



## **WRITTEN STATEMENT**

**FOR:** US House of Representatives, House Ways and Means Committee, Taxation Subcommittee – OZ Field Hearing – Erie, PA

**BY:** Drew Whiting, CEO of the Erie Downtown Development Corporation and Managing Principal, Tenth and State, LLC

---

Chairman and Ranking Members of Congress:

It is a privilege to sit in front of you on behalf of the Erie, PA community to thank this Committee for providing a legislative catalyst that has changed our trajectory for the better.

The story of Erie over the last half century is familiar to anyone acquainted with the greater Rust Belt region. A once proud manufacturing center on the Great Lakes with a thriving middle-class population, became a shell of itself over several decades. Community decline, most often measured in terms of population loss and in traditional economic terms, is most accurately reflected through the despair and eventual apathy of its citizens.

A little less than a decade ago, Erie's private-sector leadership, determined to save our City, began designing a plan to shock our City back to life. Opportunity Zone legislation, passed as part of the Tax Cuts and Jobs Act, provided our stakeholders the tools necessary to attract investment required execute on that plan.

Today, we celebrate Erie as among the best examples of OZ-enabled transformation, the beneficiary of a federal economic development catalyst that has served as a model for many other communities across the country.

Our work is far from over. It is of the utmost importance to communities like Erie that the Opportunity Zone benefits continue into the future, as the scale of investment and time needed to realize sustainable recovery will span a generation.

**A CONVERT IS THE BEST EVANGELIST**

In December of 2021, after living in Chicago for 14 years, my wife and I moved to Erie to be closer to family, hers in Erie and mine in Buffalo. We were working remotely and had no plans to be involved in the community. After landing in town, that notion quickly changed.

It was less than a week before I'd met new friends at the Flagship City Food Hall, joined Radius, our long-standing and pioneering coworking community, and was introduced to members of the business community working to attract and invest in startups to Erie.

From the Bayfront to the tracks, I noticed scaffolding, cranes, and announcements of new investments and projects throughout the community. More importantly I could feel it. I could feel through conversations with members of our creative community, the chamber and others in the business community, and in the buzz or energy that can only be described as feeling of optimism and hope about the direction of the community.

That feeling led us to immerse ourselves in the community, and before our first year in town was up, we'd purchased an anchor building on State Street with the intent of contributing to the fabric of our new home in a positive way. The purchase of the building and financing of the eventual renovation has been done through an Opportunity Zone fund.

Within months of embarking on our project at Tenth and State, came the opportunity to lead the EDDC. In the span of 18 months, I went from a remote-work lawyer dedicated to lowering my handicap on the golf course, to starting a business downtown and dedicating my life to Erie's recovery effort.

As a fully converted believer in the potential of this City, I have joined the deep ranks of Erie evangelists, who tout our quality of life, reasonable cost of living, amenity rich downtown, and the resources that we possess in our Bayfront, Presque Isle State Park and beyond.

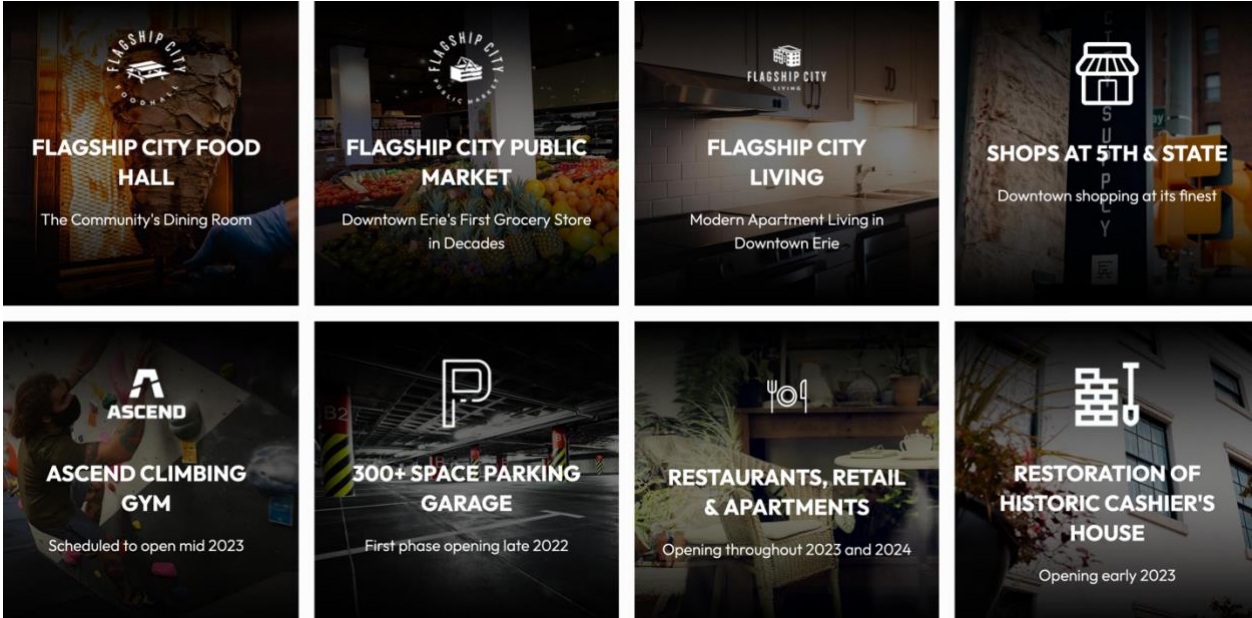
While it is difficult to measure community pride, I can tell you that despite the hits that this community has taken, that pride is coming back, and a major reason for that is the signals of forward progress that are the direct result of Opportunity Zone legislation.

**THE ERIE DOWNTOWN DEVELOPMENT CORPORATION (EDDC)**

Established in 2016 to revitalize Erie, the Erie Downtown Development Corporation, under the leadership of local private stakeholders, embarked on a mission to revive downtown Erie.

\$27.5 million of equity investment into the Erie Downtown Equity Fund, was leveraged to invest in \$113 million of development over the next 7 years. "Phase I," which is nearing completion later this month, has resulted in development progress and attraction of external investment in a fraction of the anticipated time, primarily because of the catalytic impact of Opportunity Zone legislation.

EDDC's investment has led to the following:



As we embark on Phase II, we aim to raise additional funds with the Opportunity Zone benefits as a key incentive for our investors. With that funding, we will address existing problem areas adjacent to our footprint with additional development. We are also shifting gears to establish a CDFI, through which we will use a revolving loan fund to empower other developers to finance new projects, with the goal of scaling development into the neighboring main streets and neighborhoods over the coming decade.

In addition, we are taking a leadership role in the small business community, many of which operate in our footprint, to ensure that small businesses in Erie have access to the resources, support and funding to grow and contribute to our local economy and beyond.

**IMPACT OF EDDC PROJECTS**

While some measures of progress are difficult to quantify, others are more readily observed and defined.

## The Economic Data

The chart below highlights some of the economic impact data of the first phase of the EDDC's Opportunity Zone enabled development in the core of Downtown Erie.

	When Acquired	Post-EDDC Investment
Investment	\$9,850,000	\$113 million
Square Footage	75,000 (utilized) 110,000 (vacant) 185,000 (total)	477,000 (utilized)
Property Valuation	\$4,223,500	\$64 – \$68 million
Taxes Paid	\$176,185	\$2,278,400 – \$2,420,800
Businesses	16	23
Employees	100	250 – 300
Residential Units	14	108

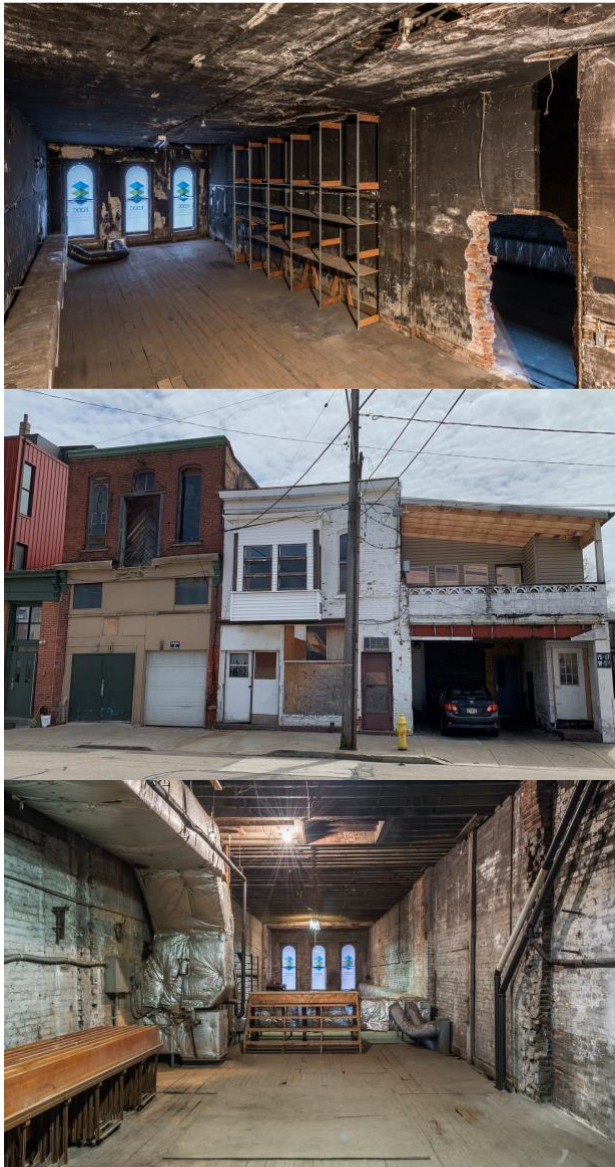
It is important to note that the above does not reflect that all businesses are locally owned and operated, that residential units are fully occupied at market rental rates, and that crime in Erie's downtown has been reduced as a result of the improved assets in our core.

In addition to the above, we have seen an influx in investment in other anchor buildings on State Street by groups that point to the EDDC and improved Bayfront as the catalyst for their investment. In total, that investment and the developments subsequently started over the last year alone total over \$110 million, and will have their own impact similar to the above, if not greater. In addition, in the last two years alone, ValueMomentum, Kyocera, Truck-Lite and National Fuel have decided to remain in or move operations to Erie based largely on the positive progress we are making downtown, and the way that progress is emanating out to our region.

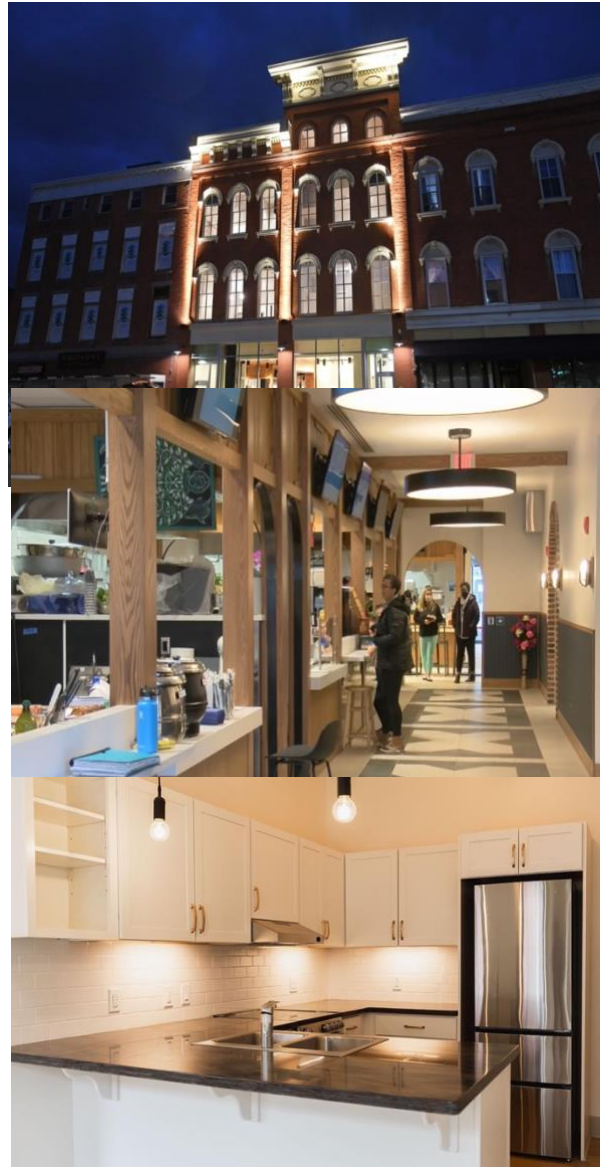
## The Visual

Decades of declining population and a suffering economy led to a downtown full of assets approaching or aptly categorized as blighted. The physical transformation over the last 5 years has been remarkable.

Before:



After:



## **BUILDING TOWARD THE FUTURE WITH OPPORTUNITY ZONES**

Because of the progress we've made in Erie, we frequently receive visitors who are thought leaders in the economic development realm. Though each has its own approach, most convey some version of – *You've done a great job, but don't stop here. Do more.*



In Erie, we are committed to doing more, and have many new projects in various stages of development, which will continue to transform our community, with the goal of a sustained recovery on the horizon.

We do not view our work as an effort that will last a decade. We expect that we will be working for a generation to fully reverse several decades of decline. Similarly situated peers and experts in the field tend to agree with that assessment.

Thus, it is crucial that Opportunity Zone benefits are continued so that we are able to progress as a region. As a tool, Opportunity Zone legislation encourages investment from impact-oriented investors who will have more opportunity over the coming years. That opportunity will enhance our ability to share Erie's recovery story and contribute to the growth of other regions who wish to emulate our recovery.

#### **END NOTE**

Our story is not yet finished, and we have plenty of work in front of us. We remain steadfast in our commitment to our mission, and we have never been more motivated than we are today. Community pride in Erie is surging, a community now richer with hope and optimism for the future. Thank you for working in a bipartisan fashion to enable our work over this past decade, and for many years to come.

Sincerely,

A handwritten signature in black ink, appearing to read "Drew Whiting". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Drew Whiting  
CEO  
Erie Downtown Development Corporation  
Managing Principal  
Tenth and State, LLC