

For the Arcade Building, a need to answer the right questions

By Jamestown Renaissance Corporation Staff

The Arcade Building on Main Street—one of Jamestown's most historic and fascinating buildings—is once again near the center of discussion on downtown's renaissance. JRC's staff was privileged to tour the building in March, and it was easy to see why many people are passionate about the building and its future. As the most recognizable building on a blighted block on an otherwise improving downtown street, it's hard not to have an opinion about the building's fate.

So, can the Arcade Building be saved? This is the first of many questions that must be addressed before the community pursues another major restoration project—one that will rival the scale of work now nearing completion at the Erie Lackawanna Train Station and the Wellman Building. And the short answer is: yes it can. Despite decades of vacancy and poor maintenance, many of the building's historic elements remain intact.

But almost any building can be saved if enough resources are available—and the Arcade Building will need plenty. A careful renovation will carry a big price tag, potentially one greater than \$10M.

Which raises a second question: does this community have the resources to undertake a project of this magnitude so soon after saving the train station, reviving the Wellman Building, and not long after building the downtown ice arena? It probably does. If local philanthropic resources were paired with enough outside support (tax credits, state and federal grants, etc.), then having sufficient capital for the Arcade's restoration is entirely within the realm of possibility.

But what about the opportunity cost? In other words, what investments would this community forego in order to save this building? Not pursuing an Arcade restoration would mean that state and federal dollars earmarked for historic preservation would be diverted to similar projects here or elsewhere. Local resources, though, would be used in some other way. They would likely be scattered on a wide range of other investments in institutions and programs.

A more scattered approach to community investment may be less dramatic, at first, but numerous small investments can have a major cumulative impact. Jamestown's Winter Garden Theater is a case in point. A 2003 feasibility study for the Winter Garden estimated a \$2.6M price tag for restoring the structure and returning it to use as a movie theater. The net annual profit for that investment would have been \$42,539, meaning it would have taken more than 60 years to recoup the initial capital investment. Such a venture would have required a level of public and non-profit subsidy that this community was unprepared to make, especially in the presence of other downtown theaters that work very hard to make ends meet.

Ultimately, the JRC oversaw the theater's demolition and the development of a new public plaza on the site. The plaza, along with more than two dozen façade renovation projects, alley restoration work, Potters Gallery, and a growing number of upper floor apartment projects, have

collectively totaled over \$2.5M in investment over five years from JRC's funding partners—almost the same as the cost of restoring a single movie theater.

Smaller, more scattered investments in downtown development are one way of thinking about opportunity costs, but there are others. Take Harvard economist Edward Glaeser, one of today's leading thinkers on urban revitalization. He argues that many cities—Rust Belt towns especially—have been investing too much in “things” and not enough in people. Spending on the systems and institutions that feed entrepreneurial activity—education, job training, venture capital—are far more effective drivers of economic development, according to Glaeser, than the big ticket items—baseball stadiums, museums, expensive transportation projects—that cities usually fantasize about. While buildings and attractions can help a place compete for and retain good workers and entrepreneurs, they may be underutilized or unsustainable if a place cannot cultivate and support its own talented people.

In the end, the answer to the question of opportunity costs may land in favor of the Arcade Building—that the benefits of restoration exceed foregone investments. But that determination is only possible if an institution or a group of tenants can be successfully identified to anchor the building before restoration begins. Without an end-user firmly lined up and committed to the project, it will struggle to pass even a minimal test of feasibility. And in many ways, the performance of the train station and Wellman Building—how quickly they fill-up, how profitable or unprofitable they are—will help to gauge the demand for space in a restored Arcade Building.

Until demand becomes clearer, embarking on a full-blown restoration is impractical. But restoration and demolition needn't be the only options. What about securing and mothballing the structure for future restoration? Or exploring the possibility of preserving and interpreting elements of the structure?

On any project of the Arcade's potential magnitude, we owe it to ourselves to ask the right questions and find good answers. Thanks to the rekindled interest in the Arcade Building and the community's recent experience with similar projects, Jamestown is well-prepared to have this conversation.