

# The Montco county seat may be about to break big

*Natalie Kostelni Reporter Philadelphia Business Journal / Dec 4, 2015, 6:00am EST*



John George (left) with business partner Jay Rachelli at Five Saints Distilling.

For about a year, John George searched for a place to open his new business — Five Saints Distilling — and join the growing craft spirits cottage industry.

George found himself looking at properties in Lansdale and other Montgomery County towns not far from his Audubon home but he kept returning to a historic, vacant firehouse along Main Street in Norristown.

“I looked at it more and more and thought we could make this work,” he said. “We saw value and opportunity. Norristown is next [for a revival] and we believe in that.”

Norristown has long struggled. Though it is the county seat in one of the wealthiest counties in the country, it sits in stark contrast to its local counterparts of Media, West Chester and Doylestown, all of which are charming, thriving communities. Not so much for Norristown.

The municipality has been plagued over the years by the phenomena of white flight, corrupt leadership, crime, stagnant economic and job growth, poor housing stock, and neglect by complacent elected officials at the county level. At one point, it bet its economic future on what ended up being a debacle — a failed movie studio that cost the county millions in lost dollars and opportunity.

There are, however, nascent signs Norristown could be on a path of revitalization and, if the stars align, could eventually be a flourishing community like its neighbor to the east, Conshohocken. An old manufacturing town, Conshohocken has grown to become one of the region’s most desirable office and residential markets because of its train station and proximity to so many major arteries. That growth didn’t happen overnight. Through a combination of the infrastructure improvements, a local government willing to work with developers and other factors, the community reversed its fortunes and was set on a path to success.

While trends toward urban living and walkable communities favor towns like Norristown, there are also several key drivers of economic activity that could propel the community forward. Time is of the essence, experts say. If an uptick doesn’t happen now, Norristown could become a perpetual problem spot.

## **The catalyst**

If infrastructure is viewed as one of the main catalysts for real estate and development activity, then a \$60 million, multiphased project called the Lafayette Street Extension (see graphic on page 18) could be the equivalent of Conshohocken's Blue Route or, at the least, do what the addition of a Pennsylvania Turnpike Interchange did to a western corner of Malvern.

A recent study conducted by Trammell Crow Co. and CBRE Inc. concluded that the addition of a Pennsylvania Turnpike interchange in Malvern has spurred upwards of \$2.5 billion in private investment along the Route 29 and Route 202 corridors.

The Lafayette Street Extension looks to cure an ill that isolated Norristown from the regional highway network. The plan is to improve access to Norristown, its Main Street as well as its riverfront by reconstructing and widening the existing Lafayette Street and extending it to Diamond Avenue. That project is underway and scheduled to be completed by 2017.

But that's not all. The Pennsylvania Turnpike Commission has committed to construct a \$45 million new interchange that will connect the turnpike with the Lafayette Street Extension. It will be located between the existing Valley Forge and Norristown exits. Work on the new interchange could begin as early as 2018 and be completed by 2020.

In what will end up being about a roughly \$150 million total project is an important element in Norristown's future.

"In order to spur economic growth, the government needs to spend on infrastructure," said Josh Shapiro, a Montgomery County commissioner. "If you study economic growth in Montgomery County, it has largely followed the path of the turnpike, the Northeast Extension and Blue Route. By opening up Norristown, you are going to see dramatic revitalization in our county seat."

While a ramp connecting Norristown to the turnpike is huge, it alone isn't enough to bring Norristown out of its decades-long slump. That's why municipal and school district officials are supporting a 10-year tax abatement through a program called Local Economic Revitalization Tax Assistance. It could help lure private developers to build in the community.

"The tax abatement is not only for new construction, it is also for repair, construction or reconstruction, including alterations or additions," said Jayne Musonye, director of planning and municipal development in Norristown.

Philadelphia implemented a similar tax abatement 15 years ago that has been credited as being one of the most successful economic development tools in helping to reanimate the city with new apartments, condominiums, retail and other development.

## **Stumbling block**

However, there is a big difference between Norristown's version and Philadelphia's that could eventually prove to be a stumbling block. In Philadelphia, the abatement applies to the entire city. Not so in Norristown. It only applies to a certain area designated as a revitalization district.

One of those areas within that district is DeKalb Street, a main artery that runs through Norristown. DeKalb, like Norristown's Main Street and West Marshall Street, used to be a bustling corridor that saw its heyday in the 1950s and 1960s.

The closure of Sacred Heart Hospital in 1994, an anchor in the community for 58 years, was a final death knell. Buildings that were once used as medical offices and storefronts closed. Commercial activity dried up. Houses and other buildings became vacant and derelict. Drug dealers and prostitutes ruled the corners.

“It was deteriorating fast and we needed to halt that,” Musonye said. “We needed to focus on homeownership and stabilizing the neighborhoods. We knew it was going to be a serious undertaking.”

Developers such as Sarah Peck of Progressive Housing Ventures decided to see if a residential project might work on DeKalb. “There was no evidence that there was a market there,” she said.

With the help of grants and other funding, Peck found that there was demand for new housing. She has sold 20 market-rate houses since November 2014 in Norristown in two different housing developments along DeKalb Street called Arbor Mews and Arbor Heights. Peck has plans for a third project up the street that will have 34 houses. She is in the process of seeking zoning and grants for it.

“I think the perception of Norristown is changing,” Peck said, noting that some buyers consider it an affordable alternative to Conshohocken.

John Westrum of Westrum Development Co. knows Norristown well. He served on the Montgomery County Community Revitalization Board and for years its focus was Norristown.

“It has lagged compared with other towns such as Ambler and Lansdale but you can see it coming,” he said. “Norristown is a large enough of a town that revitalization won’t happen overnight but will take multiple efforts from the public and private sectors to get it where it can and should be.”

Westrum is constructing an apartment complex with 157 units on Sandy Hill Road on the border of Plymouth Township. The project is expected to be completed next year.

“Real estate is about location, location, location and Norristown is in a great location,” he said. “It’s between Plymouth Meeting and King of Prussia, both of which are huge employment hubs and access to a great road network. We felt it was an underserved area.”

Though it still can be difficult to do business in Norristown and there are critics who contend the municipality lacks transparency on some fronts, it appears county and city officials are working together to achieve what has never been achieved before.

“For the first time in a long time, everyone is rowing in the same direction,” said Shapiro, the county commissioner. “You can’t put a price tag on that.”

There’s also a new police chief who is making inroads in reducing crime. Mark E. Talbot Sr. has been head of the Norristown Police Department for two years and is the community’s first black chief. Of its 35,000 residents, 36 percent are African-American and 28 percent Hispanic, according to Census data.

Talbot has deployed a strategy that focuses on the most important problems and finding ways to fix those problems whether they are caused by a few bad actors or pockets that tend to have the most crime. That means using mapping as a tool to identify hot spots and having his 67 officers pay extra attention to those areas. At one point, Norristown went over a year without a homicide, which surprised even the biggest cynics.

Serious violations such as rape, murder, robbery and aggravated assault are also down by 18 percent year-to-date compared with 2014, and lesser crimes, such as drug violations, have declined by 29 percent.

What’s tougher is changing Norristown’s reputation as a beat-up, low-hope place that’s built up over decades.

Despite the recent successes, it's known as a high-crime area with poor public education, weak job prospects and abandoned buildings.

"We will do what we can within the confines of the law and ethics to make Norristown safe, but it takes more than policing," Talbot said. "I'm always looking at how and who we can partner with to make Norristown better."

In the meantime, George and his friend, Jay Rachelli, are at Five Saints getting the 9,000-square-foot building ready for a grand opening that could happen this month. The stills are in as well as a bar, but there's a lot of work to do and this is just the first phase of what George envisions. He would eventually like to have a restaurant on the second floor and event space on the third.

"We're a spark of what is happening here," said George, whose full-time job is at Pfizer. "This is where I should be now. The five saints are looking down on us."



New market-rate housing going up in Norristown



Jayne Musonye (left), chief of planning and development in Norristown, with Sarah Peck of Progressive Housing Ventures