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A Blueprint for Success: An Economic Development Strategy

for Sustainable Growth in the Lehigh Valley



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EXECUTIVE SUMMARY

In June 2013, the Lehigh Valley Economic Development Corporation (LVEDC) retained Garner Economics, LLC to develop a sustainable economic development strategy that will build on the LVEDC’s 2009 Strategic Plan and identify ways to effectively grow the Lehigh Valley economy. The Lehigh Valley metro area, defined by the federal government as the Allentown-Bethlehem-Easton MSA, is the 68th largest metro in the United States out of 381 metros. The goal of this strategy is to support the region’s rich natural, cultural, and historical resources and to meet the goals of the HUD Sustainable Communities Regional Planning Grant.

The end result, ***A Blueprint for Success: An economic development strategy for sustainable growth in the Lehigh Valley***, is a road map that will help the LVEDC strengthen the region’s existing industries and assist the Lehigh Valley with getting to the next level. For the region, this will mean a stronger focus and emphasis on economic development so that the Valley builds a high-caliber business climate and infrastructure that positions it well against peer regions and attracts the types of high-quality jobs its citizens seek. This ***Blueprint*** will ensure that the Lehigh Valley fully leverages its many assets to create an environment where cutting-edge companies and

world-class talent will want to locate. Similarly, it will help the LVEDC (and other partners and stakeholders) identify and market to emerging industries that are an optimal fit for the region and will ensure economic prosperity for the Lehigh Valley.

The process to build the *Blueprint* is described in Figure 1. Together, the three phases provide:

- (1) A comprehensive and holistic assessment of key forces driving the Lehigh Valley economy and shifting dynamics;
- (2) An Assets and Challenges Assessment (A&C) of the region from the eyes of a site location consultant that facilitates investment decisions;
- (3) Recommended business targets suitable for the Valley; and finally,
- (4) A set of implementable recommendations that the region can utilize to enhance the economic well-being of the area, strengthen its desirability as a business location, and position the LVEDC as the “go-to” business development entity for the Lehigh Valley.

FIGURE 1: PROJECT PHASES

Phase I: Discovery	Phase II: Strategy	Phase III: Implementation Recommendations
<p>Evaluate the Lehigh Valley competitive position from a site selection perspective</p> <ul style="list-style-type: none"> ▪ Economic Analysis ▪ Labor Analysis ▪ Assets and Challenges Assessment (A&C) ▪ Cluster Analysis/Business Target Identification 	<p>Position the LVEDC to achieve success based on qualitative and quantitative analysis collected in Phase I</p> <ul style="list-style-type: none"> ▪ Short- and long-term strategies (one- through five-year) including product improvement needs and industry targeting 	<p>Actionable items</p> <ul style="list-style-type: none"> ▪ Marketing and promotion ▪ Workforce development recommendations ▪ Organizational recommendations ▪ Transformational recommendations to enhance the Valley’s competitiveness

Building on Solid Foundations

The Lehigh Valley has a rich history of creating and investing in economic development foundations and assets to make it a good location for business. This asset base is key to the region's competitiveness. The principles upon which the foundations have been built will serve the region well as it looks to take the next step in targeting and coordinating its marketing efforts and telling the world of the varied attributes of the Lehigh Valley. Among these economic development principles that the Valley should continue to build are:

- **Effective use of available land and sites.** The region has long known that it must be able to provide suitable and ready sites in order to attract companies to locate in the Valley. In 1959, the region recognized the need to diversify the regional economy and established Lehigh Valley Industrial Park, Inc. (LVIP). Its original mission was "to secure new business and industries in the Lehigh Valley area—provide suitable sites and increase employment." Today, the seven parks within the LVIP system are home to more than 470 businesses employing more than 22,000 people. The concept is touted by many as a best practice in industrial park development as well as a sustainable and effective public-private sector partnership.
- **Best practice redevelopment programs.** The region has put a premium on redeveloping its downtowns and industrial sites. The Land Recycling Initiative run by LVEDC is a model program to reuse brownfields. The nearly complete redevelopment of the 1,800-acre former Bethlehem Steel site is evidence of that. The Neighborhood Improvement Zone (NIZ) in Allentown is not only spurring nearly \$800 million in redevelopment projects that are transforming the core of Allentown with a minor league hockey arena, new office buildings, apartments, retail, and restaurants, but the program is looked to nationally as a best practice example for reinvigorating urban cores. The addition of the City Revitalization and Improvement Zone (CRIZ) in Bethlehem is expected to encourage similarly transformational change. Together, these Districts have done, and will do, much to enhance the quality of place of the region and attract private investment.
- **Developing workforce talent.** While workforce concerns were often voiced in the focus groups and within the electronic survey, many in the region have developed innovative approaches to filling their talent pipeline. One example is the partnerships that St. Luke's University Health Network and the Lehigh Valley Health Network have established with existing medical schools. By setting up the programs with Temple University and the University of South Florida respectively, the hospitals are taking advantage of their proximity to the New York/New Jersey and Philadelphia markets and relationships on the East Coast.
- **Creative local funding streams.** Recognizing the need for a consistent funding source for economic development initiatives, the region instituted a hotel tax for Northampton and Lehigh counties to fund economic development efforts in the two counties and the operations of the Lehigh Valley Convention and Visitors Bureau (now Discover Lehigh Valley). In 2005, the tax was increased to fund the AAA Baseball stadium. Through an agreement negotiated by the Lehigh Valley Partnership, a portion of the funding for Discover Lehigh Valley is given to LVEDC.

For a copy of the full report and to learn more about Garner Economics services, please contact us at info@garnereconomics.com.