Proposal for Zoning Changes in the Central Business District (CBD) Report

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Executive Summary

The Central Business District (CBD) of Bellefonte Borough is at a critical juncture. Current zoning regulations have led to an overabundance of retail space, resulting in underutilization and putting historic buildings at risk due to neglect. This report utilizes the **retail space demand model**—a formula that calculates required retail space based on population, average household income, and the percentage of income spent on retail—to analyze the community's retail needs and guide strategic zoning decisions.

Retail Space Demand Model:

$$\text{Required Retail Space (sq ft)} = \frac{\text{Population} \times \text{Average Household Income} \times \text{Percentage of Income Spent on Retail}}{\text{Sales per Square Foot Target}}$$

Bellefonte's CBD encompasses approximately **1,788,965 square feet**, which is **5.54 to 5.76 Times** the calculated retail need for **all** of Bellefonte Borough. CBD is not the only commercial zone in the Bellefonte Borough. This significant surplus contributes to high vacancy rates and underutilization of historic properties.

Comparative Analysis:

To contextualize Bellefonte's situation, we compared it with **State College Borough** and **Lititz Borough**:

Key Data and Findings

Bellefonte Borough
- **Population:** 6,105
- **Number of Households:** 2,909
- **Average Household Income:** $74,000
- **Per Capita Income:** $33,934
- **Total Retail Sales Potential:**
    - **Using Population:** $62,150,121
    - **Using Households:** $64,579,800
- **Required Retail Space:**
    - **Using Population:** 310,751 sq ft
    - **Using Households:** 322,899 sq ft
- **CBD External Area:** 1,788,965 sq ft
- **Ratio of Commercial Area to Required Retail Space:**
    - **Approximately 5.6 times larger** than needed

State College Borough
- **Population:** 40,501
- **Number of Households:** 14,376
- **Average Household Income:** $73,256
- **Per Capita Income:** $23,979
- **Total Retail Sales Potential:**
    - **Using Population:** $291,337,043.70
    - **Using Households:** $315,787,085
- **Required Retail Space:**
    - **Using Population:** 1,456,685 sq ft
    - **Using Households:** 1,578,935 sq ft
- **Commercial Zone Area:** 4,097,056 sq ft
- **Ratio of Commercial Area to Required Retail Space:**
    - **Approximately 2.6 to 2.8 times larger** than needed

Lititz Borough
- **Population:** 9,381
- **Number of Households:** 3,833
- **Average Household Income:** $111,870
- **Per Capita Income:** $46,076
- **Total Retail Sales Potential:**
    - **Using Population:** $129,671,687
    - **Using Households:** $128,639,313
- **Required Retail Space:**
    - **Using Population:** 648,358 sq ft
    - **Using Households:** 643,197 sq ft
- **Commercial Zone Area:** 2,742,657 sq ft
- **Ratio of Commercial Area to Required Retail Space:**
    - **Approximately 4.2 times larger** than needed

Options for Revitalizing Bellefonte Borough's Central Business District (CBD)

Each option presents different strategies to address the challenges facing Bellefonte's CBD. Below is a brief summary:

- **Option 0:** Maintains the status quo but risks continued economic decline and deterioration of historic buildings.
- **Option 1:** Allow residential use on the first floor and anywhere in the CBD.
- **Option 2:** Expands permitted uses to include residential and innovative businesses, promoting diversity and adaptive reuse.
- **Option 3:** Offers maximum flexibility by permitting all but a few prohibited businesses, encouraging economic growth but reducing control over specific developments.
- **Option 4:** Concentrates all retail in the CBD, potentially strengthening the downtown but may displace existing businesses elsewhere and face legal challenges.
- **Option 5:** The borough actively leases vacant spaces to maintain vibrancy, providing control but at a significant financial cost and administrative burden.

Executive Summary Conclusion:

By adopting a flexible and adaptive zoning approach, similar to that of Lititz Borough, Bellefonte can reduce its surplus retail space, stimulate economic growth, and preserve its historical character. The implementation of targeted zoning changes informed by the retail space demand model and comparative analyses positions Bellefonte to create a thriving, sustainable CBD that benefits residents and attracts visitors.

Note on Updated Data from November 9th Report

Median Household Income vs. Average Household Income

The November 9th report used median household income for State College Borough and Lititz Borough. For the retail space demand model, average household income is needed to calculate the total income of a community. The numbers for Bellefonte Borough were correct, however for the other communities they were incorrect. In this report, average household income is used for all communities, correcting this mistake.

Population vs. Number of Households and Per Capita Income vs. Average Household Income

The November 9th report used population with average household income for Bellefonte Borough and Median Household Income for State College and Lititz Borough. The objective of the retail demand model is to calculate the total income for a community and then the total amount of money that community would spend in a year.

This report will use population with per capita income and households with average household income. These two numbers will be compared.

Understanding the Retail Space Demand Model

Overview of the Model

The retail space demand model utilized in this analysis is a strategic tool designed to estimate the amount of retail space that a community can support based on economic and demographic factors. The model helps planners and decision-makers align the supply of retail space with actual market demand to promote sustainable economic development.

Core Formula:

$$\text{Required Retail Space (sq ft)} = \frac{\text{Total Retail Sales Potential}}{\text{Sales per Square Foot Target}}$$

Where:

- **Total Retail Sales Potential** is calculated as:

$$\text{Total Retail Sales Potential} = \text{Population} \times \text{Average Household Income} \times \text{Percentage of Income Spent on Retail}$$

- **Sales per Square Foot Target** is an industry benchmark representing expected annual retail return per square foot.

Components of the Model

1. **Population:**

   - Represents the total number of residents in the area.
   - A larger population generally indicates a higher potential customer base for retail businesses.

2. **Average Household Income:**

   - Reflects the economic capacity of households within the community.
   - Higher household incomes can lead to increased retail spending.

3. **Percentage of Income Spent on Retail:**

   - An estimate of the proportion of household income allocated to retail purchases.
   - Typically ranges between 20% and 40%, depending on economic conditions and local spending habits.

4. **Total Retail Spending of a Community:**

- By multiplying the population, average household income, and percentage of income spent on retail together the total retail spending of a community is calculated.

5. **Sales per Square Foot Target:**

   - An industry standard used to measure retail performance.
   - Varies by retail type (e.g., general retail ($200-$300 vs. high-end retail $500) and local market conditions.

   - These numbers represent the expected revenue per square foot per year for a retail operation. For this report $200 per square foot per year was used, the low end. Using a higher number would have reduce the needed retail square foot further for all communities.

Who Uses the Model and Why

Urban Planners and City Officials

- **Purpose**:
  - Plan zoning and land use.
  - Ensure retail spaces meet community needs.
  - Promote local economic growth.
- **Why**:
  - Helps make decisions based on data.
  - Keeps business districts useful and vibrant.

Developers and Real Estate Professionals

- **Purpose**:
  - Check if new retail projects make sense.
  - Decide where to invest and avoid risk.
- **Why**:
  - Ensures projects are profitable and sustainable.

Retailers and Entrepreneurs

- **Purpose**:
  - Pick store locations with enough demand.
  - Find areas ready for business growth.
- **Why**:
  - Helps boost profits and avoid bad locations.

Banks and Investors

- **Purpose**:
    - Review loan risks for retail projects.
    - Find good investment opportunities.
- **Why**:
    - Reduces risk and supports better financial decisions.

Why the Retail Space Demand Model Matters

The Retail Space Demand Model plays a crucial role in planning Bellefonte's future:

- **Informed Decision-Making**: Provides data-driven insights to guide zoning, investments, and resource allocation.
- **Economic Stability**: Helps prevent overbuilding retail space, reducing the risk of vacant properties that harm the CBD's vibrancy.
- **Community Development**: Ensures that retail spaces align with local needs, supporting businesses, enhancing quality of life, and fostering a thriving downtown.

Using this model allows Bellefonte to make thoughtful, strategic choices that benefit both residents and businesses.

Limits of the Retail Space Demand Model

The Retail Space Demand Model has several limitations that should be considered:

- **Over-Simplification**: The model uses generalized assumptions and may not fully account for Bellefonte's unique local characteristics, such as tourism trends or historic preservation needs.
- **Data Dependency**: Accurate and up-to-date demographic and economic data are essential for reliable results. Without this, the model's predictions may be less effective.
- **Lack of Flexibility**: The model does not easily adapt to rapid changes in consumer behavior or market dynamics, such as the increasing dominance of e-commerce and shifts away from traditional retail.

These limitations highlight the importance of using the model as one of many tools in decision-making rather than as a standalone solution.

How Actual Commercial Space was Calculated

Commercial area in square feet was calculated using the Google Maps area calculation tool. The commercial zoning of the communities was outlined using the tool to find the square feet of the zone. If there were multiple zones each zone was traced independently then later summed together.

This method of calculating the actual commercial space does not calculate the interior square footage of retail use. The number of square fee might be higher than the actual number, as this method would include spaces in-between buildings, building walls, the sidewalk, and internal street of the zone. The number might be lower than the actual number as many zones allow for multi-level retial use and this method assumes only one level will be used for retail.

This method was a practical way of getting an estimate area of these zones. Since the same method was used for all communities, it acts as a good comparison between them.

Bellefonte Borough Retail Needs Assessment

To better understand the retail needs of Bellefonte Borough and how they compare to the existing Central Business District (CBD) space, we will run the retail demand model twice:

1. **Using Population and Per Capita Income**
2. **Using Number of Households and Average Household Income**

We will then compare the required retail space calculated from both methods to the actual CBD area.

Data Sources:

- **Population:** 6,105 (2020 Census)
- **Number of Households:** 2,909 (2017–2021 Census data)
- **Average Household Income:** $74,000 (provided data)
- **Per Capita Income:** $33,934 (2017–2021 Census data)
- **Percentage of Income Spent on Retail:** 30% (assumed)
- **Sales per Square Foot Target:** $200
- **CBD External Area:** 1,788,965 square feet

1. Model Using Population and Per Capita Income

Step 1: Calculate Total Retail Sales Potential

$$\text{Total Retail Sales Potential} = \text{Population} \times \text{Per Capita Income} \times \text{Percentage of Income Spent on Retail}$$
$$= 6,105 \times \$33,934 \times 0.30$$
$$= \$207,167,070 \times 0.30$$
$$= \$62,150,121$$

Step 2: Calculate Required Retail Space

$$\text{Required Retail Space} = \frac{\text{Total Retail Sales Potential}}{\text{Sales per Square Foot Target}}$$
$$= \frac{\$62,150,121}{\$200}$$
$$= 310,751 \text{ square feet}$$

Step 3: Compare to CBD Area

$$\text{Ratio} = \frac{\text{CBD External Area}}{\text{Required Retail Space}}$$
$$= \frac{1,788,965 \text{ sq ft}}{310,751 \text{ sq ft}}$$
$$\approx 5.76$$

Interpretation:

- The CBD area is approximately **5.76 times** larger than the required retail space calculated using population and per capita income.
- This indicates a significant surplus of retail-designated space relative to the community's retail demand based on this model.

2. Model Using Number of Households and Average Household Income

Step 1: Calculate Total Retail Sales Potential

$$\text{Total Retail Sales Potential} = \text{Number of Households} \times \text{Average Household Income} \times \text{Percentage of Income Spent on Retail}$$
$$= 2,909 \times \$74,000 \times 0.30$$
$$= \$215,266,000 \times 0.30$$
$$= \$64,579,800$$

Step 2: Calculate Required Retail Space

$$\text{Required Retail Space} = \frac{\text{Total Retail Sales Potential}}{\text{Sales per Square Foot Target}}$$
$$= \frac{\$64,579,800}{\$200}$$
$$= 322,899 \text{ square feet}$$

Step 3: Compare to CBD Area

$$\text{Ratio} = \frac{\text{CBD External Area}}{\text{Required Retail Space}}$$
$$= \frac{1,788,965 \text{ sq ft}}{322,899 \text{ sq ft}}$$
$$\approx 5.54$$

Interpretation:

- The CBD area is approximately **5.54 times** larger than the required retail space calculated using households and average household income.
- This also indicates a significant surplus of retail space.

3. Comparison and Analysis

Similarities in Both Models:

- **Surplus Retail Space:** Both calculations reveal that the CBD has over **five times** the retail space needed based on the community's retail demand.
- **Significant Surplus:** Whether using population or households, the surplus is substantial, indicating that the current amount of retail-designated space in the CBD far exceeds the modeled demand.

Differences Between the Two Models:

- **Required Retail Space:**
  - **Using Population:** 310,751 square feet

- **Using Households:** 322,899 square feet
- **Difference in Required Retail Space:** Approximately 12,148 square feet (about 3.9% difference)

4. Implications for Bellefonte Borough

- **Excess Retail Space:** Both models confirm that Bellefonte's CBD has a significant excess of retail space compared to the community's retail spending capacity.
- **Need for Zoning Changes:** The surplus suggests an urgent need to diversify land use within the borough and the CBD to reduce vacancies and better utilize space.
- **Potential Strategies:**
  - **Expand Permitted Uses:** Allow for residential units, creative workspaces, and other non-retail uses to occupy vacant spaces.
  - **Adaptive Reuse of Buildings:** Encourage the transformation of existing structures for alternative purposes that meet current community needs.
  - **Focus on Demand-Driven Development:** Align future development and zoning regulations with the actual retail demand.

5. Conclusion

Running the retail demand model using both population and households for Bellefonte Borough yields similar results, highlighting a significant surplus of retail space in the CBD. This surplus contributes to high vacancy rates and underutilization of properties, including historic buildings.

Key Takeaways:

- **Surplus Exceeds Five Times the Demand:** The CBD's retail space is over five times greater than what the community can support based on income and spending habits.
- **Consistent Findings Across Models:** Both methods—using population with per capita income and households with average household income—support the need for zoning reevaluation.
- **Action Required:** To address this imbalance, Bellefonte Borough should consider zoning changes that allow for a broader range of uses within the CBD, promoting economic vitality and preservation of historic assets.

Bellefonte Borough Zoning Map
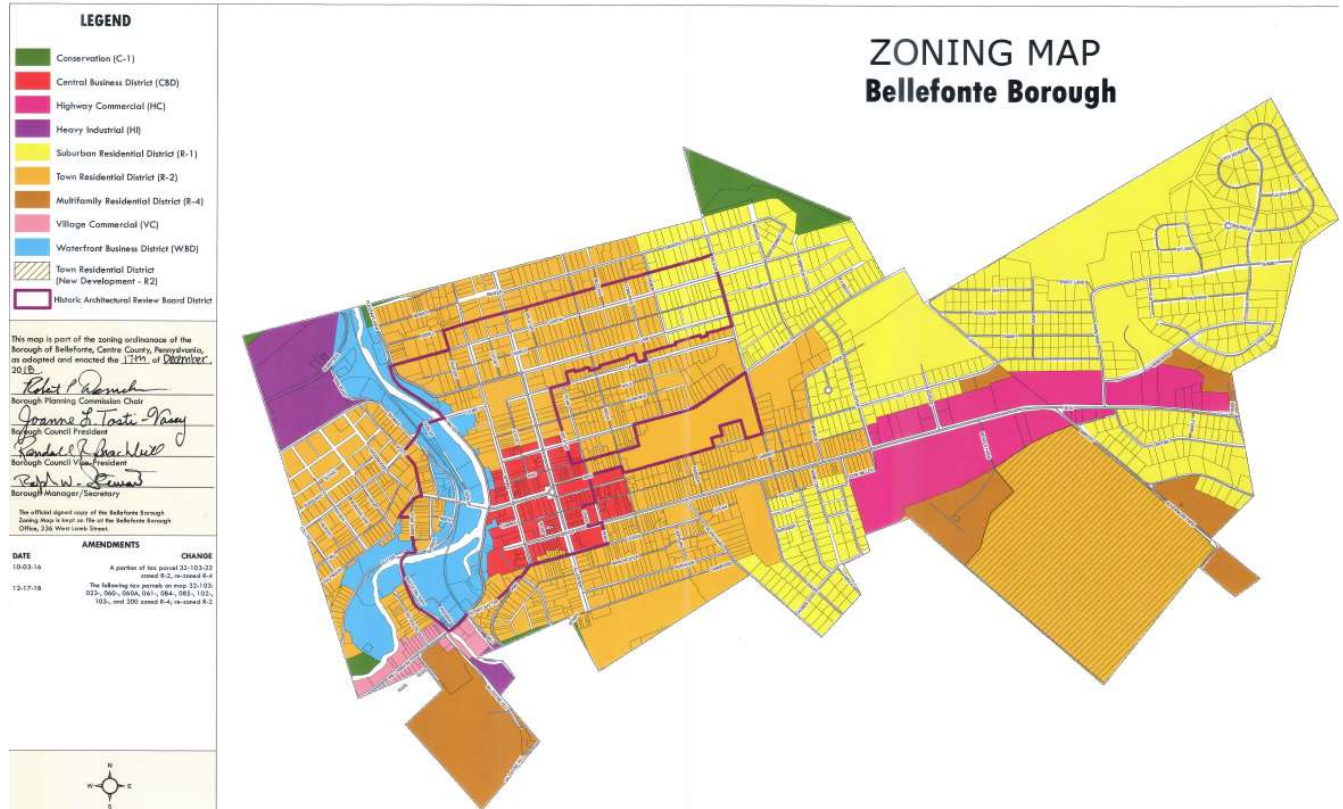
State College Borough Retail Needs Assessment

State College Borough Retail Demand Model Analysis Using Updated Data

Based on your request, we'll rerun the retail demand model for State College Borough using the updated data:

- **Average Household Income:** $73,256 (World Population Review)
- **Per Capita Income:** $23,979 (U.S. Census Bureau)

We'll perform the analysis using both methods:

1. **Using Population and Per Capita Income**
2. **Using Number of Households and Average Household Income**

We'll then compare the required retail space calculated from both methods to the actual commercial zone area.

Data Sources:

- **Population:** 40,501 (2020 Census)
- **Number of Households:** 14,376 (2018–2022 Census data)
- **Average Household Income:** $73,256 (World Population Review)
- **Per Capita Income:** $23,979 (U.S. Census Bureau, 2018-2022 data)
- **Percentage of Income Spent on Retail:** 30%
- **Sales per Square Foot Target:** $200
- **Total Commercial Zone Area:** 4,097,056 square feet

1. Model Using Population and Per Capita Income

Step 1: Calculate Total Retail Sales Potential

$$\text{Total Retail Sales Potential} = \text{Population} \times \text{Per Capita Income} \times \text{Percentage of Income Spent on Retail}$$
$$= 40,501 \times \$23,979 \times 0.30$$
$$= \$971,123,479 \times 0.30$$
$$= \$291,337,043.70$$

Explanation:

- Total Income: $40,501 \times \$23,979 = \$971,123,479$

- Retail Spending Potential: $\$971,123,479 \times 30\% = \$291,337,043.70$

Step 2: Calculate Required Retail Space

$$\text{Required Retail Space} = \frac{\text{Total Retail Sales Potential}}{\text{Sales per Square Foot Target}}$$
$$= \frac{\$291,337,043.70}{\$200}$$
$$= 1,456,685 \text{ square feet}$$

Step 3: Compare to Commercial Zone Area

$$\text{Ratio} = \frac{\text{Commercial Zone Area}}{\text{Required Retail Space}}$$
$$= \frac{4,097,056 \text{ sq ft}}{1,456,685 \text{ sq ft}}$$
$$\approx 2.81$$

Interpretation:

- The commercial zone area is approximately **2.81 times** larger than the required retail space calculated using population and per capita income.
- This suggests a significant surplus of retail-designated space relative to the community's retail demand based on this model.

2. Model Using Number of Households and Average Household Income

Step 1: Calculate Total Retail Sales Potential

$$\text{Total Retail Sales Potential} = \text{Number of Households} \times \text{Average Household Income} \times \text{Percentage of Income Spent on Retail}$$
$$= 14,376 \times \$73,256 \times 0.30$$
$$= \$1,052,623,616 \times 0.30$$
$$= \$315,787,085$$

Explanation:

- Total Household Income: $14,376 \times \$73,256 = \$1,052,623,616$

- Retail Spending Potential: $\$1,052,623,616 \times 30\% = \$315,787,085$

Step 2: Calculate Required Retail Space

$$\text{Required Retail Space} = \frac{\text{Total Retail Sales Potential}}{\text{Sales per Square Foot Target}}$$
$$= \frac{\$315,787,085}{\$200}$$
$$= 1,578,935 \text{ square feet}$$

Step 3: Compare to Commercial Zone Area

$$\text{Ratio} = \frac{\text{Commercial Zone Area}}{\text{Required Retail Space}}$$
$$= \frac{4,097,056 \text{ sq ft}}{1,578,935 \text{ sq ft}}$$
$$\approx 2.60$$

Interpretation:

- The commercial zone area is approximately **2.60 times** larger than the required retail space calculated using households and average household income.
- This also indicates a significant surplus of retail space.

3. Comparison and Analysis

Results from Both Models:

- **Using Population and Per Capita Income:**
  - **Required Retail Space:** 1,456,685 sq ft
  - **Ratio:** 2.81
- **Using Households and Average Household Income:**
  - **Required Retail Space:** 1,578,935 sq ft
  - **Ratio:** 2.60

Difference Between the Two Methods:

- Required Retail Space Difference: $1,578,935 \text{ sq ft} - 1,456,685 \text{ sq ft} = 122,250 \text{ sq ft}$
- Percentage Difference: $\frac{122,250}{1,578,935} \times 100\% \approx 7.74\%$

Analysis:

- Both methods show a significant surplus of retail space in State College Borough.
- The surplus ranges from **2.60 to 2.81 times** the required retail space.
- The slight difference between the two methods (about 8%) is due to the different income measures (per capita vs. household income).

4. Implications for State College Borough

Understanding the Surplus:

- **Economic Factors Not Fully Captured:**

    - **University Influence:** The presence of Pennsylvania State University brings in a large student population and staff who contribute significantly to retail spending.
    - **Transient Population:** Events, conferences, and sports games attract visitors, increasing retail demand, especially in hospitality and entertainment sectors.
    - **Student Spending:** Students may spend a higher proportion of their income on retail, dining, and entertainment.

Zoning Considerations:

- **Flexible Land Use Policies:**

    - Encouraging mixed-use developments can optimize land use and adapt to changing demands.
    - Zoning regulations can be tailored to support a diverse range of businesses that cater to both residents and the transient population.

5. Conclusion

Using the updated data:

- **Required Retail Space:**

    - **Population Method:** 1,456,685 sq ft
    - **Household Method:** 1,578,935 sq ft
- **Commercial Zone Area:** 4,097,056 sq ft

- **Surplus of Retail Space:**

- The commercial zone area is approximately **2.6 to 2.8 times** the required retail space.

Key Takeaways:

- **Significant Surplus Exists:** Both methods confirm a substantial surplus of retail space in State College Borough.
- **Unique Economic Context:** The surplus may be appropriate due to the university's influence and the associated increase in retail demand.
- **Model Limitations:** The retail demand model may underestimate actual retail needs in communities with significant transient or student populations.

Recommendations for State College Borough:

- **Acknowledge Unique Demand Drivers:** Recognize that traditional models may not fully capture the retail needs of the community.
- **Continuous Monitoring:** Regularly assess retail space utilization, vacancy rates, and economic trends to inform zoning decisions.
- **Adaptive Zoning Policies:** Maintain flexible zoning regulations that can accommodate fluctuations in retail demand and support economic vitality.

State College Borough Zoning Map
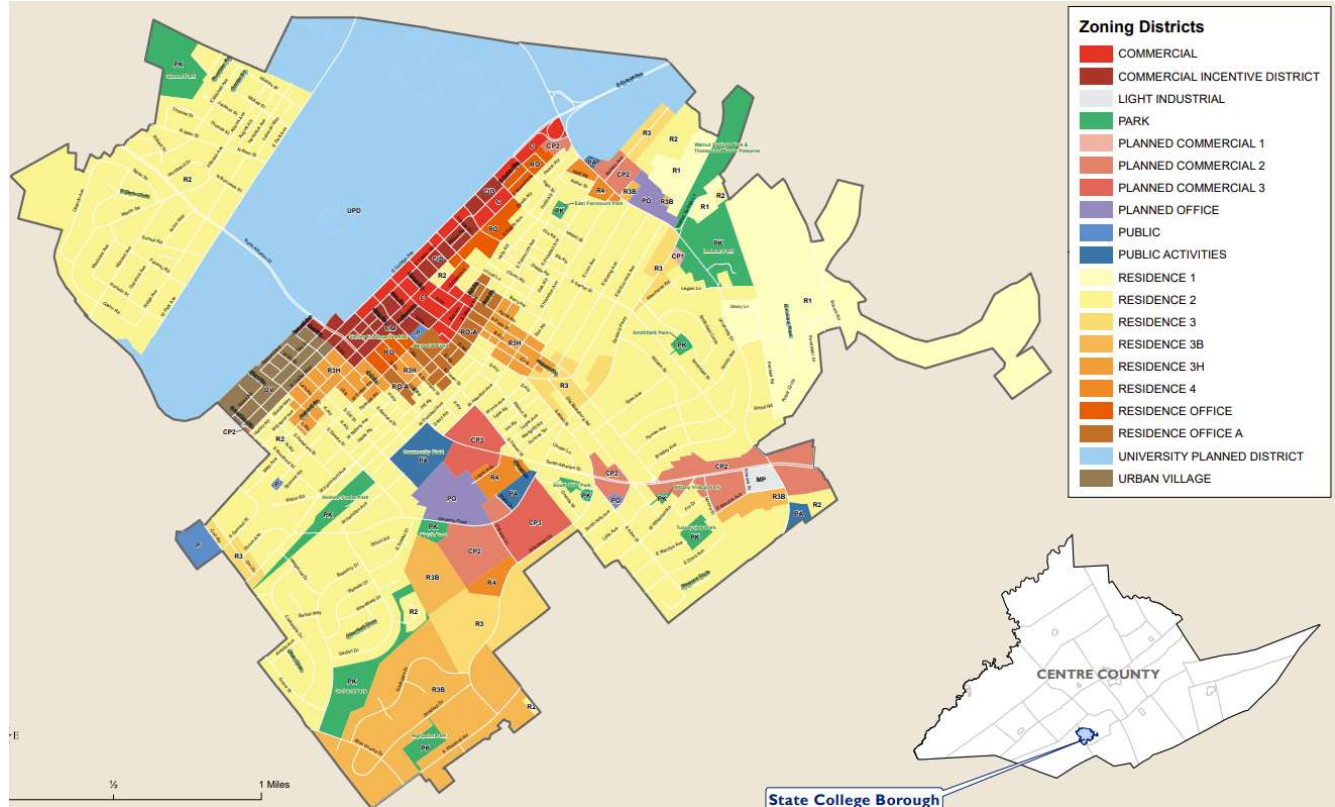
Lititz Borough Retail Needs Assessment

To assess the retail needs of Lititz Borough and compare them to the existing commercial zoning area, we will run the retail demand model twice:

1. **Using Population and Per Capita Income**
2. **Using Number of Households and Average Household Income**

We will then compare the required retail space calculated from both methods to the actual commercial zone area.

Data Sources:

- **Population:** 9,381 (2020 U.S. Census)
- **Number of Households:** 3,833 (2018–2022 U.S. Census data)
- **Average Household Income:** $111,870 (World Population Review)
- **Per Capita Income:** $46,076 (2018–2022 U.S. Census data)

- **Percentage of Income Spent on Retail:** 30%
- **Sales per Square Foot Target:** $200
- **Total Commercial Zone Area:** 2,742,657 square feet

1. Model Using Population and Per Capita Income

Step 1: Calculate Total Retail Sales Potential

$$\text{Total Retail Sales Potential} = \text{Population} \times \text{Per Capita Income} \times \text{Percentage of Income Spent on Retail}$$
$$= 9,381 \times \$46,076 \times 0.30$$
$$= \$432,238,956 \times 0.30$$
$$= \$129,671,687$$

Explanation:

- Total Income: $9,381 \times \$46,076 = \$432,238,956$
- Retail Spending Potential: $\$432,238,956 \times 30\% = \$129,671,687$

Step 2: Calculate Required Retail Space

$$\text{Required Retail Space} = \frac{\text{Total Retail Sales Potential}}{\text{Sales per Square Foot Target}}$$
$$= \frac{\$129,671,687}{\$200}$$
$$= 648,358 \text{ square feet}$$

Step 3: Compare to Commercial Zone Area

$$\text{Ratio} = \frac{\text{Commercial Zone Area}}{\text{Required Retail Space}}$$
$$= \frac{2,742,657 \text{ sq ft}}{648,358 \text{ sq ft}}$$
$$\approx 4.23$$

Interpretation:

- The commercial zone area is approximately **4.23 times** larger than the required retail space calculated using population and per capita income.
- This indicates a significant surplus of retail-designated space relative to the community's retail demand based on this model.

2. Model Using Number of Households and Average Household Income

Step 1: Calculate Total Retail Sales Potential

$$\text{Total Retail Sales Potential} = \text{Number of Households} \times \text{Average Household Income} \times \text{Percentage of Income Spent on Retail}$$
$$= 3,833 \times \$111,870 \times 0.30$$
$$= \$428,797,710 \times 0.30$$
$$= \$128,639,313$$

Explanation:

- Total Household Income: $3,833 \times \$111,870 = \$428,797,710$

- Retail Spending Potential: $\$428,797,710 \times 30\% = \$128,639,313$

Step 2: Calculate Required Retail Space

$$\text{Required Retail Space} = \frac{\text{Total Retail Sales Potential}}{\text{Sales per Square Foot Target}}$$
$$= \frac{\$128,639,313}{\$200}$$
$$= 643,197 \text{ square feet}$$

Step 3: Compare to Commercial Zone Area

$$\text{Ratio} = \frac{\text{Commercial Zone Area}}{\text{Required Retail Space}}$$
$$= \frac{2,742,657 \text{ sq ft}}{643,197 \text{ sq ft}}$$
$$\approx 4.26$$

Interpretation:

- The commercial zone area is approximately **4.26 times** larger than the required retail space calculated using households and average household income.
- This also indicates a significant surplus of retail space.

3. Comparison and Analysis

Consistency in Both Models:

- **Required Retail Space:**
    - **Using Population:** 648,358 square feet
    - **Using Households:** 643,197 square feet
- **Ratio of Commercial Zone Area to Required Retail Space:**
    - **Using Population:** 4.23
    - **Using Households:** 4.26

Analysis:

- Both methods yield very similar results, showing a significant surplus of retail space in Lititz Borough.
- The commercial zone area is approximately **4.2 to 4.3 times** larger than the required retail space based on the community's income and spending habits.
- This surplus suggests that the existing commercial zones exceed the retail demand as calculated by the model.

4. Implications for Lititz Borough

Understanding the Surplus:

- **Economic Context:**
    - **Tourism and Heritage Focus:** Lititz is known for its historical charm and attracts tourists, which can increase retail demand beyond what the resident population alone would generate.
    - **Diverse Business Mix:** The borough may have a variety of retail, dining, and entertainment options that appeal to both residents and visitors.
    - **Adaptive Use of Space:** The surplus retail space might be utilized effectively through flexible zoning and creative business strategies.

Potential Reasons for Effective Utilization:

- **Flexible Zoning Practices:**

    - Allowing a mix of uses within commercial zones, such as artisan workshops, galleries, and specialty shops.
    - Encouraging mixed-use developments that combine retail with residential or office spaces.
- **Community Engagement:**

    - Active involvement of local businesses and residents in promoting downtown activities and events.
    - Initiatives to preserve historic buildings and adapt them for modern uses.
- **Economic Development Strategies:**

    - Marketing Lititz as a destination for tourists and shoppers.
    - Supporting small businesses and startups that contribute to a vibrant downtown atmosphere.

5. Conclusion

The analysis reveals that Lititz Borough has a significant surplus of retail space, with the commercial zone area being over **four times** the required retail space calculated based on resident income and spending.

Key Takeaways:

- **Surplus Retail Space Exists:** Both models confirm the presence of a surplus in retail-designated areas.
- **Effective Utilization:** Despite the surplus, Lititz maintains a vibrant commercial district, likely due to flexible zoning, tourism, and community initiatives.
- **Model Limitations:** The retail demand model may not fully account for additional demand from tourists and visitors.

Recommendations for Lititz Borough:

- **Continue Flexible Zoning Practices:** Maintain and enhance zoning regulations that allow for diverse and innovative uses of commercial spaces.
- **Promote Tourism and Events:** Leverage the borough's historical appeal to attract visitors, increasing retail demand.
- **Support Local Businesses:** Encourage the growth of small businesses and startups that contribute to the downtown's vibrancy.

Comparative Analysis Between Boroughs of: Bellefonte, State College, and Lititz

Introduction

This section provides a comparative analysis of Bellefonte Borough, State College Borough, and Lititz Borough to offer insights into how each community manages its retail space in relation to its economic drivers and zoning practices. Understanding these comparisons can help Bellefonte Borough Council make informed decisions regarding zoning changes to revitalize our Central Business District (CBD).

Retail Demand Model Overview

We utilized the retail demand model to estimate the required retail space for each borough based on two methods:

1. **Population and Per Capita Income**
2. **Number of Households and Average Household Income**

The model calculates the **Total Retail Sales Potential** and the **Required Retail Space**, which we then compare to the existing commercial zone area to determine if there is a surplus or shortage of retail space.

Comparative Insights

Surplus of Retail Space
- **Bellefonte Borough** has the highest surplus, with the CBD area being over **five times** larger than the required retail space.
- **State College Borough** shows a surplus of about **2.6 to 2.8 times**, which is significant but less than Bellefonte's surplus.
- **Lititz Borough** also has a surplus, with the commercial area being approximately **4.2 times** larger than needed.

Economic Drivers
- **Bellefonte Borough** lacks a major economic driver like a university or significant tourism industry, which contributes to the underutilization of retail space.
- **State College Borough** benefits from the presence of **Pennsylvania State University**, which brings in a large student population and visitors, increasing actual retail demand beyond what the model predicts.
- **Lititz Borough** leverages its **historical charm and tourism appeal** to attract visitors, effectively utilizing its surplus retail space.

Zoning Practices and Strategies
- **Bellefonte Borough's** current zoning regulations are restrictive, limiting the types of businesses that can occupy the CBD, leading to high vacancy rates and underutilization.
- **State College Borough** likely employs flexible zoning practices that accommodate mixed-use developments and a diverse range of businesses catering to students and visitors.
- **Lititz Borough** uses adaptive zoning strategies that allow for a mix of retail, dining, entertainment, and residential uses, fostering a vibrant downtown area.

Shifts in Office and Retail Use

Recent trends in remote work and e-commerce are reshaping how buildings are utilized, with significant implications for local communities.

Changes in Office Use Due to Remote Work

The COVID-19 pandemic accelerated the adoption of remote work, leading to a substantial increase in telecommuting. In Canada, for instance, the proportion of employees working from home rose from 4% in 2016 to 32% in early 2021.
Statistics Canada
While some employees have returned to offices, hybrid work models remain prevalent, with office attendance averaging 3.5 days per week as of fall 2022, about 30% below pre-pandemic levels.
McKinsey & Company

Impact on Building Use

This trend suggests a growing opportunity to repurpose vacant office spaces for residential or mixed-use developments, potentially revitalizing underutilized areas. Remote and hybrid work reduces the need for office use.

Changes in Retail Use Due to E-Commerce

E-commerce has experienced significant growth, with online sales accounting for 20.1% of global retail purchases in 2024.
Forbes
In Canada, retail e-commerce sales rose from 3.9% of total retail sales in 2019 to 6.2% in 2022.
Statistics Canada
This shift has led to a reduction in foot traffic for traditional brick-and-mortar stores.

Impact on Building Use

The rise of e-commerce has resulted in increased vacancies in traditional retail spaces. However, some brick-and-mortar stores are thriving by offering unique in-store experiences that cannot be replicated online.
The Wall Street Journal
This trend presents an opportunity for local communities to attract businesses that provide experiential retail, thereby enhancing the vibrancy of the Central Business District (CBD).

Community Implications

The shifts in office and retail use have several implications for Bellefonte:

- **Economic Diversification**: Repurposing vacant office and retail spaces for residential or mixed-use developments can attract new residents and businesses, diversifying the local economy.

- **Historic Preservation**: Adaptive reuse of historic buildings can preserve Bellefonte's architectural heritage while meeting contemporary needs.

- **Community Engagement**: Encouraging experiential retail and mixed-use developments can foster a vibrant community atmosphere, attracting both residents and visitors.

By proactively addressing these trends, Bellefonte Borough can adapt to changing dynamics, ensuring the sustainable development of the community.

Recomendations

Lessons for Bellefonte Borough

1. **Diversify Land Use in the CBD**

    - **Expand Permitted Uses:** Allow residential units on ground floors, creative workspaces, and innovative enterprises to occupy vacant spaces.
    - **Adaptive Reuse of Historic Buildings:** Encourage the transformation of historic properties for modern uses while preserving their heritage.

2. **Leverage Unique Strengths**

    - **Promote Heritage and Tourism:** Capitalize on Bellefonte's historical assets to attract visitors and increase retail demand.
    - **Support Local Businesses:** Foster an environment that encourages small businesses and startups, enhancing the downtown's appeal.

3. **Implement Flexible Zoning Practices**

    - **Broaden Allowable Activities:** Consider zoning changes that permit a wider range of commercial and non-commercial uses.
    - **Encourage Mixed-Use Developments:** Allow combinations of residential, retail, and office spaces to optimize land use and meet diverse community needs.

4. **Engage with the Community**

    - **Stakeholder Involvement:** Involve residents, business owners, and community leaders in the zoning revision process to ensure that changes align with local needs and values.
    - **Economic Development Initiatives:** Collaborate with local organizations to promote events and activities that draw people to the CBD.

Options for Revitalizing Bellefonte Borough's Central Business District (CBD)

To address the challenges facing Bellefonte's CBD, several options are presented below for consideration. Each option includes a description, advantages (pros), and challenges (cons).

Option 0: No Change (Slow Decline)

Description:

Maintain the current zoning regulations for the CBD without any modifications.

Pros:

- **Simplicity:** No effort or resources required to change existing regulations.
- **Stability for Existing Businesses:** Current businesses can continue operating without disruption.

Cons:

- **Economic Decline:** Excess retail space will likely remain vacant, leading to reduced foot traffic and commercial activity.
- **Risk to Historic Buildings:** Vacant and underutilized buildings may deteriorate over time, jeopardizing Bellefonte's historic architecture.
- **Missed Opportunities:** Restrictive zoning limits the ability to attract new businesses or adapt to changing market trends.
- **Decreased Property Values:** Ongoing vacancies can lead to lower property values and reduced tax revenue.

Option 1: Allow Residential Use on Ground Floors

Description:

Permit residential units on the first floors of buildings to increase downtown housing and bring more activity to the area.

Pros:

- **Increased Occupancy:** Fills vacant spaces with residents, reducing vacancy rates.
- **Boosts Local Economy:** More downtown residents can lead to increased spending at local businesses.
- **Enhances Safety and Vibrancy:** Increased foot traffic can improve the sense of community and safety.
- **Adaptive Reuse of Buildings:** Encourages preservation and utilization of historic structures.

Cons:

- **Zoning Adjustments Needed:** Requires changes to zoning codes and possibly building codes.
- **Potential Infrastructure Strain:** May need upgrades to utilities and services to support additional residents.
- **Parking Concerns:** Increased residential density may lead to parking shortages.

Option 2: Expand Permitted Uses in the CBD - Introduce Creative and Innovative Enterprises

Description:

Allow a variety of new uses in the CBD, such as:

- **Residential use:** Residential use on the first floor.
- **Creative Workspaces:** Light manufacturing, maker spaces, and indoor vertical farms.
- **Business Incubators:** Spaces for startups, media studios, and innovation hubs.
- **E-commerce Logistics Hubs:** Facilities like grocery pick-up centers and delivery logistics hubs to support modern shopping trends.

Pros:

- **Diversifies the Economy:** Attracts different types of businesses and industries.
- **Reduces Vacancies:** Occupies large, vacant properties with new enterprises.
- **Promotes Innovation:** Encourages entrepreneurship and can attract young professionals.
- **Adaptive Reuse:** Gives new life to historic buildings while preserving their character.

Cons:

- **Regulatory Changes Required:** May need significant amendments to zoning and building regulations.
- **Infrastructure Upgrades:** Certain uses may require enhancements to utilities and transportation networks.
- **Community Acceptance:** Residents and existing businesses may have concerns about noise, traffic, or environmental impacts.

Option 3: Comprehensive Use Expansion

Description:

Adopt a more flexible zoning policy by explicitly banning only certain undesirable businesses and permitting all others, including commercial, office, light agricultural, and light industrial uses.

Pros:

- **Maximum Flexibility:** Allows for a wide range of business types to establish in the CBD without needing specific approval.

- **Encourages Innovation:** Welcomes future businesses not currently envisioned, fostering a dynamic economy.
- **Economic Growth:** Attracts diverse commercial activities, potentially creating more jobs and increasing tax revenue.
- **Simplifies Zoning Regulations:** Reduces complexity by focusing on prohibitions rather than detailed allowable uses.

Cons:

- **Less Control Over Development:** May lead to businesses that some residents find undesirable, even if not on the prohibited list.
- **Potential Conflicts:** Diverse uses in close proximity could lead to issues with noise, traffic, or incompatible activities.
- **Community Resistance:** Residents may be concerned about the types of businesses that could move in.
- **Enforcement Challenges:** Monitoring and enforcing the prohibited list may require additional resources.

Option 4: Focus Retail Exclusively in the CBD

Description:

Eliminate retail zoning in other parts of the borough, concentrating all retail activity in the CBD. Expand the CBD's zoning regulations to include all retail types, ensuring the area remains the commercial center of Bellefonte.

Pros:

- **Strengthens the CBD:** Consolidates retail activity, potentially increasing foot traffic and economic vitality.
- **Reduces Competition:** Encourages businesses to locate in the CBD rather than in outlying areas.
- **Preserves Storefronts:** Helps maintain the traditional retail character of the downtown area.
- **Efficient Use of Resources:** Focuses infrastructure and services on a central area.

Cons:

- **Displacement of Existing Businesses:** Retailers outside the CBD may be forced to relocate or close.
- **Resistance from Property Owners:** Those who own commercial properties outside the CBD may oppose rezoning.

- **Limited Growth Opportunities:** Restricting retail to the CBD could stifle expansion and accessibility.
- **Potential Legal Challenges:** Changing zoning could lead to disputes or litigation from affected parties.

Option 5: Borough-Leased Vacant Spaces

Description:

Bellefonte Borough would lease all vacant first-floor spaces at $16 per square foot per year to ensure active use of storefronts and maintain the CBD's vibrancy.

Pros:

- **Immediate Occupancy:** Quickly fills vacant spaces, reducing blight and improving the downtown atmosphere.
- **Control Over Tenants:** The borough can select tenants that align with community goals.
- **Supports Small Businesses:** Potentially offers affordable rents to startups and local entrepreneurs.
- **Preservation of Historic Buildings:** Occupied buildings are more likely to be maintained.

Cons:

- **Financial Burden:** The cost to the borough could be substantial, impacting the budget and requiring additional funding sources.
- **Risk of Losses:** If leased spaces remain unoccupied, the borough bears the financial responsibility.
- **Market Interference:** May disrupt the natural real estate market and property values.
- **Administrative Challenges:** Managing multiple leases and properties requires significant effort and resources.

Considerations for Decision-Making

When evaluating these options, council members should consider:

- **Alignment with Community Goals:** Which option best reflects the vision and values of Bellefonte?
- **Economic Impact:** What are the potential short-term and long-term economic benefits and costs?
- **Feasibility:** What resources are required to implement the option, and are they available?
- **Community Support:** How might residents and local businesses respond to the changes?
- **Legal and Regulatory Implications:** What zoning amendments or legal actions are necessary?

Maintaining Storefront Integrity

A key concern is maintaining the character and utility of storefronts in the CBD. The area currently has more retail space than needed, and the rise of e-commerce has reduced the demand for physical stores. Allowing storefronts to be used flexibly—as homes, offices, or retail—ensures these spaces can adapt to market needs over time.

If preserving storefronts exclusively for commercial uses is a priority, the borough could:

- Remove retail zoning from other parts of the borough to focus retail activity in the CBD.
- Lease vacant storefronts directly to maintain activity and appearance.

Conclusion

Revitalizing the Central Business District is a multifaceted challenge that requires a strategic and collaborative approach. By considering the presented options and embracing flexibility in zoning regulations, council members can lead their communities toward a vibrant and sustainable future. Adapting to emerging trends like remote work and e-commerce is crucial in ensuring that the CBD remains a thriving center of commerce, culture, and community life.

Next Steps:

- **Conduct Community Consultations:** Gather input from a broad range of stakeholders to refine the proposed strategies.
- **Develop an Implementation Plan:** Outline the steps, timelines, and resources needed to enact the chosen options.
- **Review and Amend Zoning Regulations:** Work with planning experts to update zoning codes in alignment with the selected strategies.
- **Promote Economic Development Initiatives:** Encourage programs and partnerships that support business growth and attract investment.