

AGENDA
URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH
SPECIAL BOARD MEETING
OCTOBER 18, 2019@ 1:00 PM
WHERRETT ROOM

- Roll Call
- Recap of the October 10, 2019 Regular Board Meeting
- Public Comments

1. Term Sheet

- A. Authorization to Execute a Term Sheet with Pittsburgh Arena Redevelopment LP and the Sports & Exhibition Authority of Pittsburgh and Allegheny County.

Director's Report

Pittsburgh Arena Real Estate Redevelopment LP ("PAR"), the Sports and Exhibition Authority of Pittsburgh and Allegheny County, and the URA want to clarify responsibilities and commitments related to the redevelopment of approximately 21.50 developable acres of land located in the Lower Hill District. In order to clarify those responsibilities, the parties have negotiated and agreed upon a term sheet (the "PAR Term Sheet"). Authorization is now requested to execute the PAR Term Sheet on behalf of the URA.

According to the term sheet, if Housing Authority of the City of Pittsburgh (HACP) funds are utilized for the development of the residential units, the affordability will be as set forth under applicable federal and HACP requirements for twenty (20) years.

RESOLUTION NO. _____ (2019)

RESOLVED: That the execution of a Term Sheet with Pittsburgh Arena Redevelopment LP and the Sports & Exhibition Authority of Pittsburgh and Allegheny County is hereby approved, and the Chairman of the Board of Directors, on behalf of the Authority, is hereby authorized to execute the PAR Term Sheet, and the Secretary or Assistant Secretary is authorized to attest the same and affix the seal of the Authority thereto. If the Term Sheet is not executed by May 10, 2020, this resolution shall expire.

2. Buccini/Pollin Group, Inc. - Developer

- B. Preliminary approval of Lower Hill Developer LLC (or an affiliated entity) as a redeveloper for the take down of Block E (Block 2-C, Lot 406), in the 3rd Ward (“Take Down Tract #7”).
- C. Preliminary approval of a Conceptual Development Plan for the take down of Block E (Block 2-C, Lot 406), in the 3rd Ward (“Take Down Tract #7”).

Director’s Report

PAR and Lower Hill Developer LLC have submitted a Take Down Notice for Take Down Tract #7, also known as Block E. Block E (Block 2-C, Lot 406) comprises 2.56 acres bounded by Bedford Avenue to the north, Fullerton Street to the east, Wylie Avenue to the south, and Logan Street to the west. The property is owned by the Sports & Exhibition Authority of Pittsburgh and Allegheny County (“SEA”), which has asked the URA to act as lead seller for this transaction.

Lower Hill Developer LLC, which is an affiliate of The Buccini/Pollin Group, Inc. (“BPG”), plans to construct a mixed-use project that will include a 97,000-square-foot live entertainment venue, with adjacent outdoor amphitheater capacity; approximately 17,800 square feet of ground-floor commercial space; approximately 285,000 square feet of subterranean parking; and approximately 34,000 square feet of entertainment/retail space on floors 2 and 3.

The steel structured live entertainment venue will have capacity for 3,200 people in an enclosable theater and up to 3,200 people on an adjacent private open-air lawn. The venue will be acoustically separated from a concrete podium parking and retail structure below and a two-story retail liner wrapping around the southern end of the building. The podium structure will feature a public parking facility with a capacity of approximately 850 parking spaces, primarily across three below-grade parking decks. The remaining inventory of parking spaces, along with a planned public safety facility on the Bedford Avenue elevation, would be developed in the area below the sloped lawn of the music venue.

Street level retail is planned for Wylie Avenue and Logan Street, and up to 1,200 square feet of the ground floor commercial space along Wylie Avenue would be reserved for entrepreneurial tenants supported by programs administered by the URA and/or the Hill District CDC consistent with the objectives of the Community Collaboration and Implementation Plan.

Project costs are budgeted at approximately \$127.5 million. This includes space for a proposed public safety facility.

The project will be developed in conformance with applicable LEED-ND requirements.

BPG has selected Gensler to design the building. Construction will be overseen by BPGS Construction.

Authorization is now requested for preliminary approval of Lower Hill Developer LLC (or an affiliated entity) as a redeveloper for the take down of Block E (Take Down Tract #7), as well as for preliminary approval of a Conceptual Development Plan for the take down of Block E (Take Down Tract #7).

This authorization is subject to receipt of BPG’s Good Faith Deposit as well as to receipt and staff review and approval of all attachments to the Take Down Notice, including, but not limited to:

- Site Plan documentation (Exhibit A to the Take Down Notification)
- Preliminary evidence of financing
- MWBE narrative
- MWI narrative
- Sustainability plan
- Letter of community review

RESOLUTION NO. _____ (2019)

RESOLVED: That the preliminary approval of Lower Hill Developer LLC (or an affiliated entity) as a redeveloper for the take down of Block E (Block 2-C, Lot 406), in the 3rd Ward (“Take Down Tract #7”), is hereby approved. If this project does not close by May 10, 2020, this resolution shall expire. This item is contingent on the URA receiving the following information: Site Plan documentation, MWBE narrative, MWI narrative, sustainability plan, and letter of community review.

RESOLUTION NO. _____ (2019)

RESOLVED: That the preliminary approval of a Conceptual Development Plan for the take down of Block E (Block 2-C, Lot 406), in the 3rd Ward (“Take Down Tract #7”), is hereby approved. If this project does not close by May 10, 2020, this resolution shall expire. This item is contingent on the URA receiving the following information: Site Plan documentation, MWBE narrative, MWI narrative, sustainability plan, and letter of community review.

3. Buccini/Pollin Group, Inc. – Parking Tax Diversion

- D. Presentation of a Parking Tax Diversion (PTD) Plan with the City of Pittsburgh and execution of a Cooperation Agreement with the City of Pittsburgh for a PTD Plan if approved by the City.
- E. Authorization to execute a funding agreement and related PTD documents with Buccini/Pollin Group, Inc. or an affiliate.
- F. Authorization to execute all financing documents, including Trustee documents, required in connection with the Lower Hill Parking Tax Diversion (PTD).

Director's Report

The Authority is also seeking authorization to advance the Block E Parking Tax Diversion (PTD) Plan with the City of Pittsburgh. The proposed PTD Plan seeks to divert 75% of incremental parking taxes from the City of Pittsburgh, generated by a new parking garage, for a period of 19 years. Up to \$24,300,000 in diverted parking taxes will be used for construction of a live entertainment venue and 850 space combined parking structure for the larger Lower Hill development project.

Block E is located within Redevelopment Area 69, known as Mellon Arena Redevelopment Area. The entire site is currently a surface parking lot that generates \$150,471 in annual parking taxes. As noted above, BPG plans to construct a mixed-use project that will include approximately 433,800 square feet of entertainment, commercial, parking, and entertainment/ retail space.

Labor for the project will be union. The developer is expected to achieve 30% participation in all contracted work by M/WBE firms, with employment opportunities available to residents of the Greater Hill District.

The PTD Plan anticipates that the diverted parking taxes could generate a total of approximately \$24,300,000 over 19 years, according to the results of a market study conducted by an independent third party. During the term of the PTD, the City would still retain 25% of the incremental parking taxes. Thus, during the 20-year PTD, the City would receive (1) the \$150,471 it currently receives from the base parking tax on the site and (2) an additional estimated \$8,104,641 over the 20 year period due to the increased number of spaces as a result of the development. No loan or note is being pursued from PTD revenues.

Pursuant to the Parking Tax Diversion Guidelines, the 20th year will be diverted into an Affordable Housing Fund. After 20 years when PTD expires, it is projected that the City would receive approximately \$2,261,797 in annual parking taxes. This project is anticipated to generate on average \$1,938,218 annually in real estate taxes.

BPG is a privately held real estate development and management company with an address at 322 A Street, Suite 300, Wilmington, Delaware 19801. Robert F. Buccini, Christopher F. Buccini, and David B. Pollin are co-managers/owners.

A market study, prepared on behalf of the Developer, was submitted to the URA.

Principal:
Boris Kaplan
Vice President
The Buccini/Pollin Group
1001 E Hector Street
Conshohocken, PA 19428

RESOLUTION NO. _____ (2019)

RESOLVED: That the advancement with the City of Pittsburgh of a Parking Tax Diversion Plan for the Lower Hill – Block E development project is hereby approved, and the Executive Director, Interim Executive Director, Deputy Director and/or Chief Financial Officer, on behalf of the Authority, is hereby authorized to execute a cooperation agreement therefor, and the Secretary or Assistant Secretary is authorized to attest the same and affix the seal of the Authority thereto. If this project does not close by May 10, 2020, this resolution shall expire. This item is contingent on the URA receiving the following information: Site Plan documentation, MWBE narrative, MWI narrative, sustainability plan, and letter of community review.

RESOLUTION NO. _____ (2019)

RESOLVED: That the execution of a Funding Agreement with Buccini/Pollin Group, Inc., or an affiliate, to include, among other things, an administrative fee, and related documents is hereby approved, and the Executive Director, Interim Executive Director, Deputy Director and/or Chief Financial Officer, on behalf of the Authority, is hereby authorized to execute said agreements, and the Secretary or Assistant Secretary is authorized to attest the same and affix the seal of the Authority thereto. If this project does not close by May 10, 2020, this resolution shall expire.

RESOLUTION NO. _____ (2019)

RESOLVED: That engagement of a trustee to administer the parking tax fund related to the Parking Tax Diversion Plan for the Lower Hill – Block E development project is hereby approved, and the Executive Director, Interim Executive Director, Deputy Director and/or Chief Financial Officer, on behalf of the Authority, is hereby authorized to execute one or more agreement(s) therefor, and the Secretary or Assistant Secretary is authorized to attest the same and affix the seal of the Authority thereto. If this project does not close by May 10, 2020, this resolution shall expire.

4. Intergen Residential Development

- G. Preliminary approval of Intergen Lower Hill Initial Phase, LLC (or an affiliated entity) as a redeveloper for the take down of all or portions of Parcels A1 (Block 2-C, Lot 403), A2 (Block 2-C, Lot 301), B1 (Block 2-C, Lot 405), B2 (Block 2-C, Lot 303), 3 (Block 2-C, Lot 298), and 4 (Block 2-C, Lot 400), in the 3rd Ward, designated by the redeveloper as “Parcel B” (“Take Down Tract #8”).
- H. Preliminary approval of a Conceptual Development Plan for the take down of all or portions of Parcels A1 (Block 2-C, Lot 403), A2 (Block 2-C, Lot 301), B1 (Block 2-C, Lot 405), B2 (Block 2-C, Lot 303), 3 (Block 2-C, Lot 298), and 4 (Block 2-C, Lot 400), in the 3rd Ward, designated by the redeveloper as “Parcel B” (“Take Down Tract #8”).
- I. Preliminary approval of Intergen Lower Hill Initial Phase, LLC (or an affiliated entity) as a redeveloper, and of Lower Hill District Conservancy, a to-be-formed planned community association, for the take down of portions of Parcels A1 (Block 2-C, Lot 403) and A2 (Block 2-C, Lot 301), in the 3rd Ward, designated by the redeveloper as “Parcel B1” (“Take Down Tract #9”).
- J. Preliminary approval of a Conceptual Development Plan for the take down of portions of Parcels A1 (Block 2-C, Lot 403) and A2 (Block 2-C, Lot 301), in the 3rd Ward, designated by the redeveloper as “Parcel B1” (“Take Down Tract #9”).

Director’s Report

Pittsburgh Arena Real Estate Redevelopment LP (“PAR”) and Intergen Lower Hill Initial Phase, LLC (“Intergen”) have submitted Take Down Notices related to Take Down Tracts #8 and #9, also designated by the redeveloper as Parcels B and B1, respectively.

Tract #8 comprises approximately 3.4 acres (Parcel B) at the northeast corner of Centre Avenue and Fullerton Street, while Tract #9 encompasses approximately 0.51 acres (Parcel B1) at the southeast corner of Wylie Avenue and Fullerton Street. Parcels B and B1 incorporate all or portions of the properties designated as Parcels A1, A2, B1, B2, 3 and 4 in the most recent Site Improvement Subdivision Plan of the former Civic Arena site.

Intergen, which is a partnership between Keith B. Key Enterprises (“KBK”), Hatch USA, and OLMEC Development Company, plans to construct a 288-unit multi-family mixed-income residential development on Parcel B, with complementary Urban Open Space on Parcel B1.

Intergen has selected OHM Advisors, LLC to design the buildings. Alliance Construction Group, LLC, an MBE general contractor, will be the general contractor. Edge is designing the open space. Of the 288 planned apartments, 167 will be located in a low-rise (6-story) building, of which 34 units will be affordable. The remaining 121 units will be located in a high-rise (12-story) building, of which 24 units will be affordable. An underground parking facility is planned with 221 spaces.

Excluding the parking facility, total square footage of the project will be approximately 305,000 square feet.

The unit mix will include 61 two-bedroom units, 132 one-bedroom units, 77 studios, and 18 micro apartments.

The parking facility is anticipated as primarily underground with two flat levels within a concrete structure with approximately 221 spaces plus utility rooms, trash rooms, and related spaces needed to support the building, at approximately 33,000 square feet per level.

Amenities planned for the development include an integrated mix of public outdoor spaces and resident-only amenities such as fitness centers, community rooms, outdoor pools, sundecks, rooftop patios and typical support spaces. In total, approximately 15,000-20,000 square feet of amenity space is planned.

The apartments will be designed to respond to the demand for market-rate housing. In-unit features include 9-foot ceilings, plank flooring, washer/dryer units, full kitchen packages, and central heating and cooling.

The Urban Open Space planned for Parcel B1 will be designed in conjunction with that planned for the adjoining 0.49-acre Parcel A1. Plans call for the following:

- Create pedestrian connectivity through the Urban Open Space between Crawford Street and Fullerton Street.
- Provide an accessible route through the Urban Open Space by creating leveled plateaus and switchback ramps thereby creating distinct zones of activity and accommodating grade change.
- Provide interactive place-space adjacent to the intersection of Crawford Street and Wylie Avenue.
- Provide an urban plaza at the intersection of Wylie Avenue and Fullerton Street.
- Incorporate elements of community history and cultural legacy.

Initially, Parcel B1 will be minimally improved with grading and seeding with native grasses and plantings. The full Urban Open Space buildout of both Parcels B1 and A1 will occur later, at the completion of the residential redevelopment that will eventually occur on Parcel A (not a part of today's actions).

Although the take down of Parcel B1 will be completed by the Lower Hill District Conservancy, a to-be-formed association, redevelopment of the Urban Open Space will be completed by Intergen, and funds for the cost of the Parcel B1 Urban Open Space work, preliminarily budgeted at just under \$575,000, will be guaranteed by Intergen either via a performance bond or by escrow.

KBK has significant experience in working with the URA and the Housing Authority of the City of Pittsburgh (“HACP”) to complete mixed income housing development as evidenced by their work in the Hill District, Garfield, Larimer and Homewood neighborhoods of the City. This experience with the Pittsburgh market as well as their ability to work cooperatively with public agencies and communities make KBK a good fit for this much-anticipated development.

Authorization is now requested for preliminary approval of Interger Lower Hill Initial Phase, LLC (or an affiliated entity) as a redeveloper for the take down of Parcel B (Take Down Tract #8), as well as for preliminary approval of a Conceptual Development Plan for the take down of Parcel B (Take Down Tract #8).

Authorization is also requested for preliminary approval of Interger Lower Hill Initial Phase, LLC (or an affiliated entity) as a redeveloper, and of Lower Hill District Conservancy, a to-be-formed planned community association, for the take down of Parcel B1 (Take Down Tract #9), as well as for preliminary approval of a Conceptual Development Plan for the take down of Parcel B1 (Take Down Tract #9).

The real estate approvals related to Parcels B and B1 are subject to receipt, staff review, and approval of all outstanding attachments to the Take Down Notice, including, but not limited to:

- Preliminary evidence of financing
- MWBE narrative
- MWI narrative
- Sustainability plan
- Letter of community review

RESOLUTION NO. _____ (2019)

RESOLVED: That a preliminary approval of Interger Lower Hill Initial Phase, LLC (or an affiliated entity) as a redeveloper for the take down of all or portions of Parcels A1 (Block 2-C, Lot 403), A2 (Block 2-C, Lot 301), B1 (Block 2-C, Lot 405), B2 (Block 2-C, Lot 303), 3 (Block 2-C, Lot 298), and 4 (Block 2-C, Lot 400), in the 3rd Ward, designated by the redeveloper as “Parcel B” (“Take Down Tract #8”), is hereby approved.

RESOLUTION NO. _____ (2019)

RESOLVED: That a preliminary approval of a Conceptual Development Plan for the take down of all or portions of Parcels A1 (Block 2-C, Lot 403), A2 (Block 2-C, Lot 301), B1 (Block 2-C, Lot 405), B2 (Block 2-C, Lot 303), 3 (Block 2-C, Lot 298), and 4 (Block 2-C, Lot 400), in the 3rd Ward, designated by the redeveloper as “Parcel B” (“Take Down Tract #8”), is hereby approved.

RESOLUTION NO. _____ (2019)

RESOLVED: That a preliminary approval of Intergen Lower Hill Initial Phase, LLC (or an affiliated entity) as a redeveloper, and of Lower Hill District Conservancy, a to-be-formed planned community association, for the take down of portions of Parcels A1 (Block 2-C, Lot 403) and A2 (Block 2-C, Lot 301), in the 3rd Ward, designated by the redeveloper as "Parcel B1" ("Take Down Tract #9"), is hereby approved

RESOLUTION NO. _____ (2019)

RESOLVED: That a preliminary approval of a Conceptual Development Plan for the take down of portions of Parcels A1 (Block 2-C, Lot 403) and A2 (Block 2-C, Lot 301), in the 3rd Ward, designated by the redeveloper as "Parcel B1" ("Take Down Tract #9"), is hereby approved.

5. Pittsburgh Development Fund (PDF) – Loan Commitment to Interger Lower Hill Initial Phase LLC

- K. Pittsburgh Development Fund (PDF) Loan Commitment with Interger Lower Hill Initial Phase LLC or a related entity, in an amount up to \$1,000,000.

Director’s Report

Authorization is requested to approve a commitment of Pittsburgh Development Fund (“PDF”) loan funds in the amount up to \$1.0 million to be used for the construction of the Parcel B improvements consisting of 288 mixed income rental units.

URA Board approval of the PDF commitment is contingent upon:

- Receipt and review and approval of final drawings and construction costs by the URA
- Receipt of an M/WBE plan that has been approved by the URA.
- Final Schedule of Values and Construction Contract to be reviewed and approved by URA.
- Evidence of financing for all funding sources.
- Borrower receiving HACP project based rental assistance and gap financing for 20% of the project units
- Approval of the URA financing by the URA’s Real Estate Loan Review Committee.
- If the project does not close by May 10, 2020, the PDF commitment will expire.

Details of the development are as follows:

Borrower: Intergen Lower Hill Initial Phase LLC
c/o Keith B. Key Enterprises
Keith B. Key
4249 Easton Way, Suite 220
Columbus, Ohio 43219

Architect: OHM Advisors, LLC
34000 Plymouth Road
Livonia, MI 48150

General Contractor: Alliance Construction Group
1801 Forbes Avenue
Pittsburgh, PA 15219

Location: Corner of Centre Avenue and Fullerton Street, Lower Hill District
Ward: 3rd Ward

Description: New construction of 288 rental units of which 20% of the units will be affordable and rented to households with incomes at or below 50% area median income.

Total Development Costs: \$82,381,830

Requested URA Financing: \$1,000,000 Pittsburgh Development Fund (PDF)
3% interest; 40-year term; repayment based on % share of Surplus Cash/Residual Receipts

Other Financing Sources:

Red Capital/HUD 221d4	
Construction/Permanent Loan	\$62,266,603
Strategic Investment Fund	\$9,000,000
Commonwealth of PA Grants	\$2,000,000
HACP/ARMDC	\$4,000,000
Land Purchase Grant	\$2,671,900
Deferred Fee	<u>\$1,443,327</u>
Total Other Sources	\$81,381,830

Program Benefit: Begins to redevelop the former Civic Arena site in the Lower Hill District and adds needed affordable housing in the community.

Real Estate Loan Review: To be presented at a future Committee meeting

MWBE Review: MWBE Narrative has been requested. Full plan will be reviewed and approved in the future.

RESOLUTION NO. _____(2019)

RESOLVED: That a loan commitment with Intergen Lower Hill Initial Phase LLC, or a related entity, in an amount of up to \$1,000,000, payable from the Pittsburgh Development Fund (PDF), is hereby approved, and the Executive Director, Interim Executive Director, Deputy Director and/or Chief Financial Officer, on behalf of the Authority, is hereby authorized to execute a loan agreement therefor, and the Secretary or Assistant Secretary is authorized to attest the same and affix the seal of the Authority . If this project does not close by May 10, 2020, this resolution shall expire.

6. LERTA

L. Authorization to amend the Lower Hill LERTA District Cooperation Agreement and documentation.

M. Authorization to amend the Lower Hill LERTA Declaration of Restrictive Covenants.

Director's Report

Lower Hill LERTA Amendment (items 13f and 13g)

In 2015, the three taxing bodies approved a Lower Hill LERTA District ("LERTA District"). The approved tax exemption given to property owners within the LERTA District was conditioned upon a binding commitment to require the owners to make certain annual payments ("Owner Payments"). An Owner Payment in the amount of 50% of the abated tax amount shall be made for the benefit of the Greater Hill Reinvestment Fund (the "Greater Hill Fund"). An additional Owner Payment of 50% of the abated tax amount shall be made for the benefit of the Lower Hill Development Fund to fund public infrastructure. The 10-year abatement from City, County and School District real estate taxes granted to any Property Owner undertaking a Project is capped at \$250,000 per taxing body. During the 25-year term of the LERTA District, the taxing bodies will retain all real estate taxes associated with land values as well as amounts that become available when abatements terminate.

At this time, Pittsburgh Arena Redevelopment (PAR) has requested that the financing plan be amended in order to stimulate private development. Their request is to eliminate the requirement that property owner's make owner payments into the Lower Hill Development Fund. The property owners will now pay 50% of their Owner Payment to the Greater Hill Fund and retain the other 50% of the abated tax amount. This will eliminate the need for a Lower Hill Development Fund. In sum, property owners will now retain 50% of the Owner Payment as an abatement.

The URA is seeking authorization to present a revised Lower Hill LERTA structure to the taxing bodies. The proposed amendment seeks to remove the 50% Lower Hill Owner Payment. This requires an amendment of the Lower Hill LERTA Cooperation Agreement. The URA and the SEA would also need to amend the Lower Hill LERTA Declaration of Restricted Covenants.

The Greater Hill Fund structure will remain in place, as initially structured in order to fund various activities in the Greater Hill District neighborhoods, as defined and articulate in the CCIP.

The URA will serve as the agent for this LERTA District in regards to the 50% Owner Payments into the Greater Hill Reinvestment Fund only, and will provide the necessary reporting to the taxing bodies.

RESOLUTION NO. _____(2019)

RESOLVED: That authorization to seek amendments to documentation pertaining to the Lower Hill LERTA District and Lower Hill LERTA Cooperation Agreement, is hereby approved.

RESOLUTION NO. _____(2019)

RESOLVED: That authorization to amend the Lower Hill LERTA Declaration of Restrictive Covenants, is hereby approved.

7. Adjournment