



One Region Northwest Indiana Benchmark Report

In Partnership with

Center for Workforce Innovations

Indiana University Northwest

Purdue University Northwest

Valparaiso University

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Preface and Letter from the President

One Region, Inc. partnered with Purdue University Northwest, Valparaiso University, Indiana University Northwest, and Center for Workforce Innovations to benchmark Northwest Indiana (Lake, Porter, and LaPorte counties) to other regions in the country. The initiative will culminate in tours to a few select regions. The first tour will be to New Jersey followed by either Denver or Pittsburgh.

The initiative began with two goals:

1. Learn from other regions
2. Build relationships internally on our inter-region visit

The purpose of this initiative is to identify other metropolitan regions in the United States similar in various ways to Northwest Indiana and assess how these regions have leveraged and built assets to its benefit economically and qualitatively. In understanding what other regions have done successfully, we can look to replicate the economic and qualitative successes.

In effort to ensure that this initiative is applicable and relevant to business leaders and community leaders, we solicited feedback to understand challenges in attracting and retaining talent. Overall, we found the primary reasons were perception issues and lifestyle. Thus, the assessment began to look at other regions that have experienced similar challenges and how those regions overcame those challenges.

We recognize that there is no one identical place to our three-county region, yet we found commonalities among a variety of regions. We selected regions that were either similar to Northwest Indiana historically and places that we strive to be in relation to population growth and attraction and retention of talent. We collected data from the following regions: Salt Lake City, UT; Austin, TX; Albany, NY; Hoboken/Hudson County, NJ; Seattle, WA; Pittsburgh, PA; Denver, CO; and Minneapolis, MN.

Places that are similar: Albany, Hudson County, Pittsburgh, and Minneapolis. Places with growth: Denver, Salt Lake City, Austin, and Seattle. Based on our findings we narrowed in on researching New Jersey, Pittsburgh, and Denver. New Jersey serves as One Region's Inaugural Benchmark Tour.

We hope you will find the report insightful as our region works to make investments in infrastructure and leverage our assets in effort to attract and retain talent.

Sincerely,



Leah Konrady
President & CEO

Amenities & Infrastructure

Northwest Indiana	Hudson Co., NJ (Hoboken)	Pittsburgh, PA	Denver, CO (Aurora)
1. Proximity to major U.S. city/urban center			
30-60 miles to Chicago (3 rd largest U.S. city)	0-10 miles to New York (largest U.S. city)	63 rd largest city	10-20 miles to Denver (19 th largest U.S. city)
2. Major Interstates			
Four: • I65, I80, I90, I94	Four: • I78, I80, I87, I95	Two: • I79, I76	Three: • I25, I70, I76
3. Major Airports			
Three: • O'Hare (ORD) • Midway (MDW) • Gary (GYY)	Four: • Newark (EWR) • LaGuardia (LGA) • Teterboro (TEB) • JFK (JFK)	Two: • Pittsburgh (PIT) • Allegheny Co. (AGC)	Two: • Denver (DEN) • Centennial (APA)
4. Public Transportation			
<ul style="list-style-type: none"> • South Shore Commuter Line (90mi, 19 stations), <i>connects to CTA/Metra</i> • Gary Public Transportation Corporation (Bus) • Limited Amtrak 	<ul style="list-style-type: none"> • Hudson-Bergen Light Rail (17 mi., 24 stations) • NJ TRANSIT Commuter Rail (11 lines, 164 stations), <i>connects to MTA</i> 	Port Authority of Allegheny County includes: <ul style="list-style-type: none"> • Airport bus • Light rail (26.2mi, 53 stations) • Extensive bus system • Two inclines Major Amtrak station	Denver RTD includes: <ul style="list-style-type: none"> • Airport Rail • Light rail (34.8 mi, 36 stations) • Extensive bus system • MallRide (free busses & hybrid bicycle taxis) Major Amtrak station
5. Class 1 Railroads			
Three: • Canadian National • CSX • Norfolk Southern • (BNSF, Canadian Pacific & Union Pacific in Chicago)	Two: • CSX • Norfolk Southern	Three: • Canadian National • CSX • Norfolk Southern	Two: • BNSF • Union Pacific

Northwest Indiana	Hudson Co., NJ (Hoboken)	Pittsburgh, PA	Denver, CO (Aurora)
6. Major Waterways			
<ul style="list-style-type: none"> Lake Michigan 	<ul style="list-style-type: none"> Hudson River Hackensack River Passaic River New York Bay Atlantic Ocean 	<ul style="list-style-type: none"> Ohio River Allegheny River Monongahela River 	N/A
7. Ports			
Burns Harbor (43 rd largest U.S. port)	Port of New York and New Jersey & Port Newark (3 rd largest U.S. port)	Port of Pittsburgh (20 th largest U.S. port)	N/A
8. National & Major Parks			
<ul style="list-style-type: none"> Indiana Dunes National Lakeshore 	N/A	N/A	<ul style="list-style-type: none"> Rocky Mountain National Park Arapaho National Forest
9. Establishment Concentrations per 100,000 people (based on 2015 Census CBP & 2015 QCEW)			
Full-Service Restaurants (NAICS 722511)			
62.1	66.7	77.6	81.4
Snack & Nonalcoholic Beverage Bars (NAICS 722515)			
14.4	19.3	20.5	21.2
Breweries, Wineries & Distilleries (NAICS 31212, 31213 & 31214)			
19.6	3.0	14.9	35.5
Specialty Food Stores (NAICS 4452) <i>Includes meat, fish, fruit, bakery, confectionary and other specialty stores.</i>			
4.83	11.85	6.46	6.08
Food (Health) & Supplement Stores (NAICS 446191)			
2.74	2.22	3.78	3.38
Museums, historical sites, zoos and parks (NAICS 712)			
0.78	0.74	2.12	1.31

Pittsburgh

Figure 1: Per Capita Real GDP, U.S. and Pittsburgh MSA, 2001-2015
(chained 2009 dollars; source: U.S. Bureau of Economic Analysis)

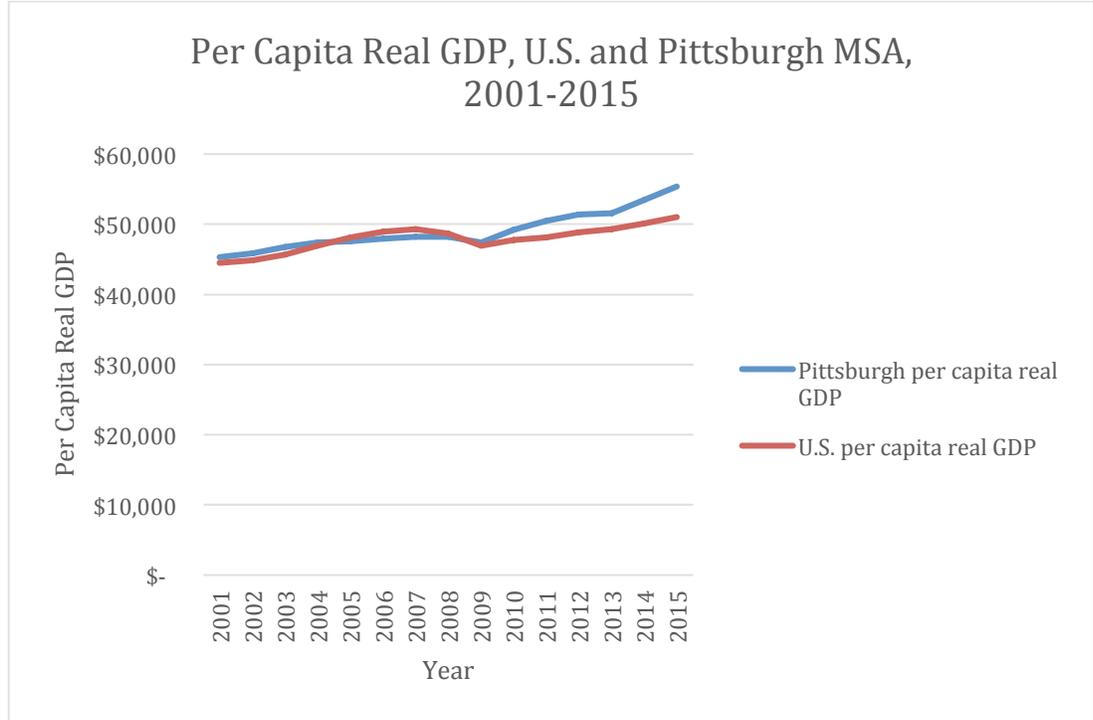


Figure 2: Real GDP Growth Rates, U.S. and Pittsburgh MSA, 2011-2015
(chained 2009 dollars; source: U.S. Bureau of Economic Analysis)

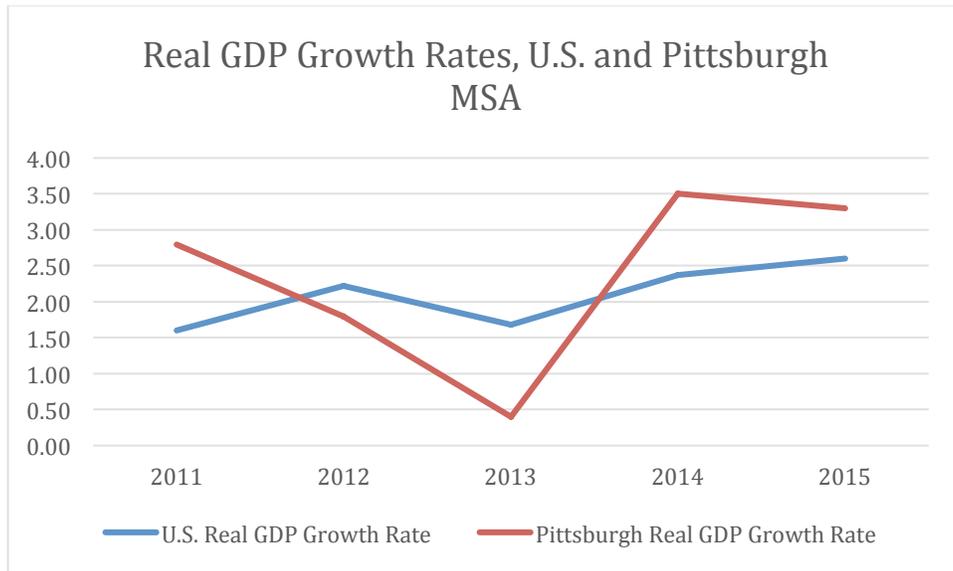


Figure 3: Total Population in the Pittsburgh MSA, 2010-2016

(source: U.S. Bureau of the Census)

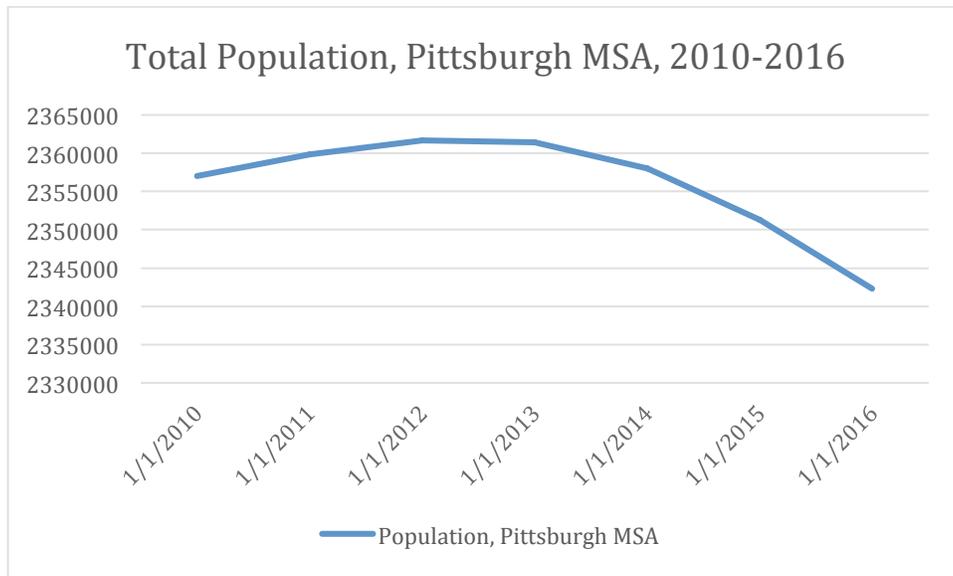
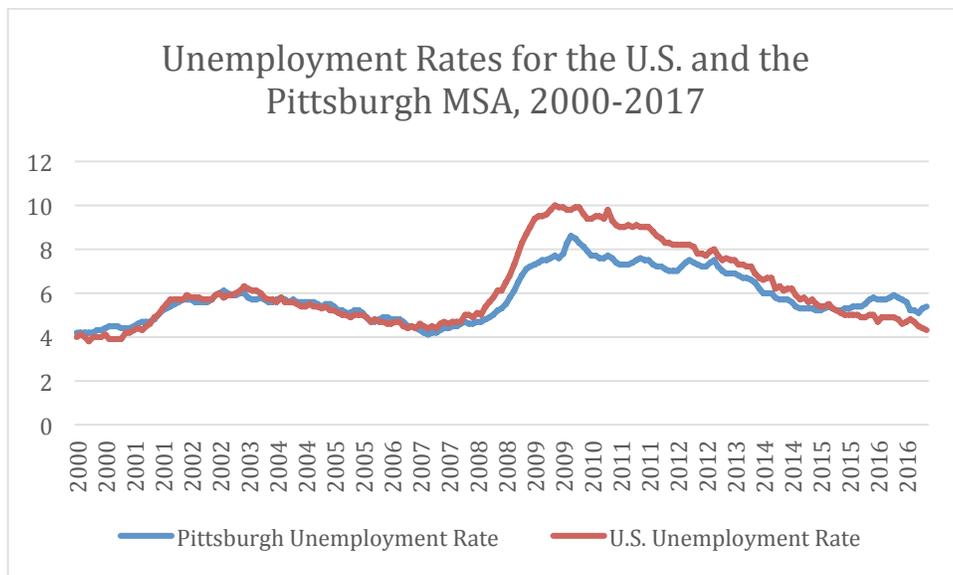


Figure 4: Unemployment Rates for the U.S. and the Pittsburgh MSA, 2000-2017

(seasonally adjusted figures; source: U.S. Bureau of Labor Statistics)



Introduction

Efforts to reinvent and revitalize the northwest Indiana economy require a systematic comparison with U.S. regions that have a similar history, culture, and political environment. Southwestern Pennsylvania is one region that has undergone a major transformation from an industrial region based on steel production to a service-based region based on financial services, information technology, and healthcare. The recent success of the Pittsburgh MSA is reflected in a real per capita income that has risen above the U.S. real per capita income and a real GDP growth rate that has exceeded the national rate in recent years. Growth-promoting factors include a relatively low cost of living and low home prices, a relatively low poverty rate in the region, an abundance of attractions for residents and tourists, and a variety of tax incentives for businesses. Obstacles to future economic growth in the region include recent net population losses in the region's counties, relatively high tax rates, a high number of retirements, a relatively high unemployment rate, and a concentration of employment growth in specific sectors with employment stagnation in others. Economic development is being guided by the region's MPO, the North Regional Chamber, and Pittsburgh's resilience strategy and welcoming efforts.

Why Pittsburgh

- If we exclude Pittsburgh and the rest of Allegheny County, the remainder of Southwestern Pennsylvania (i.e., Beaver, Butler, Armstrong, Westmoreland, Washington, and Fayette Counties) is similar in terms of population size (with between 800,000 and 1.2 million) and economic history to northwest Indiana. Both regions share the same rust-belt meltdown story and have a close historical connection to a county with a major U.S. city (i.e., Cook County and Chicago in the case of northwest Indiana and Allegheny County and Pittsburgh in the case of southwestern Pennsylvania).
- Given the similar histories, we have designated southwestern Pennsylvania as a region that is comparable to northwest Indiana and one whose recent history might reveal both possibilities to embrace and pitfalls to avoid as local governments and business leaders in northwest Indiana develop strategies for economic revival.

Proximity of major US city – story of leveraging a nearby city

- Southwestern Pennsylvania has a rich industrial history that is closely linked to the growth of the steel industry in Allegheny County, and especially in Pittsburgh, during the late nineteenth and early twentieth centuries. The connections to Pittsburgh heavily influenced all the surrounding counties that are a part of the Pittsburgh, PA Metropolitan Statistical Area (MSA), through the growth of steel production or the growth of related industries that serve the steel industry in some way. Many industries that grew in the surrounding counties consumed steel or provided inputs for the steel industry. For example, Armstrong County has a history of oil, iron, plate glass, and natural gas production; Beaver County has a history of steel production; Butler County has a history of oil and automobile production; Fayette County has a history of coal mining, coke and steel production; Washington County has a history of oil and natural gas production; and Westmoreland County has a history of coal mining. As the steel industry went into decline in the 1970s and 1980s, however, these industries also experienced declines.

- Northwest Indiana also has a rich industrial history that is closely linked to the growth of the steel industry in Lake County (Gary and East Chicago) and Porter County (Burns Harbor and Portage). Oil refining and manufacturing have been important as well. This expansion was closely linked to the growth of manufacturing, heavy industry, shipping, and the railroad industry in Cook County and particularly in Chicago. The industrial decline with the transition to a service-based economy closely resembles the changes experienced in southwestern Pennsylvania. Pittsburgh and the surrounding areas chose to carefully plan and reinvent in ways that might serve as a useful guide for Northwest Indiana.
- In addition, Pittsburgh is located where the Allegheny and Monongahela Rivers merge to create the Ohio River.¹ Similarly, Chicago is located on the shoreline of Lake Michigan, and the Chicago River and the Calumet River run through the city.

Infrastructure

- Pittsburgh has two major airports, which include Pittsburgh International Airport (PIT) and Allegheny County (AGC) Airport, and two major interstate highways, which include I-79 and I-76. It also has three Class 1 Railroads, which include the Canadian National Railroad, CSX, and Norfolk Southern Railroad, and is a major port city. In fact, the Port of Pittsburgh is the 20th largest port in the country. In terms of public transportation, Pittsburgh has an airport bus, a light rail system with 26.2 miles of track and 53 stations, an extensive bus system, two inclines, and a major Amtrak station.²
- In terms of transportation, commutes to work are often long due to the large numbers of people (over 2 million) driving their own cars as their primary form of transportation.³ Pittsburgh also has a network of buses serving the downtown area and its light rail system (The Light Rail or T) extends from southern Pittsburgh into the downtown area.⁴

Amenities, Recreation, and Lifestyle

- Pittsburgh is home to professional sports teams (e.g., the Steelers, the Penguins, and the Pirates), and attendance at home games is high.⁵
- Cultural festivals are also popular with Pittsburgh residents, including the Three River Arts Festival, Three Rivers Regatta, and the St. Patrick's Day Parade. The Cultural District also has dance performances and live music.
- Pittsburgh has museums as well, including the Carnegie Museums of Pittsburgh and the Andy Warhol Museum.⁶

¹ "Pittsburgh" 2011

² Pollak 2017

³ U.S. News and World Report, 2017

⁴ *ibid.*

⁵ *ibid.*

⁶ *ibid.*

- Tourist attractions also include PNC Park (where the Pirates play), Bicycle Heaven (the World’s largest bicycle museum and bike shop), and the Carnegie Museum of Natural History. The city and community organizations have focused on promoting and widely publicizing events that will attract tourists.
- Pittsburgh has several dozen parks, including some national parks. The best-known parks include:
 - Schenley Park, which borders the University of Pittsburgh and Carnegie Mellon University
 - Frick Park, which is named after Henry Clay Frick and which contains the Frick Art and Historical Center at the north side of the park
 - Riverview Park, which contains the Allegheny Conservatory
 - Evergreen Community Park, which includes a baseball field and basketball courts
 - Highland Park, which includes an Olympic size swimming pool and a half-mile oval loop bike trail.⁷
- Riverlife, a nonprofit organization created in 1999, has transformed Pittsburgh’s downtown riverfronts with the development of a riverfront park system called Three Rivers Park.⁸ The organization has organized the investment of \$129 million over a fifteen-year period, which has helped encourage “nearly \$4.1 billion in total riverfront and adjacent development in downtown Pittsburgh.”⁹ The project has created trails and green space for a thirteen mile stretch along the riverfront and established broad public access to the rivers for the first time.¹⁰ Recent parts of the project have included a ramp from the Smithfield Street Bridge to the Monongahela Wharf and a public plaza at South Side Works.¹¹
- Pittsburgh was one of six cities selected for the PeopleForBikes Green Lane Project, which will provide the necessary financial and technical assistance to build protected bike lanes and create low-stress streets. Such efforts are likely to attract and retain millennials.¹² The goal is to become a bike-friendly city. It also has bicycle shops in Lawrenceville, South Side, and Shadyside as well as a public bike sharing system, designated downtown bike lanes, and the start of the Great Allegheny Passage.¹³
- Pittsburgh experiences all four seasons with cold and snowy winters and hot and humid summers.

Affordability and Taxes – State Level

- The median home price is about \$142,000 and the average annual salary is about \$46,000 with a cost of living that is regarded as lower than in other U.S. metropolitan areas.¹⁴ Although home prices have been rising over the past five years, the *U.S. News & World Report* data indicate that they have remained consistently below the national average of home prices.

⁷ CBS Pittsburgh 1

⁸Riverlife 2017

⁹ ibid.

¹⁰Bauder 2016

¹¹ ibid.

¹²PeopleForBikes 2014

¹³ Deer 2017

¹⁴ U.S. News & World Report 2017

Housing is regarded as very cheap relative to other metropolitan areas.¹⁵ House flipping is fairly common and gentrification has pushed some low income residents out of certain neighborhoods.¹⁶ The affluent tend to live in the suburbs, and the city has both middle class neighborhoods and low-income neighborhoods.¹⁷

- Pennsylvania has a sales tax rate of 6.0%, which is higher than the average sales tax of 5.09% for all 50 U.S. states. According to the Pennsylvania Department of Revenue (2017), the local sales tax for Allegheny County is 1%. Combined with the state sales tax, the total is 7%.
- The city of Pittsburgh has a proportional (flat) income tax rate of 3% for residents and 1% for nonresidents who work in Pittsburgh. A \$52 surtax per year is also collected. The local taxes are collected on earned income, rather than on capital gains or other non-earned income (e.g., interest and dividends).¹⁸ The Pennsylvania income tax is also a flat tax rate of 3.07%, which has been unchanged since 2004.
- The estimated property tax rates in Allegheny County and the surrounding counties are not easy to determine due to the complicated formula used for this purpose. Nevertheless, by dividing the median property tax by the median home value in each county, we can obtain an estimated county property tax rate. The estimated property tax rates for 2017 are as follows: Allegheny (2.22%), Beaver (1.70%), Butler (1.28%), Armstrong (1.87%), Westmoreland (1.49%), Washington (1.18%), and Fayette (1.30%).¹⁹ For the state of Pennsylvania, the median property tax as a percentage of the median home value is 1.35%, which gives it a rank as the 13th highest property tax state out of all 50 states plus the District of Columbia with the highest at 1.89% and the lowest at 0.18%.²⁰
- Pennsylvania has a very high state corporate income tax rate. Specifically, it has a flat corporate income tax rate of 9.99% of gross income. Only Iowa has a higher maximum marginal income tax rate at 12%.²¹
- Allegheny County offers tax incentives to businesses to encourage investment, including tax abatements, tax increment financing, and tax exempt financing. The tax abatements involve tax exemptions to encourage the redevelopment of a deteriorated area or for new development projects. Tax increment financing involves borrowing against future real property tax revenues associated with projects to finance the cost of those new development projects and “the redevelopment of blighted and underutilized property.” Tax exempt financing assists borrowers in the funding of large-scale projects by means of longer repayment terms and lower interest rates than are typically available.²² In one case, an Ohio-based construction company built four

¹⁵ *ibid.*

¹⁶ *ibid.*

¹⁷ *ibid.*

¹⁸ tax-rates.org/pennsylvania/pittsburgh-income-tax

¹⁹ tax-rates.org/pennsylvania/

²⁰ tax-rates.org/taxtables/property-tax-by-state

²¹ tax-rates.org/Pennsylvania/corporate-income-tax

²² Allegheny County 2017

new upscale townhouses in the West End Overlook in Elliott's Pittsburgh section after being granted a property tax abatement for ten years.²³

The Economy

- According to the St. Louis Federal Reserve Bank (FRED), in 2015 the real GDP for the Pittsburgh MSA amounted to \$130.205 billion in chained 2009 dollars. According to U.S. Bureau of Economic Analysis data, Pittsburgh's per capita real GDP has grown more quickly than U.S. per capita real GDP since 2009 as shown in Figure 1. The growth rate of real GDP has also exceeded the national growth rate of real GDP in 2014 and 2015 although Pittsburgh's post-recession recovery was much slower initially as shown in Figure 2. All calculations use chained 2009 dollars.
- Pittsburgh has a population around 300,000 people and is located in a larger metropolitan area of over 2.3 million. The population is rather diverse with a growing number of people from Asia and the Caribbean. Pittsburgh also has a large African American community, which has influenced the culture of the city.²⁴
- From 1950 to 2000, the population of Pittsburgh fell by a little more than 50%.²⁵ It fell an additional 8.6% from 2000 to 2010 and another 0.40% from 2010 to 2015.²⁶ This decline was less steep in comparison with the situations in Detroit, Cleveland, and Gary. The city of Detroit lost over 40% of its population from 1970 to 2006 and continues to lose population on top of a whopping 25% population decline from 2000 to 2010.²⁷ Similarly, Cleveland lost more than half its population between 1950 and 2000. It has continued to lose population with a 17% drop between 2000 and 2010 and continuing, although smaller, losses since that time.²⁸ Gary, Indiana also lost over 40% of its population from 1960 to 2000 with another 21.9% population loss between 2000 and 2010 and smaller losses since that time.²⁹
- Although Pittsburgh lost 40% of its population from 1970 to 2006, an increase in the number of millennials and recent college graduates who call Pittsburgh their home has increased by 8% in the last 10 years.³⁰ As a result, after losing young people due to poor job prospects two decades ago, the younger population is returning due to the affordable housing and new job opportunities.³¹ Some organizations have contributed to the recent growth of the millennial population. For example, Innovation Works (IW) is a nonprofit organization that has worked to promote entrepreneurship in Pittsburgh, arguably with some success as the city's population of 20-34 year-olds has grown by 7% from 2009-2014.³² IW's AlphaLab accelerator programs offer startup firms \$25,000 and 20 weeks of intense mentoring in exchange for the firms' commitments to stay and grow in Pittsburgh.³³

²³ Waters 2012

²⁴ U.S. News & World Report 2017

²⁵ World Population Review 5, 2017

²⁶ *ibid.*

²⁷ World Population Review 2017

²⁸ World Population Review 2, 2017

²⁹ World Population Review 3, 2017

³⁰ ONEPGH 10

³¹ U.S. News & World Report 2017

³² Chilcote 2014

³³ *ibid.*

- Although some population gains in the Pittsburgh region have recently occurred, a short-term reversal seems to be underway. See Figure 3, which shows the recent gains and short-term reversal. The gains led *Forbes* to include Pittsburgh among its ten American comeback cities in 2012.³⁴ For seven straight years, more people moved into the Pittsburgh MSA than moved out, but between 2014 and 2015, the pattern reversed itself. More people left than entered. Pittsburgh is the only MSA among the nation's top 30 to lose population from 2010 to 2015.³⁵ Westmoreland County was the biggest loser. Some of the population loss can be attributed to the reduction in Marcellus Shale gas production.³⁶
- One factor that may be contributing to the recent dip in population is the 5.6% unemployment rate in Pittsburgh, which is above the national average.³⁷ However, the unemployment rate in the Pittsburgh MSA has been more stable than the national unemployment rate as indicated in Figure 4.
- Net migration levels in Allegheny, Armstrong, Beaver, Fayette, and Westmoreland were negative in 2014, 2015, and 2016. Butler and Washington Counties were the only counties in the Pittsburgh MSA to show positive levels of net migration in 2014, 2015, and 2016.³⁸
 - Part of the problem appears to stem from a high number of retirements and a lack of young, talented workers in the Pittsburgh region.
 - In the Pittsburgh region 22% of workers are over 55 years of age compared to 19% nationally.³⁹
 - Another possible problem relates to the uneven distribution of economic opportunity. The region has skilled occupations in Information Technology and Engineering that pay high wages and experience low unemployment. At the same time, it has 32,000 long-term unemployed workers in Production or Administrative Support Occupations.⁴⁰
- Even with the recent population decline, a study conducted by Pew Charitable Trusts for the period 2000-2014 concluded that Pittsburgh is third on a list of 20 large cities undergoing a millennial boom. The study concluded that the number of young college graduates under age 35 rose by 53% or nearly 15,000.⁴¹ The reasons given include the close collaboration between the private sector and higher education institutions, a thriving tech-based economy, a relatively low cost of living, a rich cultural environment, a “nationally-recognized food and drink scene,” and the overall quality of life.⁴²
- With the decline of the steel industry in Pittsburgh, the shift to light industries occurred and other industries continued to be important such as metalworking, chemicals, plastics, computer

³⁴ Bruner 2012

³⁵Rotstein 2016; Although Chicago lost nearly 7% of its population between 2000 and 2010, it experienced a small rise in population of just under 1% between 2010 and 2015 (World Population Review 4, 2017).

³⁶Rotstein 2016

³⁷ U.S. News & World Report 2017

³⁸ U.S. Census Bureau

³⁹ Inflection Point 2016

⁴⁰ *ibid.*

⁴¹ Waltz 2016

⁴² *ibid.*

software, industrial automation (robotics), and biomedical and environmental technologies. Industrial research laboratories and the service sector also grew in importance.⁴³

- This structural change in the region's economy is reflected in the growth of key industries in 2014-2016, which include computer systems design services and services for the elderly and persons with disabilities. Similarly, growing occupations in 2014-2016 include personal care aides and software developers and applications.⁴⁴
- The top industries for employment now include technology, health systems, banking, pharmaceuticals, and manufacturing. Google, IBM, Bayer, Alcoa, and others have headquarters in Pittsburgh.⁴⁵
- Among the city's 16 colleges or universities, two major institutions of higher learning are Carnegie Mellon University (CMU) and the University of Pittsburgh (Pitt) and so the city has a large student population.⁴⁶ Pittsburgh also has 125 public schools and 250 private schools with 15 of Pittsburgh's high schools ranked highly by U.S. News & World Report.⁴⁷ The student-teacher ratio is 20:1.⁴⁸ Pittsburgh is mostly Catholic, but many Catholics have moved or passed away in recent years. The city also has a thriving Jewish community with synagogues and day schools.⁴⁹
- Southwestern Pennsylvania has over 740,000 people living in poverty or near poverty. The city of Pittsburgh had almost 23% of its residents living in poverty and 43% in near poverty in 2016. These levels are much higher than in the Pittsburgh region.⁵⁰
- Poverty rates did rise though in the Pittsburgh region, Allegheny County, and all the surrounding counties from 2000 to 2012. Still, all were below the U.S. poverty rate, except in Fayette County where the poverty rate was 19% in 2012 (versus 15% in the U.S. in 2012). In Allegheny County in 2012, it was 12.8%.⁵¹
- Casino gaming has also had an impact on the economy. The western Pennsylvania/West Virginia region is home to five major casinos. The Rivers Casino is the newest and is in Pittsburgh. The Meadows Racetrack and Casino is in Washington, PA.⁵² The other casinos are outside the Pittsburgh MSA.

Perception

- In recent years, Pittsburgh has been increasingly regarded as “reinvention city” and a “Buzz city” due to its efforts during the last fifteen years to rebuild its infrastructure, to create new amenities suitable for the lifestyle of millennials, and to attract new sources of corporate

⁴³ “Pittsburgh,” 2011

⁴⁴ Sindone 2017

⁴⁵ U.S. News & World Report 2017

⁴⁶ *ibid.*

⁴⁷ *ibid.*

⁴⁸ *ibid.*

⁴⁹ *ibid.*

⁵⁰ Lauer 2016

⁵¹ De Vita and Farrell 2014

⁵² CBS Pittsburgh 2

investment.⁵³ Due to the changes, it has become a more attractive place to live for families and graduates.⁵⁴

- Pittsburgh is perceived to be relatively safe, according to residents. Its violent crime rate and its property crime rate are both lower than the crime rates in the Philadelphia and Cleveland metropolitan areas.⁵⁵ Pittsburgh also ranks relatively highly, based on livability indices that *The Economist* and AARP have constructed and maintained.
- The people of Pittsburgh also tend to be relatively charitable. A 2017 metro market study conducted by Charity Navigator regards Pittsburgh as the 17th most charitable metropolitan market in the country.⁵⁶

Regional Coordination

Nonprofit organizations have worked closely with the federal, state, and local governments to coordinate economic development efforts in southwestern Pennsylvania. Some of the major contributions to these regional planning efforts include the following:

- The Southwestern Pennsylvania Commission (SPC) is the regional planning agency serving the Pittsburgh 10-county area (Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Lawrence, Washington, Westmoreland). The City of Pittsburgh is served too. SPC is the Metropolitan Planning Organization (MPO) for the region. It directs all federal transportation and economic development funds allocated to the region (about \$33 billion through 2030).⁵⁷
- The Southwestern Pennsylvania Corporation is a non-profit organization and the administrative arm of the Southwestern Pennsylvania Commission. It is responsible for implementing the directives of the SPC in three key areas: Transportation, Planning and Development, and Information Systems. Federal and state planning grants fund the operations of the Corporation. It also receives SPC member contributions and grants from private foundations.⁵⁸
- The SPC prioritizes long range transportation planning (maintenance and preservation of existing transportation assets), short range transportation planning (emphasizing public transit, roads and bridges, interstates and railways), transportation alternatives (pedestrian and bicycle facilities, improving non-driver access to public transportation, safe routes to school projects, pedestrian and bicycle trails), and environmental justice (ensuring that low income and minority populations do not suffer a disproportionate share of the negative effects of transportation infrastructure projects). Congestion management, air quality, and safety planning are also given attention.⁵⁹
- SPC also prioritizes planning and development with emphasis on community assistance (e.g., free online courses through a broadband outreach and aggregation program, an energy saving program), financial assistance (e.g., working with private financial institutions to reduce the

⁵³ U.S. News & World Report 2017

⁵⁴ *ibid.*

⁵⁵ *ibid.*

⁵⁶ Charity Navigator 2017

⁵⁷ Southwestern Pennsylvania Commission 2017

⁵⁸ *ibid.*

⁵⁹ *ibid.*

riskiness of loans and secure low interest loans for entrepreneurs), export development (e.g., providing consultative services to small and medium-sized businesses aiming to expand their export sales), government procurement assistance (e.g., training for small business owners so they can more effectively market and contract with government agencies), and special enterprise development activities. It also writes a Comprehensive Economic Development Strategy (CEDS) for southwestern PA.⁶⁰

- In addition, it offers programs and services to help small and medium-sized businesses and local governments. In 2015, the SPC hosted an event for minority and women business owners.⁶¹
- The Pittsburgh North Regional Chamber is the Chamber of Commerce. It has 1100 member businesses and covers Allegheny, Beaver, and Butler Counties. It provides support to local businesses through a variety of programs, training opportunities, and networking activities.⁶²
- The local government has developed a resilience strategy to address Pittsburgh’s most difficult challenges, which include “social, racial, and economic inequities that have persisted for decades.”⁶³ Unequal access to a variety of areas, including housing, transportation, employment, and services have also been problems.⁶⁴ Aging infrastructure, poor air and water quality, and climate change shocks are other issues that are raised in the report.⁶⁵ A number of service organizations also help immigrants from Latin America, Asia, and Eastern Europe settle there.⁶⁶
- One strategy involves efforts to enhance civic education and engagement using processes like the Deliberative Democracy model.⁶⁷ To help support “job and life skills for Pittsburgh’s youth of color,” the city is participating in the My Brother’s Keeper program.⁶⁸ Another major concern is the opioid epidemic, particularly in Western Pennsylvania and the city is trying to integrate public health and public safety to reduce the number of overdoses.⁶⁹ Other interesting strategies, include providing pre-K schooling for all of the city’s children, support for homeless veterans, workshops and training programs to overcome racism, the creation of neighborhood coalitions to empower residents to address their own problems, partnerships with community-based organizations to help maintain an affordable housing stock, and the development of a smart transportation system (e.g., autonomous vehicles).⁷⁰
- Pittsburgh Mayor William Peduto launched an immigrant and Latino integration strategy in 2014. It has created Welcoming Hubs, which offer citizenship training and ESL classes,

⁶⁰ *ibid.*

⁶¹ *ibid.*

⁶² Pittsburgh North Regional Chamber 2017

⁶³ ONEPGH 11

⁶⁴ *ibid.*

⁶⁵ *ibid.*

⁶⁶ U.S. News & World Report 2017

⁶⁷ ONEPGH 104

⁶⁸ ONEPGH 106

⁶⁹ ONEPGH 108

⁷⁰ ONEPGH 97-109

publicity for naturalization ceremonies, and an expansion of immigrant youth activities, among other activities.⁷¹

Conclusions

- The Pittsburgh region has undergone a major transformation in recent decades with the decline of the steel industry and the growth of firms in the technology, healthcare, and finance sectors. Its population decline reversed itself, showing growth in the last decade but with another reversal that raises questions about its future potential. Factors that are supportive of future population and economic growth in the region are the relatively stable unemployment rate, the relatively high and growing per capita income, the relatively low cost of living and home prices, and the relatively low poverty rate in the region overall. The strong transportation infrastructure, the great abundance of attractions for residents and tourists (e.g., parks and sporting events), and the tax incentives for local businesses also serve as potential population and economic growth factors.
- Factors that serve as possible obstacles to future growth include the negative net migration rates in most of the counties in the region in the last 2-3 years, an unemployment rate that is higher than the national rate, the high number of retirements and relative lack of young talent, the concentration of employment growth in highly skilled areas like the IT sector, and the relatively high combined state and local income tax rate, state corporate income tax rate, and property taxes. Other potential obstacles include the concentration of poverty in the city of Pittsburgh and in some of the more rural surrounding areas such as in Fayette County, as well as the difficulties of ensuring that people are not excluded from the benefits of economic growth.
- Economic development in the Pittsburgh region is being guided by the Southwestern Pennsylvania Commission, which is prioritizing transportation infrastructure, environmental justice, community assistance, and assistance to small businesses. The city of Pittsburgh has also devoted considerable effort to addressing the unequal access to economic opportunity that has its roots in racial and ethnic divisions. The city's resilience strategy and its Welcoming Pittsburgh Plan aim to move the city in a direction that will be welcoming and inclusive to a diverse, young population that wishes to contribute positively to economic development in the city and the region.

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ARTICLES

riversofsteel.com

Rivers of Steel - About

From 1875 to 1980, southwestern Pennsylvania was the Steel Making Capital of the World, producing the steel for some of America's greatest icons such as the Brooklyn Bridge and the Empire State Building. During World War I and II, our steel workers carried a nation's defense on their backs, producing more steel, armor and armaments in a single year than entire countries. While many of the region's legendary mill sites have been dismantled, and it has been decades since the mills belched fire and smoke over Pittsburgh's skyline, the enormity of the region's steel-making contributions and its historical significance to the nation demand its story be told and its sites be preserved.

Created by Congress in 1996, the Rivers of Steel National Heritage Area is committed to preserving, interpreting, and managing the historic, cultural, and natural resources related to Big Steel and its related industries. Encompassing over 5,000 square miles in the eight counties of Allegheny, Armstrong, Beaver, Butler, Greene, Fayette, Washington, and Westmoreland, Rivers of Steel is building on this area's remarkable transition from heavy industry to high technology and diversified services as well as bolstering the new regional economy by promoting tourism and economic development based on this region's historic industrial saga.

A multifaceted program, the Rivers of Steel National Heritage Area's mission includes: historic preservation, cultural conservation, education, recreation and resource development. Currently, the Heritage Area has bills in Congress to create the Homestead Works National Park. The proposed park would be located on 38 acres surrounding the Carrie Furnaces, the last of the giant blast furnaces from the Homestead Works, and the Pump House, site of the bloody 1892 Homestead Steel Strike.

alleghenyconference.org

Allegheny Conference — About Us

The **Allegheny Conference on Community Development** is one of the United States' foremost civic leadership organizations. For more than 70 years, the Conference has been bringing together public and private sector leaders. Through the support of the [Regional Investors Council](#), we are improving the economic future and quality of life of the 10-county Pittsburgh region.

We are regarded nationally as a model for setting a vision and building consensus to achieve regional goals. Our organization epitomizes "leadership through partnership" that crosses geographic and political lines. On behalf of the Conference's more than 300 [Regional Investors Council](#) members, we analyze competitive issues, advocate for improvements and market the region globally to encourage business investment that creates jobs and attracts talented people to fill them.

The Conference is the parent of three affiliate organizations. Each plays a vital role in carrying out the Conference's work.

- **Pennsylvania Economy League of Greater Pittsburgh:** Provides research for our region's greatest challenges
- **Greater Pittsburgh Chamber of Commerce:** Advocates at the local, state, and federal levels for improvements that enhance our region's competitiveness
- **Pittsburgh Regional Alliance:** Markets the benefits of the region to talent and to companies that are relocating or expanding

Together, the Conference and its affiliates identify competitiveness issues holding our region back, develop policy solutions to address these issues and market an ever-improving region to employers and talented individuals. [Read more about what we're working on here.](#)

Food and Drink

nytimes.com

Pittsburgh's Youth-Driven Food Boom - The New York Times

PITTSBURGH — It hits you as soon as you get to town.

There's the purple-haired free spirit at the [Ace Hotel](#) who gives you the lowdown on outlaw poetry gatherings and killer pizza. There are the art kids offering tips at [the Andy Warhol Museum](#), and the tyro entrepreneurs strategizing over cocktails at the [Tender Bar & Kitchen](#) in Lawrenceville, the neighborhood along the Allegheny River that is shifting from a desolate zone where your laptop might get stolen to the place where butcher paper in the windows signifies a bumper crop of new restaurants. There's the 25-year-old Uber driver who shoots you a crucial heads-up: "The best bartender in the world is working tonight."

Everybody seems so young. And everybody's talking about restaurants. If there are scholars who hope to study how a vibrant food culture can help radically transform an American city, the time to do that is right now, in real time, in the place that gave us Heinz ketchup.

In December, Zagat named Pittsburgh [the No. 1 food city](#) in America. Vogue just went live with [a piece that proclaimed](#), "Pittsburgh is not just a happening place to visit — increasingly, people, especially New Yorkers, are toying with the idea of moving here."

Kelly Sawdon, an executive with the Ace chain, said the company spent years trying to raise money to convert a torn-and-frayed Y.M.C.A. into a hip hotel because the "energy" of the city suggested a blossoming marketplace. Food, she said, has been the catalyst.

For decades, Pittsburgh was hardly seen as a beacon of innovative cuisine or a magnet for the young. It was the once-glorious metropolis that young people fled from after the shuttering of the steel mills in the early 1980s led to a mass exodus and a stark decline.

"We had to reinvent ourselves," said Bill Peduto, Pittsburgh's mayor.

And they have. Over the last decade or so, the city has been the beneficiary of several overlapping booms. Cheap rent and a voracious appetite for culture have attracted artists. Cheap rent and Carnegie Mellon University have attracted companies like Google, [Facebook](#) and Uber, seeking to tap local tech talent. And cheap rent alone has inspired chefs to pursue deeply personal projects that might have a hard time surviving in the Darwinian real estate microclimates of New York and San Francisco.

No one can pinpoint whether it was the artists or techies or chefs who got the revitalization rolling. But there's no denying that restaurants play a starring role in the story Pittsburgh now tells about itself. The allure of inhabiting a Hot New Food Town — be it Nashville or Richmond, Va., or Portland (Oregon or Maine) — helps persuade young people to visit, to move in and to stay.

Recent [census data](#) shows that Allegheny County's millennial population is on the rise. People ages 25 to 29 now make up 7.6 percent of all residents, up from 7 percent about a decade ago; the 30-to-34 age group now comprises 6.5 percent, up from 6 percent.

Years ago, local boosters proposed a tongue-in-cheek advertising campaign starring a mascot called [Border Guard Bob](#), who would dissuade young people from abandoning the city's Rust Belt remains. "That has changed dramatically," said Craig Davis, the chief executive of [Visit Pittsburgh](#). He said the median age in Pittsburgh is 32.8, well below the national figure, 37.7.

That's good news for tourism; 2,800 hotel rooms have been added in Pittsburgh since 2011. "We're really using the food scene as a driver of that," Mr. Davis said. "There's a reason to come to the city."

It is also good news for business and culture leaders who seek out young employees and customers. When job candidates arrive, the new wave of restaurants is brandished as a selling point.

"The food scene in Pittsburgh is actually responsible for our landing some best-in-the-world types of people," said Andrew Moore, the dean of the School of Computer Science at Carnegie Mellon and a founder of Google's first office in the city.

Google's presence has since expanded considerably — and almost in sync with the restaurant surge. Pittsburgh's mayor said the food boom had played a pivotal role in restoring neighborhoods, evidence of an "entrepreneurial attitude throughout the city."

"Ten years ago, you had some visionaries, some young people who had a dream of owning their own restaurants," Mr. Peduto said. "They took a risk — they really did believe the place had this amazing potential."

One of those pioneers was Domenic Branduzzi, who opened a spot called [Piccolo Forno](#) in the Lawrenceville area 11 years ago as a way to showcase the specialties that his family had brought to western Pennsylvania from Tuscany.

"I'm an O.G." — an original gangsta — "in the neighborhood," Mr. Branduzzi said on a recent afternoon as customers filled the cocktail bar at [Grapperia](#), a second Lawrenceville spot of his, which was celebrating its first anniversary. "If I ever want to be transported to my grandmother's kitchen when I was a kid, I taste one bite of the lasagna."

In the early days of Piccolo Forno, Mr. Branduzzi was warned that Pittsburghers weren't likely to take a chance on old-school items like rabbit or wild boar. "People thought it was crazy and that it would never sell," he said. "And now I can't take rabbit off the menu."

Being shielded from crushing rent increases allows Pittsburgh chefs to take risks and cook the way they want to cook without constantly fretting about going under.

"Pittsburgh is the land of opportunity for chefs," said Justin Severino, another Lawrenceville pioneer whose [Cure](#), which he opened on a dingy stretch of Butler Street in 2010, has won national accolades. He's got a second baby in Lawrenceville now, too — a brand-new Basque-style pintxos restaurant called [Morcilla](#).

A veteran of the acclaimed [Manresa](#), in Northern California, Mr. Severino, now 38, fled the Bay Area when he realized that he couldn't even afford a beer and a sandwich with friends, let alone a vacation or a house. In Pittsburgh he saw the capacity for ownership, and change. "While the rest of the country was floundering, Pittsburgh stood on the gas and reinvented itself as a city," he said.

This is not to say that creating Cure was easy. Lawrenceville still has its fair share of graffiti and abandoned storefronts, but "you should've seen that neighborhood five years ago," Mr. Severino said. "I got to know the prostitutes who worked the corner. I got to know the drug dealers who hated my guts." He was always calling the police; thieves broke into Cure repeatedly.

Through it all, he stuck to his philosophy: "I'm just going to do what I want to do without regard for what people say they want."

Early adopters like Mr. Severino, Mr. Branduzzi, Sonja Finn of [Dinette](#), Kate Romane of [e2](#), and Richard DeShantz of [Meat & Potatoes](#) proved that chef-driven cuisine could flourish alongside steel-town fixtures like [Tessaro's](#) and [Primanti Brothers](#). The next generation is grabbing that message and running with it.

At [Whitfield](#), the new restaurant inside the Ace Hotel, Brent Young, a native son who had helped build the [Meat Hook butcher shop](#) in Brooklyn, lobbied passionately for a job conceiving the whole-animal-fixated menu, and brought in the locally grown chef Bethany Zozula and the pastry chef Casey Shively to run the kitchen. Whitfield opened in December; reaction was quick and unexpected. "On New Year's Eve, we had a line around the building," Ms. Zozula said.

In [the Strip District](#), the marketplace zone that Mayor Peduto referred to as "the heart of western Pennsylvania's food culture," Ben Mantica and Tyler Benson, two 20-something entrepreneurs who met in the Navy, are bringing the model of a tech incubator to the food world. Their [Smallman Galley](#) consists of four kiosks in which different chefs showcase their cooking for 18 months. The chefs pay no rent; the hope is that they'll build a following and create their own restaurants.

Mr. Mantica and Mr. Benson see Smallman as a way to cater to the tastes of the young employees of Apple, Uber and Google who are starting to occupy new apartments in the area. "We've seen this huge demographic shift in Pittsburgh, and now it's a matter of, 'What do those people want?'" Mr. Benson said.

To the northeast of Smallman Galley, in Lawrenceville, the chef Csilla Thackray and the restaurateur Joey Hilty, both in their 20s, are trying to carve out their own slice of the marketplace with [the Vandal](#), a casual restaurant that's open for breakfast, lunch and dinner.

Mr. Hilty grew up near Pittsburgh, and said he had plans to leave for New York or Oregon after college, but "I had too much debt. So I slowly figured out what my contribution would be to the city." He is glad he stayed. Lawrenceville, he said, is "very youthful and it's full of unbridled enthusiasm for this stuff."

But there is ambivalence as well. Young restaurateurs know how gentrification works; they've witnessed it in Brooklyn and San Francisco. Rents rise. People get squeezed out. "We all see where it's going to be in five years," Mr. Hilty said. "The barrier to entry's going to be so high."

Ms. Thackray added, "It's really cool — and then the bubble bursts."

Like winning the lottery, being crowned a Hot New Food Town can complicate things. Despite his trailblazing, Mr. Severino has noticed how Lawrenceville's newer inhabitants view him as something of a square. "Most of those hipsters hate me," he said with a laugh. "They'll go out of their way to tell me what a yuppie I am."

Some of the more thoughtful leaders of Pittsburgh's cultural youthquake find themselves vexed — worrying that the city they wanted to live in could turn, over time, into its glossy and expensive opposite, a place that evicts older residents and prices out younger ones.

"Look, I like good coffee, I like good bread, I like good food," said Adam Shuck, 29, who writes an e-newsletter called "[Eat That, Read This](#)" and is developing [The Glassblock](#), a web magazine about the city. "I'm torn. I love this stuff, and I'm not going to say I don't. I welcome and applaud this changing Pittsburgh."

On the other hand, “there’s also a part of Pittsburgh that has been left out of this excitement,” Mr. Shuck said in an email. “Poverty, food deserts and lack of opportunity and access in historically marginalized communities are big problems in Pittsburgh, and all of the praise and celebration can ring a bit hollow when you consider these realities. Nitro coffee and slow bread are not at the top of your list when [you can’t even get to a grocery store.](#)”

The present is exciting in Pittsburgh. The future? That depends.

“We just have to stay vigilant in how Pittsburgh’s redevelopment takes place,” Mr. Shuck said, “fostering the conversation and pressuring government and private capital to work together to do it right.”

Federal Galley

The Story

Federal Galley is the second food hall developed by Galley Group co-founders Ben Mantica and Tyler Benson. The first location, Smallman Galley, was designed to provide aspiring restaurateurs a low-cost and low-risk opportunity to launch their own restaurant concepts. Federal Galley was designed with a similar goal in mind. We exist to break down the barriers to entry in this notoriously restrictive industry.

There is a large pool of extremely talented Chefs that are ready to run their own restaurants and show the world their talent. Our approach to food halls offers talented Chefs a one of a kind opportunity to show the world what they can do. In addition to a fully built out kitchen, we also offer our operators one-on-one strategy sessions and connect them with an array of professional services and mentors to assist in their professional development.

Our Mission

Located on the Nova Place grounds, Federal Galley is a launch pad for the most exciting new restaurant concepts in Pittsburgh. We cultivate and accelerate aspiring restaurateurs by providing a forum to showcase their capabilities, hone their craft, develop business acumen, and build a cult following behind their concepts. With four fully outfitted kitchens and over 200 seats we provide the infrastructure for Chefs to bring their concepts to market at low-risk and for low-cost. The four Chefs at Federal Galley will own their restaurants in our space and have the autonomy to run their businesses the way they’ve always dreamed. They set the menu. They hire a staff. They interact directly with the customer and build their following.

To the public we offer a full service bar created by an award winning team and four innovative restaurants. Federal Galley will also feature a beautiful outdoor patio that can accommodate over 100 people. We are thrilled to be a part of Nova Place and look forward to becoming an active member of Pittsburgh’s exciting North Side community.

triblive.com

Galley Group creates food halls, opportunity in Rust Belt cities

Sarah Sudar

6-8 minutes

Galley Group is bringing food halls with character to Rust Belt cities. This veteran-owned food hall accelerator is creating unique dining experiences for communities that focus on stellar bar programs and food at approachable prices.

The group's flagship location, Smallman Galley in Pittsburgh's Strip District, opened in 2015 as a launch pad for new restaurant concepts.

Debuting in December was Galley Group's second location in Pittsburgh, Federal Galley, in Nova Place on the North Side, as part of a \$100 million redevelopment of the former Allegheny Center. Ohio City Galley in Cleveland is set to open in late summer and a food hall also will open later this year in Detroit.

When Tyler Benson and Ben Mantica met four years ago as lieutenants in the U.S. Navy, they had the opportunity to hang out off duty in street food markets in various cities throughout Southeast Asia. They were attracted to the energy of these communal meeting places and how their markets became the center of these cities.

“We saw a ton of people sitting together, sharing and getting excited about food and we thought it would be a great concept in the States,” Mantica says.

When the pair came back to the States three years ago, they were both transitioning out of the military and thought about pursuing other careers: Benson searching for finance jobs and Mantica having been accepted into law school. They decided to abort those missions and start Galley Group, Inc. instead.

“We looked at the restaurant industry and saw a lot of barriers to entry for chefs to open up their own restaurants,” Mantica says. “After talking with a lot of people in the tech industry, we modeled our company after them.”

Galley Group is a food hall development, management and advisory company focusing on creating high-volume spaces that provide quality fare and top-notch bar programs in a communal setting.

“We went to a million food halls around the country and in most of them it was just people leasing space,” Mantica says. “We are giving chefs the opportunity to run their own businesses, develop a brand and create a voice for themselves.”

Smallman Galley has four fully equipped kitchens, two bars, a coffee and espresso bar and seating for 200 people. Chefs apply to Galley Group with their ideas and restaurant concepts and go through an interview process before being chosen for a minimum 12-month residency.

The location is on its second set of chefs. The restaurants include Iron Born, which focuses on hand-forged pizza; Colonia, with Latin American cuisine; Banhmilicious, with modern Vietnamese food; and Brunoise, focusing on progressive American cuisine.

The chefs set the menu, hire their own staff, and run their own businesses, while Galley Group helps them with business and management in areas such as accounting, legal and customer service. In the final six months of the residency, Galley Group will help the chefs find a site in Pittsburgh and assist with financing through the group's partnerships with real estate developers and financiers.

“We are big proponents to be a platform to create small businesses,” Mantica says. “We are looking for chefs who have compelling stories and give them the ability to run their own restaurants.”

Of the first group, Jessica Lewis who ran the vegetable-forward Carota Café, helped open Or, The Whale in downtown Pittsburgh and is now the director of operations. Stephen Eldridge of Provision PGH is now running two of the restaurants at Federal Galley — another Provision PGH, with unique takes on some classic American dishes, and El Lugar, which specializes in traditional Mexican flavors.

The new Federal Galley also features four restaurant concepts, a full bar focusing on craft beer and an outdoor beer garden.

Bradley Ott, vice president of commercial operations for Faros Properties, developer of Nova Place, says that the company was looking to add more amenities to Nova Place for residents, office tenants and the community that would give them more food options as well as attract a nighttime crowd to the property.

“We talked about many different options, including a market-type location like Reading Terminal Market, but we got connected with Galley Group and our goals aligned,” Ott says. “The North Side seemed like a logical location for them since it's far enough away from Smallman Galley and everyone knows the brand.”

One of the four kitchens in Federal Galley houses Michigan & Trumbull, owned by Detroit natives Kristin Calverley and Nathan Peck, who are serving up thick-cut Detroit style pizza. The couple had a business plan but zero capital, and felt the application process for applying for a small business loan was scary.

“We spontaneously applied to Smallman Galley after eating there, since it's a great option for people who have an idea but no resources,” Calverley says. Eventually they were invited to open at Federal Galley.

Unlike Smallman Galley, Federal Galley has more long-term leases for its kitchens and also provides invaluable resources for the chefs on how to open and operate a business. The fourth restaurant is Vincent Perri's Supper, a take on New American Cuisine with many vegan and gluten-free offerings.

“They gave us a checklist of items they want to be done before opening, like opening a bank account and filing for an LLC,” Calverley says. “I know you can Google all of these things but it's really nice to have it in front of you and have their support along the way if we have any questions.”

Though Galley Group isn't looking to open other accelerator spaces in Pittsburgh (at least not yet) they do have their sights set on other Rust Belt cities.

Benson and Mantica say they are drawn to these cities because they exhibit the same characteristics that they love about Pittsburgh: an ever-growing millennial demographic, revitalization and redevelopment and affordability.

“There's not a ton of competition in these markets right now and we love the idea of getting in there and being the first ones to help local chefs get something going,” Benson says.

Applications are being accepted through Jan. 31 for both the Ohio City Galley and the new class at Smallman Galley.

reuters.com

A tech boom in Pittsburgh brings hope and angst

Heather Somerville 6 Min Read

6-7 minutes

PITTSBURGH (Reuters) - The city of Pittsburgh, the one-time steel capital that's long been a symbol of Rust-Belt decline, is emerging as a vibrant hub for artificial intelligence, robotics and biomedical companies eager to tap a rich talent pool.

An Aurora self-driving Lincoln MKZ car is seen outside the company's office in the Lawrenceville neighborhood in Pittsburgh, Pennsylvania, U.S., September 21, 2018. Picture taken on September 21, 2018. REUTERS/Heather Somerville

Yet the resulting economic renaissance is leaving many locals uneasy - a symbol in its own right of the nation's mounting concerns about the success of high-tech industries and their effect on wages and jobs.

At a conference in Pittsburgh last month showcasing new technology companies, Mayor Bill Peduto cautioned the city to avoid the "precarious position" of Silicon Valley, where an explosion of tech wealth has left many people behind.

"It's at the front of everyone's brain," Peduto said.

In 2014, the number of Pittsburgh-area private-sector jobs in the scientific and R&D sectors - excluding academic positions - for the first time exceeded those in iron and steel mills, which were the lifeblood of the economy until their collapse 30 years ago. As of March, 2018, there were 41 percent more jobs in R&D than in the mills, according to the Pennsylvania Center for Workforce Information and Analysis.

Benefits of the tech boom have been limited. Around Allegheny County, where steel and natural gas industries still provide an important, albeit declining, number of jobs, about 12 percent of the population still lives in poverty.

Pittsburgh's angst comes as new tech replaces old industry, offering the biggest economic opportunity since the first steel mills opened at the end of the 19th century, but with no assurances of who will benefit. The United States Steel Corp ([X.N](#)) building still sits downtown, among the constant reminders of a glorious economic past that gave way to despair 30 years ago.

Many neighborhoods are still pockmarked by long-abandoned warehouses and decrepit homes, and the population of 302,000 is less than half what it was in the 1950s. A number of once-wealthy U.S. manufacturing cities, most notably Detroit, have experienced a similar fate.

Pockets of Pittsburgh now resemble a small-scale Silicon Valley, humming with fast-growing tech businesses that have attracted billions of dollars in private financing and young professionals commanding six-figure salaries. The city is a finalist for Amazon.com Inc's ([AMZN.O](#)) second headquarters.

Much of the new activity springs directly from the artificial intelligence and machine learning technologies pioneered at Carnegie Mellon University and the University of Pittsburgh, premiere academic institutions that have helped anchor the city through its industrial decline.

Carnegie Mellon faculty and students have been building self-driving car technology for decades, but only in the last few years has it become an industry.

"A lot of this has been research lab work that were concepts and dreams that are now getting to reality and giving people career opportunities," said Peter Rander, president of Pittsburgh self-driving car company Argo AI.

Twenty-three start-ups came out of the University of Pittsburgh in the last fiscal year, a record for the third straight year. Innovation Works, an early-stage investment fund that backs local companies, is meeting with about four times as many start-ups than it did a decade ago, said President and CEO Rich Lunak.

Global investors are starting to pay attention, too. SoftBank Group Corp ([9984.T](#)) last year led a \$93 million investment in Pittsburgh-based AI company Petuum. Innovation Works recently hosted 30 Chinese investors interested in robotics and health care start-ups, Lunak said.

Uber's self-driving business, which opened in January 2015, employs more than 1,000 people. Aurora, a start-up led by self-driving pioneer Chris Urmson, in March opened a new office in the Lawrenceville neighborhood, once a working-class area that's now bustling with new construction, night life and high-end apartment buildings.

Start-up boosters are hopeful that Duolingo, a language-learning app founded by a Carnegie Mellon graduate and now valued at \$700 million, could provide the city with a big tech IPO.

‘WHAT WEALTH?’

Housing prices in the city are up 36 percent over the last five years, according to ATTOM Data Solutions. But the median home price of \$170,000 hardly conjures up the real estate frenzy that swept Silicon Valley.

Nowhere is the tension between haves and have-nots more visible than in the East Liberty neighborhood. Historically African-American and troubled by high crime - and the target of redevelopment efforts for decades - the neighborhood is a mélange of old mom-and-pop shops and upscale retailers and eateries catering to young professionals.

Sam’s Shoes, which opened in the 1960s and is the oldest business in the neighborhood, sits alongside a dollar store and across from trendy retailers Bonobos and Warby Parker. Sam Arabia, 58, who inherited the store from his father, points to the new apartment building across the street.

“They’re all Google employees. They shop online,” he said. “Not like the old customers.”

Thomas Holland, who opened a T-shirt and ball cap printing store in East Liberty 40 years ago, said the tech renaissance will bring higher costs, not a better life, for people in his neighborhood.

“What wealth?” said Holland, 67. “We haven’t experienced that yet.”

Peduto, the mayor, said the city is working on programs “to allow people who have lived through the bad times to be a part of the good times.” That includes a \$10 million affordable housing fund.

“This is a city that has seen 70 years of decline,” said Christopher Briem, a regional economist at the University of Pittsburgh. “These issues of how to deal with or manage this type of growth are new here in Pittsburgh.”

nextcity.org

Ace in the Allegheny – Next City

31-40 minutes

There’s an [episode](#) of the sketch comedy show *Portlandia* that pokes fun at the Ace Hotel as “The Duece.” In it, a DJ scratching records greets guests checking into the hotel on Portland’s southwest side. The clerk, Fred Armisen, presents them with a turntable, adding, “anything you need... we’ve got books. They’re not just for show, like, we chose them. They’re all, like, pretty real.” He’s enormously pleased with himself. Carrie Brownstein, a laidback fellow clerk, offers this guidance: “Your room is... just feel it out, you know what I mean?”

It’s farce, you can tell, because in the Ace’s New York edition at least, the turntables are already in the rooms when you get there.

The Aces are driven by the idea that a curated life is a life worth living. Being in the lobby of Ace New York is like being in a distilled version of the city. One side of the room is covered with photocopies of Bronx artist Michael Anderson’s graffiti sticker collection that have been wheatpasted to the walls. There’s a giant Allen Ginsberg photo called “[Transforming Milk into Milk](#)” of Harry Smith, the Portland-born experimental filmmaker, folk-musicologist, painter and would-be alchemist who lived for a piece of the ’80s in the building when it was the Breslin, a shared-bathroom sort of

place. Attached to the wall, adjacent to the photo, is one of Smith's string figures. A caption on the wall calls it "a testament to his ability to intertwine art with ethnography" — not a bad caption, actually, for the ambitions of the Ace itself, which since opening its doors in Portland in 1999 has expanded to New York, Seattle, Palm Springs and Los Angeles.

Make that Portland, Seattle, New York, Palm Springs, Los Angeles and... Pittsburgh.

Pittsburgh? Indeed. If all goes well, a \$20 million boutique hotel will be opening in Pittsburgh in 2014. And not just Pittsburgh, but *East Liberty*, Pittsburgh. It would be Ace's first foray into the Rust Belt, and would come as part of a decades-long push to reinvent a once-hopping slice of the city's East Side that, by common consensus, was the victim of mid-century experimentation with top-down theories on how one goes about perpetuating urban vitality. Piecing together tax credits, grant monies, locals, outsiders and momentum from East Liberty's recent wins, the Ace project is hoped to add cultural validation to a historic neighborhood that is slowly finding its footing again.

There's obvious appeal in this spot on the Pittsburgh map: Houses can be had for under \$100,000, yet there's a Whole Foods in easy reach. A boutique hotel is a bet on placemaking, the notion that with a few mindful tweaks here and there, you can create an environment to which city dwellers and city aficionados are usefully drawn.

Two Turn Tables and a Duck Pin Bowling Alley

The bet is that it's not so crazy an idea. East Liberty was once the heart of Pittsburgh's east end, home to the steel magnates — the Carnegies, the Mellons, the Fricks — whose mills and factories ran along the banks of the city's three rivers. At the turn of the century, it was one of the country's wealthiest places, with an express train from Manhattan. By the 1940s and '50s the area was still hopping, a desirable retail center with half a dozen movie theaters, a roller-skating rink and more. Standing in the middle of it all was East Liberty Presbyterian Church, a Ralph Adams Cram-designed Gothic glory built on a commission by Mellons, that today fills a full city block with its pointed arches and stained glass.

But by the 1960s, the suburbs were pulling attention away from Pittsburgh proper, and East Liberty locals — particularly business owners — worried that they were looking at an inexorable march of residents and visitors away from their neighborhood. Working with local government, a scheme was launched to try to suburbanize East Liberty. Scores of big old urban houses were torn down and a four-lane ring road was put in place. In went a pedestrian strip. The idea behind the urban renewal scheme was that people would drive to East Liberty, park their cars and have a nice little shopping experience right in the city. They didn't. East Liberty became an island in the east end, and went progressively downhill. By the 1980s, the neighborhood was known for drugs, alcohol, crime and unemployment. A soup kitchen was set up in the beautiful old church.

Then, in the late 1990s, at about the same time Ace was taking root in Portland, locals begin brainstorming new ways to bring East Liberty back. A community development corporation called [East Liberty Development, Inc.](#), or ELDI, went to work coming up with a vision for revitalizing the area.

East Liberty had a few things going for it. For one, it had large, flat parcels that were in short supply in the rest of hilly Pittsburgh. A Home Depot went in, and did well. In 2002, a Whole Foods set up shop just on the edge of East Liberty, bordering the area called Shady Side. It, too, did well.

So did ELDI. The non-profit invested significant resources in the Whole Foods, and it paid off. The process repeated with more stores and investments, eventually building up a nice nest egg. ELDI used it to buy up dozens of properties in East Liberty, flipping some and turning others into rental "test drive" properties that could be used to convince folks that the area was on its way up, and worth recommitting to. One sign to many that East Liberty was on the mend: In 2010 Google opened an engineering office on the neighborhood's edge and, as the company points out on its [place page for the site](#), just eight minutes to Carnegie Mellon by car in a city that, unlike other U.S. tech hubs, is "both culturally rich and exceptionally livable." (The company's description of its office: "Steel City? More like Tech City, these days.")

One piece of property that ELDI picked up on its shopping spree was a tad bigger than a house. It was the old YMCA building on South Whitfield Street that had been empty for years. (One restoration plan involving a Colorado developer fell through). The free-standing, five-story tan brick building is located directly across the street from the church, and had been designed to interact with it, with a pool in one, duck pin bowling in the other, that sort of thing. Today, if you step over the drained, palm-sized bottle of brandy on the steps, you find a building whose charms might be painted over with graffiti — the result of a community art project somewhere along the way — but are still there. Pass through entrance and turn left, and there's a once-elegant parlor room with gilded molding and a fireplace, now piled with furniture. Head straight back instead and you enter into a three-story gym, encircled by a track. The paint is badly peeling but the hardwood floors are intact. Upstairs is a sweeping ballroom with floor-to-ceiling windows, aqua walls and patchy tile work. The East Liberty YMCA had some epic spaces, no doubt. But it was also a drag on ELDI's balance sheet.

“What do you do,” asks Nate Cunningham, 33, ELDI's real estate specialist, “with a turn-of-the-century third space for wealthy people?”

The East Liberty YMCA, called a “turn-of-the-century third space for wealthy people,” may be empty and graffiti-covered for the moment. But its charms remain, and Ace Hotel hopes to capitalize on them.

One thing to do is call Ace. The matchmaker in all this was Eric Shiner, director of Pittsburgh's Andy Warhol Museum and who had put in time at New York City's Cooper Union. In Pittsburgh, Shiner was friends with a young developer named Matthew Ciccone. Ciccone had worked with ELDI's Cunningham in setting up an East Liberty co-working space in an old beauty shop, called the Beauty Shoppe, and was helping to think through possible uses for the old Y. Shiner knew Ace's founder, Alex Calderwood, from New York. A look at the booking rates of Pittsburgh's existing hotels suggested that another hotel in the city could thrive, and besides, there would be little to no competition for a boutique hotel. Pittsburgh, says Shiner, “is an incredible place right now filled with artists and young tech people — just a really eclectic group of people trying to envision a better city. I thought Ace would be a really good fit.”

Over the years, there have been plans, ill-fated in retrospect, to turn the East Liberty YMCA into residential housing, as evidenced by a giant advertisement on top of the old building that reads “YLOFTS.com.” I explore the building with Ciccone, the 32-year-old developer working with ELDI. Dressed in a gray blazer, a blue grid-patterned button-down, fitted jeans and lace-up loafers, he illuminates the way up the dusty marble and wrought iron staircase with his cell phone. On the third floor, we pass torn-up old couches and other discarded furniture. Come here, he says, you've got to see this. He opens the door onto a pristine, carefully appointed and rather giant model condo. A sign on the wall serves as something of an epitaph: “*If you deal with the lowest bidder, it is well to add something for the risk you run. And if you do that, you will have enough to pay for something better.*”

Ace's quirkiness, says Cunningham, was a perk. “You have cultural engineers?” he recalls thinking. Indeed, that's a title at Ace. “Cool! Because who the hell else is going to know what to do with this space? An Embassy Suites is going to be like, ‘What, duck pin bowling?’”

Still, the East Liberty crew worried that Ace might prove simply too cool. “Are they going to flake out because they want to go to, like, Tokyo?”

Selling the Context

In Dave Eggers' new novel, *A Hologram for the King*, the businessman-protagonist finds himself in a hotel in Jeddah, Saudi Arabia. “They had built the hotel to bear no evidence of its existence within the kingdom of Saudi Arabia. The whole complex, fortified from the road and sea, was free of content or context, devoid of even a pattern or two of Arabic origin. This place, all palm trees and adobe, could have been in Arizona, in Orlando, anywhere.”

It's a useful way of understanding the Ace in opposite. Aces have a Pacific Northwest flair, no doubt. But an Ace also never lets you forget that you are, indeed, stuck at one place on the map. At Ace New York, you can pick up an Ace-commissioned leather comb case from local craftsmen Billykirk (\$45), a soy wax hand-poured scented candle from

Greenwich Village's Le Labo (\$60), or flavored syrups from Brooklyn's own Morris Kitchen (\$12). Many of the items available for sale at Ace you can acquire simply by taking them home with you. They're added to your bill.

"The hotel is more than a place to sleep," one of Ace's cultural engineers tells me as we stand surveying Ace New York's thriving hotel lobby scene. "It's a chance to touch literally every aspect of a lifestyle." An Ace is a manifestation of constant curation — perhaps not surprising given that Calderwood, and many of Ace's staffers (this cultural engineer included) came to hotelery not by way of the Cornell School of Hotel Administration, but through Neverstop, a Calderwood-cofounded creative shop that grew out of the Seattle club scene. The business pitches its specialty as "experiential marketing" and its expertise as "spot-on cultural savvy and flawless execution," whether that's setting up shipping container insta-stores all over New York City for the Japanese clothier Uniqlo, or a campaign for Levis that ran theater-sized projections of film footage on city walls near hotspots in San Francisco, or turning a Park City, Utah historic building into "Bing Bar" on behalf of Microsoft for the length of Sundance.

Ace is its own endeavor into experiential marketing, but one where cities are providing the fodder. An Ace is meant to be a distillation of the city itself, and in Pittsburgh, the company is finding a town that sees itself on an upswing, or at least sees signs of life. There's much more to Pittsburgh than the remnants of a dying steel town, and Ace's cultural engineers pronounce themselves eager to take on the challenge of figuring out how to take what's best or most iconic in Pittsburgh and present it in Ace form.

One of Ace's cultural engineers assures me that the company sees Pittsburgh as "a sleeper city."

Once, that is, they found out where it was. Ciccone recalls Calderwood, in one of their early meetings, asking him for photographs of the old YMCA building, but also where, exactly, Pittsburgh was and whether you could get a direct flight from New York City. (You can. It's just barely over an hour.) Calderwood and a colleague from Ace later came up for a visit, and returned to bring a full team up to the city in the spring of that year. The group spent a week soaking up the culture and possibilities of the city. It was, says Ciccone, something to behold. "They just hung out," he says.

That exploration's result? "Pittsburgh is super, super interesting," says Calderwood by phone from the west coast. "It's the same kind of dynamic that I observed 10, 15, 20 years ago here in Portland and in Seattle."

More important than Calderwood's pronunciation of cool, though, is the shift in municipal ego that is inciting Pittsburgh to collaborate with Ace: The city is beginning to see itself as a viable option, a place worthy of a boutique hotel conceived in its likeness.

As Calderwood sees it, you see plenty of young folks who, not finding much luck getting jobs in your traditional employment hubs like New York or Boston, are deciding to come back home to Pittsburgh after a few years in Brooklyn or what have you, or deciding to stay in Pittsburgh after finishing college or grad school there.

"We come to find out," says Calderwood, walking me through the company's thought process on East Liberty, "that there's actually a lot of interesting kids who are actually having a dialogue with Pittsburgh."

Matthew Ciccone, left, and Nate Cunningham, right, have collaborated on developing spaces in East Liberty before.

Indeed, while Pittsburgh has been shrinking for the last 60 years, the number of Pittsburghers between the ages of 18 and 24 grew more than 17 percent between 2000 and 2010, reported Sabina Deitrick and Christopher Briem, a city planning professor and economist, respectively, with the University of Pittsburgh Center for Social and Urban Research, in a [September 2011 article](#) published in the *Pittsburgh Economic Quarterly*. Moreover, some 70 percent of the people who are actively moving to the Pittsburgh region are under 35 years old.

"If you were a young worker in the 1980s," says Briem in an interview, "you really did leave. Even within the context of the Rust Belt, it was an extreme amount of job destruction, and we became a very old region. It was very age selective. But it hasn't been like that for a few decades."

And in something of an homage to that conversation, the [Ace company blog](#) has for months been pointing out the many cool things it has found about the young Pittsburgh scene: Specter Studios, a costume and prop shop that earned praise last Halloween for its handmade, obscure wares (like one bug getup inspired by *The Fly*); Deeplocal, a Carnegie Mellon spinoff and creative shop that happens to hack together, among other things, miniature train sets; and the Waffle Shop billboard, a rentable East Liberty display that, instead of being filled with, per Ace, “capitalist drivel,” gives prominence to less monetizeable phrases like, “I LOVE YOU IS SUCH AN ENORMOUS GIFT THAT I NEED TO HOUSE IT HERE FOR A WEEK SO THAT WE CAN USE THE APARTMENT,” contingent upon approval by committee of locals.

Richard Florida, author of [The Rise of the Creative Class](#) and former professor at Carnegie Mellon, left the university in 2005 when this movement was gaining traction. The same creative energy that caught Calderwood’s eye, in fact, was inspiration for the research that eventually became Florida’s best-selling, paradigm-shifting book. Calling himself a fan of both East Liberty and Ace Hotels in an interview, Florida cited this slice of Pittsburgh as “an example of inclusive upgrading and renewal.” Ace, he said, is “a big win for the neighborhood.”

Replacing the Anchor with a Coral Reef

When Ace decided back in the late 2000s that it was going to set up shop in at the corner of West 29th Street and Broadway in New York City, people thought that the company was, well, a little nuts. The area was chockablock with wholesale jewelry, perfume and handbag shops. A hip boutique hotel in the middle of all that?

“Why would you want to be *there*?” Calderwood recalls people asking. You might expect an Ace in Soho. Or the Lower East Side. Or even DUMBO. But just south of Koreatown? “Looking at it with child’s eyes,” says Calderwood, “it actually kind of makes a lot of sense.”

Yes, there was an Ace logic to it. For one thing, the area is somewhat smack in the middle of Manhattan with subways nearby. But less pragmatically, the appeal was that by doing something in an unexpected part of town, you might draw attention to virtue and values that had gone unnoticed. “You’re finding something beautiful in the ugliness,” says Calderwood. “Now that we’ve built it, people are like, ‘Oh, I get it.’”

Traditional urban thinking often looks for those “anchors” that, like universities, museums and hospitals, take up a lot of land and hire a lot of people, and in doing so shape a place. But Ace suggests something different. Ace hires, no doubt. The Pittsburgh project is expected to offer 100 jobs or so. But really, this is casting a cultural institution as something of a coral reef. Some things cling to it, making it bigger. But much else passes through it and circles around it, changing what surrounds it by setting the climate with its presence.

If that seems grandiose, take a look at the block on which the Ace New York sits. “We’ve... got friends in the building, selling their wares,” reads the little green guidebook that comes in each Ace room. Indeed, they do. Attached to the hotel in something like a little warren is The Breslin, a dark-wood sort of old-timey eatery that’s all the rage in New York City, and the John Dory Oyster Bar, both run by noted New York restaurateurs Ken Friedman and April Bloomfield. Just under Harry Smith’s rope art display is a doorway to Stumptown Coffee, the sole New York City shop of the coffee roaster that began in Oregon and now has an outpost in Brooklyn. There’s also a door to Opening Ceremony, an eclectic travel-inspired shop.

More than that, though, there are now stores, bars, shops, start-ups and even another hotel in the Ace’s immediate shadow, mixed among the wholesale purveyors. Three years later, the whole tone of the crazy little piece of Manhattan that the Ace chose to enter has shifted. Or, better put: It’s broadened.

Traditional urban thinking is often looking for those “anchors” that, like universities, museums and hospitals, take up a lot of land and hire a lot of people, and in doing so shape a place. But Ace suggests something different.

Part of that has to do with what Ace is willing to fit under the umbrella of “hotel.” It includes what the company calls “cultural programming.” The Seattle branch has a civic-minded election night party. The Los Angeles hotel comes with a

chance to help program the attached United Artists Theatre, and they're planning to be a part of a "Bring Back Broadway" push there (the L.A. hotel sits at the corner of 9th and Broadway). At the Ace Palm Springs — officially, the Ace Hotel & Swim Club — they're throwing a "Black Sheep Thanksgiving." It is, says Calderwood, "a dog whistle to call the oddballs and the outsiders to come hang out."

Send out some dog whistles, invite in a few friends, suggest a nearby tenant or two. It's a process that Calderwood calls "catalytic," and it raises intriguing possibilities in Pittsburgh. Among the charms of East Liberty is a striking sculpture called "[Joy of Life](#)," by Pittsburgh's own Virgil Cantini. Six figures grasp each other in a circle, leaning back in what is, if not ecstasy, real exuberance. The steel work, sitting on a triangle of land sloping down from Presbyterian Church, anchors a quaint little intersection that almost has a European feel to it. There are a number of architecturally intriguing but vacant storefronts surrounding it. The Ace cultural engineer talks about a "considered selection of neighbors," but you can't help but imagine what a few nice shops and places to eat might do for the area.

Of course, there's a real worry that Ace turns East Liberty into something so considered, so curated, that it pushes out the many who might not find all that quite so charming or accessible. Ace staffers admit that the Ace New York can get a bit overrun with financial types at times — a welcome audience, to be sure, but not one that generally has trouble finding places to hang out in modern New York City.

San Francisco of the East

Whether or not Pittsburgh is on the mend depends on whom you talk to. Certainly, there are signs of growth, but it's the Pittsburgh way to overlook them and fixate on the ghosts of the city's troubled past. "Pittsburghers sometimes get down on themselves and don't always see what others see in the city," says state Sen. Jim Ferlo, who represents East Liberty. He adds, with a laugh, that the attitude "kind of frustrates me." Ferlo spent 14 years on the city council and currently also serves as treasurer of the city's [Urban Redevelopment Authority](#). What cynics are missing, says the Democrat, is that "we've begun a whole renaissance in this city. The city has really jumped off in the last five years."

When he started in public office, Ferlo says, he'd tell those who would listen that he "wanted to make Pittsburgh the San Francisco of the East. It's taken a long time, but there's been a great paradigm shift." When it comes to East Liberty in particular, the notion of an Ace on the lagging Penn Corridor has a lot of appeal. The neighborhood is making a comeback, he says, citing a laundry list of projects that include the Whole Foods, Target and the Bakery Square Building that houses Google's offices. But the area, and the YMCA site especially, have been slow to develop: "We've had groundbreaking events there that fell by the wayside." And, with the caveat that he dedicates much time and effort to working on the neighborhood's lower-income areas, Ferlo adds that the notion of a boutique hotel fits comfortably into his vision. "We believe in a healthy gentrification, meaning a rising tide can lift all boats." It's a sentiment that you hear often in Pittsburgh, and East Liberty: Locals aren't about to reflexively pooh-pooh the dreams of folks willing, for whatever reason, to do business in their city.

I ask Cunningham, the local real estate specialist from ELDI, how he reconciles Ace's reputation with East Liberty's diverse, sometimes struggling reality. "There's no reconciliation necessary," he says quickly. The community group, he says, has a saying: "A neighborhood for everyone isn't a dream. It's a transformation strategy." Come again? With a neighborhood like East Liberty, he tries again, wedged between rich and poor, you need to appeal to all sorts of folks. For one thing, the scale of the city simply requires it. "In a place like Pittsburgh," says Cunningham, "if you don't have everyone coming, you don't have enough human beings to support development."

Taking up a full city block, East Liberty Presbyterian Church stands in the middle of a neighborhood that has seen the worse missteps of urban renewal, but also promising signs of recovery.

Having an Ace move into the neighborhood isn't exactly like, say, having the Four Seasons open its doors. In New York, Ace's top-shelf suites can go for \$2,000, but other rooms can be had for \$200, if not less. In comparison, at the city's Four Seasons, rooms start in the \$600 range, while the Times Square Marriot will run you about \$300 to start. And unlike those hotels, Ace doesn't sell itself as luxury, at least not in a typical sense. The rooms come with futon-style beds fitted with the brand's trademark wool cabin blanket from Oregon's Pendleton. There's much wrought iron and tight corners. The mini

bars — actually, retro fridges — come stocked with a mélange of snacks that the room instructions describe as “an exotic array” of “goods from friends near and far,” but it’s indulgent only in a door-room sense: Chocolate-dipped Pocky snack sticks, mini kegs of Heineken, vitaminwater. You’re not paying for the traditional high-end amenities. You’re paying to, for a day or three, live like that well-off friend whose idea of splurging is spending a few hours hunting down that rare LP at the last awesome record shop in the city.

One way to understand the Ace approach is to see it as an ethos based around, well, caring. Caring about vinyl. Caring about who makes your soap. Caring whether your friend’s new restaurant does well. Caring to a, well, mockable extent about the artifacts and implications of culture.

That all of this comes at varying price points is part of Ace’s appeal in East Liberty. No matter whether you’re paying a couple hundred bucks to share a room with a buddy or paying 10 times that for the best room in the place, you’re mixing. “Everyone walks through the same front door,” says Ciccone, the young developer. “Everyone goes to the same restaurant and the same coffee shop.”

Same goes, for that matter, for those who don’t have a room at all. In New York City’s Ace, it’s perfectly possible for less observant types to grab a coffee at Stumptown and then have a business chat in the lobby of Ace without ever realizing that they’re in a hotel at all. There’s no check-in desk looming over the space; you’ll have to hunt for it back in the corner, past the display of stuffed birds. The Ace is permeable, with no fortress keeping the city out. In the middle of a fall Tuesday, the dimly lit lobby overflows with hipsters hunched over their glowing computers, paying no mind to the occasional traffic of a guest or a stray bellhop. It’s not hard to understand why; there aren’t that many free, shared urban spaces in New York City, and even fewer that are piping in carefully selected tunes from NoHo’s Other Music.

To Calderwood, creating that third space for community mixing outside of home and work is part of what makes developing urban hotels exciting. He gets excited talking about making places where people coming to a city mix with the people of that city, producing “a constant choreography of people coming in and out.”

It is, says Calderwood, “a dog whistle to call the oddballs and the outsiders to come hang out.”

Looking at the old YMCA building, Cunningham’s “19th-century third space,” it’s easy to see how you might create the same sort of shared spaces as you see in New York, though with a Pittsburgh bent. The gym could easily make a great dance floor for the receptions of weddings thrown over at East Liberty Presbyterian. The fireplace room becomes a nice cozy bar, complete with, perhaps, some old Steelers memorabilia and artifacts sourced from the city’s heyday as one of the world’s great steel producers. Perhaps a timeline of photos showing East Liberty through the years?

“It’s a historic building,” says Maelene Myers, executive director of ELDI, the community group, who has worked in the neighborhood for more than two decades. Given that so many of East Liberty’s historic buildings were cleared during its mid-century redevelopment phase, she views Ace as a welcome force for preservation.

“The fact that we can keep its grandeur, that’s why we lean towards the Ace Hotel,” she says. “Vintage, tradition, that’s always going to be our history. I want to keep a touch of that in East Liberty.”

And as it turns out, keeping vintage tradition and grandeur is good for getting funding for the project, too.

Putting Dollars Behind the Idea

All involved in getting the \$20 million to pay for the East Liberty Ace admit that it’s been a challenge. Ace might be a name in the national hotel game, but with the closest one nearly 400 miles away, it doesn’t have much reputation among Pittsburgh funders. And at a mere 65 or so rooms, compared to the more than 250 at Ace New York, it hasn’t proven to be of the scale that would get outside investors excited.

So Ace had to get creative. Its pledge to preserve many of the building’s old spaces — the gym, the staircase, the ballroom — means the project is eligible for historic tax credits, and its location in East Liberty puts it up for new market tax credits, too. When all that comes through, it should total about \$11 million. They’ve lined up about \$2 million from individual local investors and another \$2 million from grants, and are in the process of getting their hands on \$5 million from a local

financial institution that manages funds for families, unions and foundations. It's a complicated pile of funding, joined by a legal structure that, given the role of ELDI, Ciccone's firm, Ace and others, "looks like a cobweb," says Ciccone.

Over the years, there have been plans to turn the East Liberty YMCA into residential housing. Those never materialized, but things may turn out differently for a buzzed-about boutique hotel.

Included in the financial picture are a couple of hooks intended to join Ace Pittsburgh's fate to that of East Liberty. Though the YMCA has long been vacant, Ace has a history of setting up shop in distressed and still-occupied buildings. In New York, there was a tussle over what would be done with the remaining residents of the old Breslin Hotel. (Some stayed.) In Seattle, where the building was an old mission, the involved developer bought a second property to which residents were relocated. As part of a half-million-dollar grant from Pittsburgh's Heinz Foundation, some of the proceeds will go to funding the East End Cooperative Ministry, whose soup kitchen has operated out of the basement of the Presbyterian Church. An \$800,000 grant from the federal Department of Health and Human Services will help support the creation of jobs at the hotel for East Liberty locals.

If you asked him earlier this fall, says Ciccone, those involved wouldn't have yet had a solid strategy to pull the project off. But now, "we're feeling pretty good about it."

Eyes on East Liberty

Some of the things at Ace might bring to East Liberty are tangible: Hotel rooms. A restaurant or two. Event space. But there's a sense in the air that this little hotel might also be a cultural validator of the neighborhood, in the way that the Whole Foods was an validation of the East Liberty area's economic potential and the Google office of its innovation potential. Ace puts a focus on selling the merits of not just its hotels, but the places in which they exist; while attempting to keep the East Liberty project under the radar, they've been blogging about the charms of Pittsburgh for months. "I think we bring a focus to a city," says Calderwood, not only generating media interest (hey there) but "cultural interest" more broadly. (Worth noting: Ace says it's also interested in doing something in Detroit at some point; Calderwood says he envisions eventually having a "small collection" of Ace Hotels.)

"In a place like Pittsburgh," says Cunningham, "if you don't have everyone coming, you don't have enough human beings to support development."

More attention on East Liberty's merits in particular and Pittsburgh's appeal in general is something that those working locally on the Ace project very much want. It's of a piece with the pitch they make to tech companies who might want to follow Google's lead. Nice houses in East Liberty, says Ciccone, can be had for \$300,000. "I could live in San Francisco or I can buy a pretty spectacular Victorian and walk to Whole Foods." For years, the only place to eat in East Liberty was in the church basement. Now there are two James Beard Foundation-nominated chefs running restaurants in East Liberty, and at one of their places, Dinette on Penn Circle South, you can buy a round of dollar Yuenglings for the whole place for less than \$50.

Pittsburgh, indeed, has a gap when you look at middle agers. So many of them left when the steel industry collapsed, and the city today is very old and fairly young. Ciccone, for one, spent time in Chicago and in New York before returning home to Pittsburgh and attending grad school at Carnegie Mellon.

"Having grown up here," he says, "I never thought I'd be back here this early in my life. There [weren't] a lot of really vibrant things happening in the '80s, '90s or even early 2000s. But those of us who moved to New York or Chicago saw that in Pittsburgh, we could have a hand in shaping the neighborhoods that we wanted to stay in. Not only do I have a chance to shape the place where I want to live, but I can shape it with a lot of my friends. You can be incredibly innovative here and there's nobody to stop you."

"The fact that we're developing an Ace Hotel is kinda insane," says Ciccone. "Only here would we have the opportunity to do that."