3	0.3	0.3
Construction, Extraction and Maintenance.....	8.7	6.8	6.6
Production, Transportation and Material Moving.....	24.0	20.7	23

Housing Characteristics and Market Opportunities

The development of residential uses near transportation hubs is a growing national trend. The National Association of Home Builders recently completed a study projecting consumer expectations in home characteristics in 2015. The study reports that new homes and developments are expected to, “reflect consumer preferences for open space, recreational opportunities and amenities such as walking and jogging trails and are also likely to be close to public transportation.”³ The location of the Gateway Study Area, which has access to train and bus transit as well as the open space and other amenities of F&M College, provides an ideal base for a development such as the one described in the NAHB forecast.⁴

Reconnecting America’s Center for Transit-Oriented Development has projected that, over the next twenty-five years, as much as one-quarter of all new households could be looking for housing in transit zones⁵. In fact, the report includes an assessment of the Lancaster Metro Area and estimates the potential for an addition of 16,659 households in the transit zone by 2025.

A more local and specific Housing Market Study, completed in 2006, outlined the potential housing demand in the urban neighborhoods of Lancaster City. This study reported the potential market for both new and existing housing in 2006 “if the appropriate housing options were to be made available.”⁶ Excluding people with preferences that were incompatible with urban living, Zimmerman/Volk reported that the potential housing market for both new and existing housing units in urban neighborhoods was 2,850 households. More importantly, they have estimated that a 5 to 10 percent capture rate is realistic for the city, which would mean that Lancaster’s urban neighborhoods could potentially bear 225 new or adapted/converted units per year. Nearly three quarters of the total units were expected to be multi-family rental or for-sale units, and about 63 percent of the total units were expected to be for-sale.

Existing housing stock within the ½ mile Gateways Study Area consisted of an estimated 1,097 units in 2005. On average, these units tended to be much older than units in the rest of Lancaster County: 63 percent of housing stock within ½ mile was built prior to 1939 versus only 23 percent for the County overall. The homes within the 1 mile and 1 ½ mile Trade Areas tended to be slightly newer, with 54 percent and 53 percent respectively having been built before 1939. In Lancaster City as a whole in the year 2000, less than 3 percent of all housing units had been built within the last decade.⁷ The age of homes in the trade area and throughout Lancaster City indicate that that housing options are limited for those who possess a preference for new construction in urban areas.

The Gateways project provides Lancaster City with the opportunity to satisfy the demand for new construction in urban areas. In providing a mix of housing choices, it is likely that the development will attract a variety of different types of people. However, this new, urban construction may be particularly appealing to the aging and elderly population. According to a survey of national studies on housing consumer preferences, older middle-aged and elderly Americans are the demographic groups that are most likely to value proximity to public transportation and shopping. These groups are also the most

³ National Association of Homebuilders. “The Home of the Future: Looking at New Homes in 2015” <http://www.nahb.org/displaycommon.cfm?an=1&subarticlenbr=496>

⁴ The NAHB study also predicts that average home size will remain consistent over the next ten years, rather than expanding as it has consistently done over the past several years. In anticipation of fuel shortages and price hikes, the NAHC predicts that buyers will expect homes to be “greener” with features such as energy efficient appliances and windows. The growing elderly and retired population will increase demand for universal/accessible design. These predictions should be taken into consideration as new homes are designed.

⁵ “Hidden in Plain Sight: Capturing the Demand for Housing near Transit” Reconnecting America’s Center for Transit-Oriented Development, September 2004

⁶ Zimmerman/Volk Associates, Inc. “Residential Market Potential: The City of Lancaster”. On behalf of James Street Improvement District. 2006. Page 6.

⁷ US Decennial Census 2000.

willing to embrace smaller lots and denser development patterns. That study reports: “Housing consumers’ outlooks change after age 45 in the direction of a greater emphasis on central location.”⁸ This study found that there is an existing disparity between consumer preference for denser development and actual supply; this disparity is likely to grow due to the relative growth of elderly households as a proportion of total households and their financial ability to actively pursue their housing preferences.

More specifically, one market niche that may exist in the Gateways Area is that of the Continuing Care Retirement Community (CCRC). There appears to be a lack of “retirement” living options in Lancaster County’s urban center and more specifically in Lancaster City as shown in Table 3 below. Three municipalities immediately adjacent to the City have a total of 439 acres of land dedicated to retirement communities, with a combined assessed value of \$155 million⁹. Meanwhile, the City has less than one acre of taxable property in use as retirement housing, with an assessed value of under \$2 million.

Table 3

Municipality	No. of Retirement Communities	Total Acreage	Total Assessed Value
East Hempfield Township	5	180.2	\$67.4 million
Manheim Township	4	205	\$63.6 million
Lancaster Township	5	53.5	\$24 million
Lancaster City	2 (taxable)	.86	\$1.9 million
Lancaster City	3 (tax-exempt)	4.17	\$1.7 million

As further evidence of the demand for retirement housing, as of April 2007, the County had record of more than 700 senior independent living units being planned in the County, none of which are in the urban core¹⁰.

Other target populations for the Gateways project are people who are most likely to make the best and most efficient use of our existing transportation infrastructure. Because low and moderate income groups tend to use public transportation more often than other income groups, it is especially important to include housing opportunities for these groups in TOD areas. Red Rose Transit Authority, which provides bus service to areas around Lancaster County, reported that more than three quarters of their riders earned less than 60 percent of area median income, (or \$31,238 in 2006).¹¹ Low and moderate income people tend to be the most dependent on public transit to reach work, shopping, school, and medical facilities. In 2002, an estimated 78 percent of RRTA customers indicated that they had no other means of transportation.¹² People in low and moderate income groups are some of the greatest supporters of our public transportation system, thus it is important to ensure that the need for affordable housing is addressed in the Gateways area.

⁸ Myers, Dowell and Elizabeth Gearin. “Current Preferences and Future Demand for Denser Residential Environments,” *Housing Policy Debate*, vol 12, issue 4. 2001, 633-659. pg 641-42. . http://www.fanniemae.foundation.org/programs/hpd/pdf/HPD_1204_myers.pdf

⁹ Lancaster County GIS data, May 2007

¹⁰ E-mail from Rose Long “55+ independent living facilities @ planning stage” 4/3/07

¹¹ American Community Survey, 2006.

¹² 2007 Annual Report. Red Rose Transit Authority

Not only would the Gateways project be well-positioned for the current housing market, as a dense, mixed-use, transit-oriented development around the Lancaster rail station it is also compatible with the goals and strategies articulated in the plans of both the City of Lancaster and the Lancaster County Planning Commission. The City of Lancaster's 2007-2009 Strategic Plan aims to "promote high-density downtown housing for the City, promote the development of condominiums, market-rate, and high-quality rental properties, and reverse the trend of rental units exceeding the percentage of owner-occupied units in the City."¹³ *Choices*, the housing element, and *Balance*, the growth management element of Lancaster County's Comprehensive Plan promote development along transit corridors, job/housing balance, and targeting new growth and investment in Core Reinvestment Areas (like Lancaster City). Overall, the Gateways project is highly consistent with existing plans and strategies and the market data seems to support housing as a viable end use within the area.

Additional resources are available for those interested in exploring opportunities in the residential market, including:

- [Choices](#) (Lancaster County Planning Commission April 2006)
- [Residential Market Analysis](#) (Zimmerman/Volk Associates, Inc April 2006)
- [Hidden in Plain Sight: Capturing the Demand for Housing Near Transit](#) (Reconnecting America's Center for Transit-Oriented Development September 2004)

¹³ http://www.co.lancaster.pa.us/lancastercity/lib/lancastercity/strategic_plan_final.pdf

Retail/Commercial Characteristics and Market Opportunities

Certain land uses are more desirable in areas oriented towards transit and pedestrian activity. The following uses are generally accepted as being consistent with transit oriented development:

Healthcare facilities	Grocery stores
Athletic/recreational facilities	Neighborhood-oriented businesses
High Schools	Local pubs
Personal services	Dry cleaners
Colleges	Hotels
Restaurants	Entertainment facilities
Health clubs	Medical clinics
Coffee shops	Financial facilities
Retail shops	Daycare facilities
Outdoor cafes	Residential

The following land uses are generally inconsistent with a transit or pedestrian orientation and therefore are discouraged in a transit oriented area:

Automotive sales	Automotive services and repair
Car washes	Large format/warehouse retail
Large format food stores	Drive-in/Drive-through services
Warehouse distribution	Outdoor storage
Regional parks	Funeral homes
Large format faith facilities	Parking lots
Low density residential	Low intensity industrial uses

The Gateways Study Area, and more specifically the area immediately surrounding the Amtrak rail station, contains an abundance of land uses that are inconsistent with transit oriented development. For example, within ½ mile of the Amtrak station there are 7 businesses that fall within the auto dealers, gas stations Retail Trade group, and the Motor Vehicle and Parts Dealers industry subsector (NAICS Code 441) is over-represented by more than \$25 million. Within 1 ½ miles of the station there are 42 businesses that fall within the auto dealers, gas stations Retail Trade group, and the Motor Vehicle and Parts Dealers industry subsector (NAICS Code 441) is over-represented by more than \$116 million.

Meanwhile, establishments which are supportive of transit oriented development are under-represented in the immediate vicinity of the station. For example, within ½ mile of the Amtrak Station News Dealers and Newsstands (NAICS Code 451212) are under-represented by more than \$15,000. Pharmacies and Drug Stores (NAICS Code 44611) are under-represented by more than \$1.4 million. And, Food and Beverage Stores (NAICS Code 445) also appear to be under-represented to the tune of approximately \$5.2 million. Other TOD supportive retail establishments are also under-represented, including grocery stores (\$4.9 million opportunity gap) and hardware stores (\$355,000 opportunity gap). Therefore, it seems that there is ample opportunity for new mixed use development that is consistent with the principles of transit oriented development.

Urban Entertainment Characteristics and Market Opportunities

During development of the Vision for the future of the Gateways Area, citizens expressed a desire for more entertainment venues. Unfortunately market data related to entertainment was not available to us so we had to rely on our personal knowledge of the market in this case.

One entertainment venue that has been suggested for the Gateways area is a movie theater. Lancaster City was once host to two cinemas, the last one (United Artists Pacific theater on North Queen Street) having closed in July 2000. While there are two movie theaters within five miles of the Gateways Study Area, neither is easily accessible by transit. Penn Cinema is located approximately 4 ½ miles north of Lancaster City, near the Lancaster Airport. Regal Manor 16 is located approximately 2 ½ miles to the southwest of the Gateways area, in the Manor Shopping Plaza along Manor Street in Lancaster Township. A movie theater in the Gateways area would fill the need for a movie theater in Lancaster County that can be easily accessed by transit, i.e. RRTA or Amtrak.

Hotels also appear to be in short supply in the Gateways area. While there is one hotel (Days Inn) just across the tracks from the rail station, the hotel is rated 32nd out of 32 hotels in Lancaster ranked by Trip Advisor®. One market niche that seems to be doing well in Lancaster County is the “boutique” hotel. Further study is needed to define this market opportunity further.

The following reports, which are available upon request, provide more detailed information relative to the defined Trade Areas:

- Household Trend
- Consumer Buying Power Summary Report
- Consumer Buying Power Retail Store Type
- Retail Market Power Demand Growth Report by Retail Store Types
- Retail Market Power Opportunity Gap Report by Retail Store Types
- Workplace Business & Employment

Workplace Business & Employment

	Study Area 0 - 0.5 Mile Radius		
	Number of Businesses	Total Employees	Employees per Business
Total Businesses	287	6,031	21
Private Sector	249	5,420	21.8
Government and Non-Profit	38	611	15.9
Retail Trade	64	1,066	16.5
Building materials and garden supply	3	37	12.9
General merchandise stores	2	112	47.9
Food stores	6	37	6.2
Auto dealers, gas stations	7	148	22.8
Apparel, accessory stores	5	138	26.2
Home furniture, furnishings & equipment	8	96	11.7
Eating & drinking places	15	205	13.6
Miscellaneous Retail Stores	18	291	16
Finance, Insurance, Real Estate	22	189	8.7
Banks, saving & lending institutions	4	45	11.4
Security, commodity brokers	0	4	9.9
Insurance carriers & agencies	2	25	10.1
Real estate	15	115	7.7
Trusts, holdings & other investments	0	0	
Services	129	3,518	27.3
Hotels & other lodging	0	5	13.6
Personal services	35	128	3.6
Business services	23	192	8.2
Motion pictures & Amusement	9	56	6.5
Health services	23	2,583	114.7
Legal services	4	29	8
Educational services	5	184	33.8
Social services	15	270	18.3
Miscellaneous, membership organizations & nonclassified	15	72	4.8
Agriculture & Natural Resources	4	12	3.1
Resource Extraction	0	0	
Construction	13	168	12.9
Manufacturing	20	515	25.6
Transport/Communication, Utilities	6	163	28
Wholesale Trade	23	299	13
Government	6	102	16.9
Number of Employees	6,031		
Employees per Business	21		
Residential Population	4,851		
Residential Population per Business	16.9		
Number of Households	1,872		
Total Employees Working at Home	51		

Workplace Business & Employment

	Study Area 0 - 1.0 Mile Radius		
	Number of Businesses	Total Employees	Employees per Business
Total Businesses	1,358	24,187	17.8
Private Sector	1,150	20,533	17.8
Government and Non-Profit	208	3,654	17.6
Retail Trade	309	3,945	12.8
Building materials and garden supply	9	129	14.1
General merchandise stores	6	325	54
Food stores	31	305	9.8
Auto dealers, gas stations	23	404	17.5
Apparel, accessory stores	24	275	11.5
Home furniture, furnishings & equipment	38	372	9.8
Eating & drinking places	81	1,205	14.8
Miscellaneous Retail Stores	97	931	9.6
Finance, Insurance, Real Estate	119	1,118	9.4
Banks, saving & lending institutions	31	425	13.9
Security, commodity brokers	11	104	9.1
Insurance carriers & agencies	19	198	10.2
Real estate	56	390	6.9
Trusts, holdings & other investments	1	2	2
Services	642	13,593	21.2
Hotels & other lodging	3	71	22.6
Personal services	136	549	4
Business services	136	1,584	11.6
Motion pictures & Amusement	26	167	6.5
Health services	133	8,427	63.6
Legal services	48	335	7
Educational services	30	1,098	36.4
Social services	53	798	15.2
Miscellaneous, membership organizations & nonclassified	78	563	7.2
Agriculture & Natural Resources	10	36	3.6
Resource Extraction	1	83	75.5
Construction	48	668	14
Manufacturing	75	1,846	24.8
Transport/Communication, Utilities	28	618	22.4
Wholesale Trade	63	982	15.5
Government	64	1,298	20.3
Number of Employees	24,187		
Employees per Business	17.8		
Residential Population	19,014		
Residential Population per Business	14		
Number of Households	7,711		
Total Employees Working at Home	296		

Workplace Business & Employment

	Study Area 0 - 1.5 Mile Radius		
	Number of Businesses	Total Employees	Employees per Business
Total Businesses	3,065	50,430	16.5
Private Sector	2,535	37,636	14.8
Government and Non-Profit	531	12,795	24.1
Retail Trade	670	7,954	11.9
Building materials and garden supply	14	282	19.7
General merchandise stores	15	737	50
Food stores	77	717	9.3
Auto dealers, gas stations	42	747	17.7
Apparel, accessory stores	58	516	8.9
Home furniture, furnishings & equipment	73	666	9.2
Eating & drinking places	178	2,611	14.7
Miscellaneous Retail Stores	213	1,678	7.9
Finance, Insurance, Real Estate	301	3,229	10.7
Banks, saving & lending institutions	66	775	11.7
Security, commodity brokers	43	457	10.7
Insurance carriers & agencies	56	855	15.3
Real estate	134	1,129	8.4
Trusts, holdings & other investments	2	13	5.8
Services	1,469	23,169	15.8
Hotels & other lodging	8	339	42.6
Personal services	288	1,230	4.3
Business services	300	3,087	10.3
Motion pictures & Amusement	46	348	7.5
Health services	289	11,049	38.2
Legal services	145	955	6.6
Educational services	68	2,407	35.6
Social services	129	2,449	19
Miscellaneous, membership organizations & nonclassified	197	1,305	6.6
Agriculture & Natural Resources	19	71	3.8
Resource Extraction	2	130	66.1
Construction	106	1,251	11.8
Manufacturing	147	4,369	29.7
Transport/Communication, Utilities	66	1,574	24
Wholesale Trade	108	1,809	16.7
Government	178	6,875	38.6
Number of Employees	50,430		
Employees per Business	16.5		
Residential Population	45,661		
Residential Population per Business	14.9		
Number of Households	17,554		
Total Employees Working at Home	560		