



## The Patriot-News

### COMMERCIAL REAL ESTATE

#### SELLING POINT

##### Midtown projects create hot market for development

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For Historic Harrisburg Association, it might be an opportune time to sell its former home at 1230 N. Third St.

Less than a month ago, one block down the street, three New York City investors announced plans to spend \$1 million to convert the long-vacant Police Athletic League building into an arts center.

A few blocks the other way, Harrisburg developers Powers & Associates will lead the \$14 million transformation of a vacant building into the midtown campus of Harrisburg Area Community College. The campus, with its infusion of students, should further energize the Broad Street Market, which Historic Harrisburg Association also owns.

Craig Peiffer, association president, said the developments were not "the catalyst" for the association to offer its building for sale. But the timing helps.

"There's obviously a benefit that we hope to take advantage of," he said.

Peiffer, who bought a house in midtown Harrisburg seven years ago, said an emerging critical mass of shops and residents has the area poised to return to its 1940s "heyday."

"Midtown is hot," he said. "Downtown has crossed the great divide that is Forster Street."

The association building is listed for \$595,000 by Landmark Commercial Realty Inc.

Chuck Heller, an associate broker with Landmark, said he has been contacted by marketing and architectural firms that are interested in the building as office space. Others have looked at the property as a possible arts studio or gallery.

In 2005, the building was to be sold as part of a planned African-American cultural center. Fred Clark, a leader of that effort, said the deal fell through because new museums in the city are "on hold." The group also couldn't raise \$600,000 to buy the property, Clark said.

The association has owned the building for decades and had used it for offices. But the association only needed a fraction of the building's 9,500 square feet, so the group moved out.

Constructed in 1893 as a headquarters for two banks, the building was modified to give the city its first drive-through banking, Peiffer said. The building is on the National Register of Historic Places, so any new use must conform to federal historic preservation guidelines. Peiffer thinks the building would make "a phenomenal restaurant."

Heller, the listing agent, said no one has contacted him about putting a restaurant in the building.

The association and city also are marketing the Furlow Building, the vacant city-owned high-rise next to the former bank, Peiffer said. The two properties could be developed jointly, he said. Landmark is not listing the Furlow Building.

"Chances for [the Furlow Building] being snatched up for development are greater today than at any time in the last 20 years, because of all else that is going on," Harrisburg Mayor Stephen R. Reed said.

Public ownership makes the property available at "a below-market price," Reed added. As a historic property, the Furlow Building is eligible for federal tax credits to offset the cost of redevelopment, he said.

The city will work with anyone who wants to develop the former bank, the Furlow Building, or both, if help is needed, the mayor said.

"The market forces right now happily are primarily reliant on private funding, as opposed to any governmental assistance," Reed said.

For example, the \$1 million project to renovate the former Police Athletic League building will be privately funded, said John Traynor of the New York City partnership Bartlett, Traynor and London.

Harrisburg has a wealth of historic properties that can be acquired and developed at much lower cost than in a place such as New York City, Traynor said. In other cities, similar properties have been torn down to make way for new buildings.

Harrisburg's location is another plus, Traynor said. It is within a day's drive of major metropolitan areas such as New York, Philadelphia and Washington, D.C.

His group's interest in Harrisburg began in January 2006, as the partners drove back to New York after looking at a property in Pittsburgh.

"We were hungry, and we saw a sign that said 'Harrisburg Historic District.' We just came down Front Street and had dinner downtown," Traynor said.

Back in New York, the partners researched Harrisburg properties online and saw "how reasonable they were."

A short time later, the group bought its first Harrisburg property, a house on 17th Street between State and Herr streets. The partners renovated the house and sold it for \$120,000. Since then they have purchased two houses.

"With the money we made from the other houses, we can roll that into the PAL building," Traynor said.

Once the PAL renovation work is done -- Traynor hopes by the end of the year -- the trio will move to

Harrisburg "permanently," he said.

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