



Pittsburgh Opportunity Zone Prospectus

Prepared by
Urban Redevelopment Authority of Pittsburgh
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Executive Summary

- Pittsburgh is home to 306,500 people, metro area population of 2.36 million.
- now known for its world-class research institutions and technology-advanced manufacturing
- We have become an undisputed leader in software engineering, artificial intelligence, robotics, manufacturing, energy, and autonomous transportation
- The city is known for its world-class research institutions and technology-advanced manufacturing
- Pittsburgh's Opportunity Zones are strategically chosen to fully maximize OZ investment through targeting high-growth transitional neighborhoods.
- Pittsburgh has 28 Opportunity Zones census tracts in 5 distinct neighborhood groups, each with their own personalities and uniquely targeted investment possibilities.



The Opportunity Zones Program offers three escalating tax incentives for investing in Pittsburgh's qualified Opportunity Zones neighborhoods.

1

Temporary Deferral of Taxes

A deferral of capital gains tax if reinvested into an Opportunity Zone Fund by December 31, 2026.

2

Trimming of Taxes

Reduce the amount of capital gains tax owed by 10% if the investment in the Opportunity Fund is held by the taxpayer for at least 5 years and by an additional 5% if held for at least 7 years, excluding up to 15% of the original gain from taxation.

3

Permanent Exclusion of Taxes

The permanent elimination of capital gains taxes that you pay on the appreciation of the new Opportunity Fund investment of you hold the new Opportunity Fund investment for at least 10 years. Investors have until December 31, 2047 to sell Opportunity Zone invested properties.

Opportunity Zone Tax Incentives

There are 4 parties in an Opportunity Zone transaction:

Taxpayer

Qualified
Zone

Opportunity
Fund

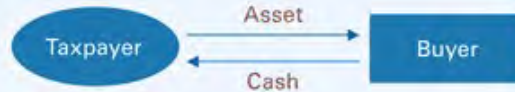
Projects
(Property &
Businesses)

The Tax Cuts and Jobs Act of 2017 established new Internal Revenue Code Section 1400Z – Opportunity Zones

Different Than Other Tax Credits:

1. More market-oriented
2. Residential, commercial, real estate, and business investments
3. No benefit cap

Step 1: Taxpayer sells an asset and realizes gain

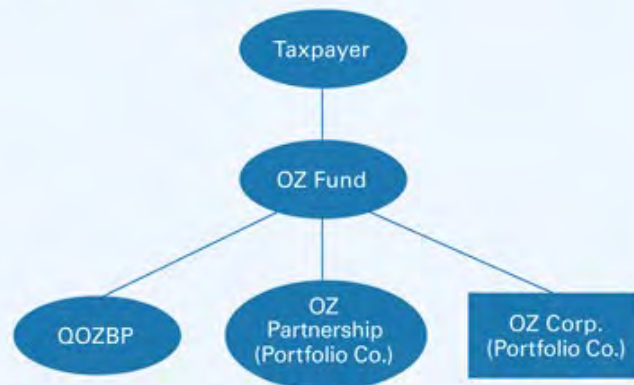


Step 2: Taxpayer contributes cash (up to the amount of gain*) to the OZ fund within 180 days of the sale



*Note: Taxpayer can contribute funds in excess of realized gain, but those funds will not be eligible for the 10-year tax exemption

Step 3: The OZ fund contributes cash to a directly owned OZ business, an OZ corporation or an OZ partnership



Opportunity Zone Funds

A taxpayer sells appreciated assets and, within 180 days, contributes cash in an amount not greater than the qualified gain amount to an OZ fund in exchange for an eligible OZ fund interest; the OZ fund uses that cash to invest in one or more opportunity zone businesses.

In order to qualify as an OZ fund, an entity must establish that at least 90 percent of its assets, calculated as the average of two semiannual testing dates, are qualified opportunity zone property (QOZP). QOZP consists of (i) qualified opportunity zone business property (QOZBP), (ii) qualified opportunity zone corporate stock, or (iii) qualified opportunity zone partnership interests.

Key definitions of the opportunity zone legislation are:

Qualified Opportunity Zone Business Property (QOZBP): QOZBP means tangible property used in a trade or business if (i) such property is acquired by purchase after 2017; (ii) the original use of the property in the zone commences with the tested entity (e.g., an OZ fund or an OZ portfolio company) or the tested entity substantially improves the property; and (iii) during substantially all of the tested entity's holding period for the property, substantially all of the use of the property is in the zone.

Qualified Opportunity Zone Business (OZ business): An OZ business is a trade or business (i) in which substantially all of the tangible property (if any) owned or leased by the business is QOZBP; (ii) at least 50 percent of the gross income is derived from the active conduct of a trade or business in the opportunity zone; (iii) a substantial portion of the intangible property of the entity is used in the active conduct of such business; (iv) less than 5 percent of the basis of the property of such business is attributable to "nonqualified financial property"; and (v) the entity does not engage in, or lease land to, a so-called "sin business"

City of Pittsburgh Opportunity Zones Lead Organization

- Lead Agency: The Urban Redevelopment Authority of Pittsburgh
- The Urban Redevelopment Authority of Pittsburgh (URA) is the City of Pittsburgh's economic development agency, committed to creating jobs, expanding the City's tax base and improving the vitality of businesses and neighborhoods.
- The URA achieves this mission by assembling, preparing and conveying sites for major mixed-use development; and by providing a portfolio of programs that include financing for business location, relocation and expansion, housing construction and rehabilitation, and home purchases and improvements. The URA is also committed to equitable development, and incorporates best practices for equity and inclusion into its internal and external policies and activities.
- website: <https://www.ura.org>
- City of Pittsburgh Opportunity Zone points of Contact:
 - James Reid, Senior Research & Funding Analyst
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 - Tom Link, Chief Strategy Officer
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Pittsburgh by the Numbers





**One of Four
U.S. Tech Hubs
to Watch in '18**
VentureBeat

**2018 Top 10
Metro for
Sustainability**
Site Selection

**The Best City
to Start a
Business**
Inc. Magazine

**#1 Metro for
College
Graduates**
Trulia + LinkedIn

**Most
undervalued
city in America**
SmartAsset

**Best City for
Jobs 2017 &
2018**
Glassdoor

Global Innovation

One of 16 leading innovation cities globally

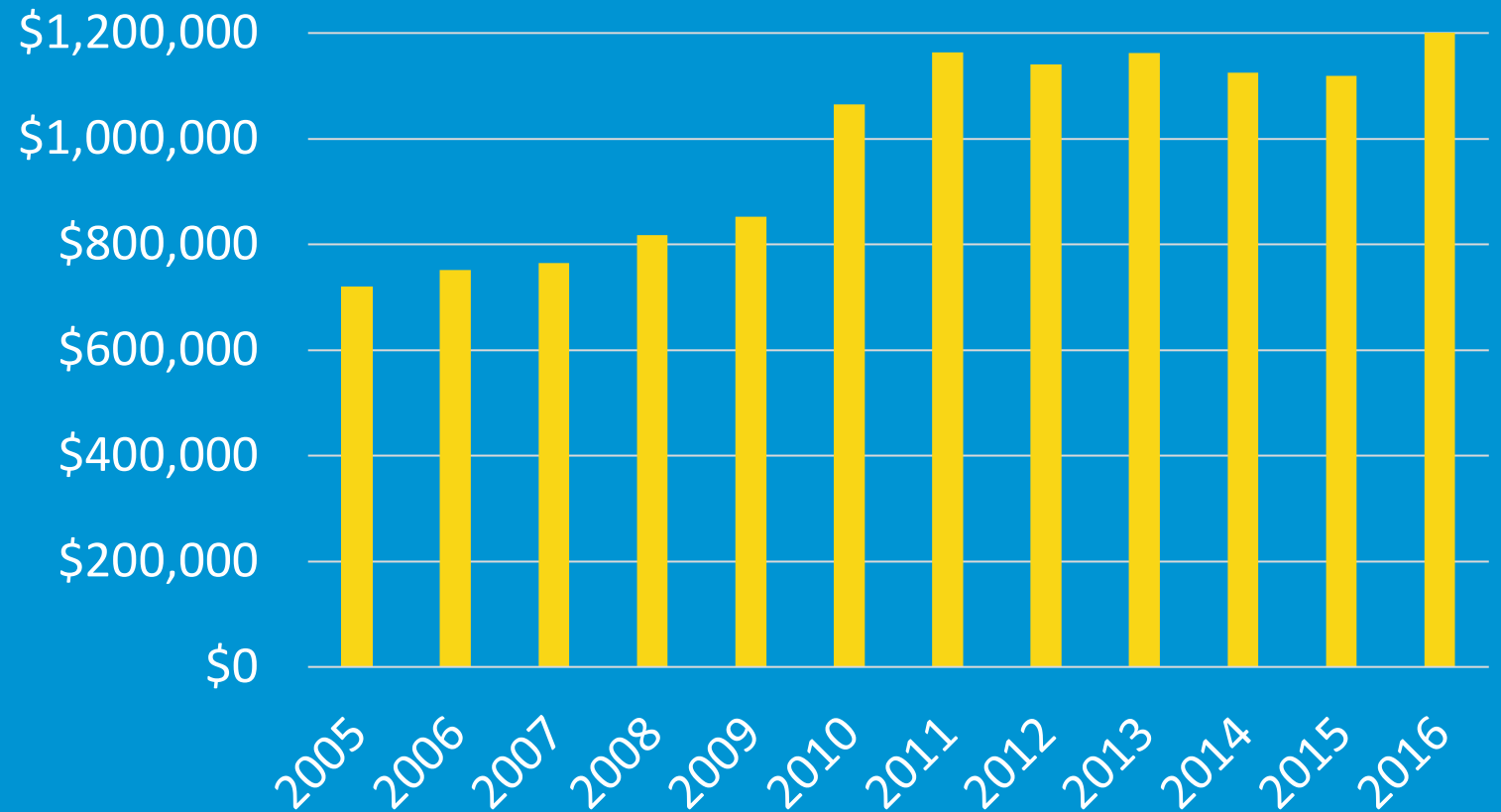
- \$1 billion + annually in university based R&D
 - 9th largest in country
 - More than Seattle, Atlanta, Philadelphia and Washington, D.C.
- Investment helps accelerate advanced growing industry clusters, including:
 - Advanced Manufacturing
 - Robotics
 - Artificial Intelligence (AI)
 - Life Sciences



University R&D: \$1B+

Pittsburgh's collaborative environment and deep network of university and private research partners make us a global hub for technology research, development, and deployment.

- 145+ university generated patents
- 335+ university-lead licenses, options, and other agreements



VC Investment

- +450 unique Pittsburgh companies attracted a total of \$3.5B in investment over the past 10 years
- ~30 Pittsburgh-based VC firms & ~140 non-Pittsburgh based VC firms have executed deals in Pittsburgh in the last five years
- Venture activity per annum increased significantly from approximately \$300 million in 2013 to \$685 million in 2017
- Pittsburgh-based Innovation Works is the most active seed investor in the country (*Pitchbook*)
- We now have 716 companies on AngelList, each with an average valuation of \$4.3 million





Pittsburgh's Top 10 Private Employers

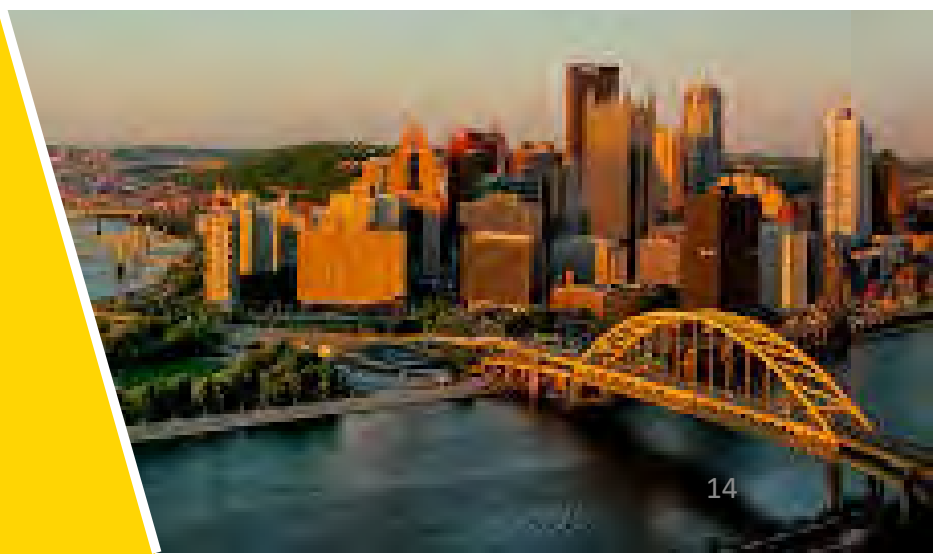
Company	Industry	Estimated Employment
UPMC Health System	Health Care	46,500
Highmark Health	Health Care	20,875
University of Pittsburgh	Higher Education	11,996
PNC Financial Services Group	Financial Services	11,432
Giant Eagle, Inc.	Grocery Retail	10,674
BNY Mellon Corp.	Financial Services	7,000
Carnegie Mellon University	Higher Education	4,754
FedEx Corporation	Transportation	4,500
U.S. Steel Corporation	Steel Manufacturing	4,200
Verizon Communications, Inc.	Telecommunications	3,300 ¹²

FORTUNE 500 Companies Headquartered in Pittsburgh

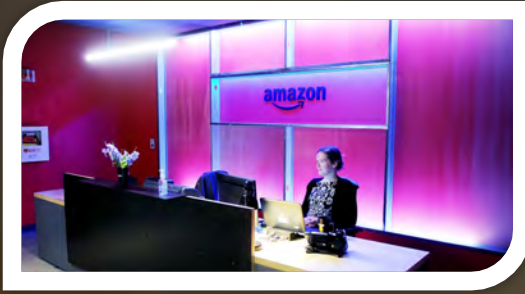


Company	2018 FORTUNE 500 Rank
Kraft Heinz	# 114
PNC Financial Services Group	# 165
PPG Industries	# 191
U.S. Steel Corporation	# 246
Alcoa	# 262

Pittsburgh by the Assets



Recent Investments



Amazon

125 new jobs, 22,000 SF expansion in the South Side for web services, machine translation and Alexa



Apple Inc.

Expanded into 20,000 SF in the Strip District



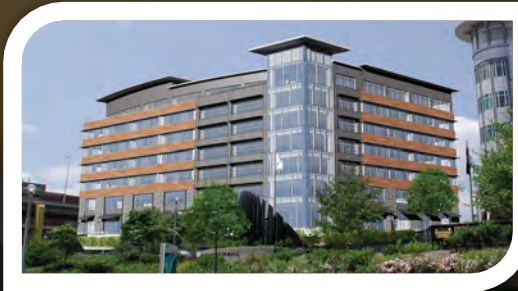
Uber Technologies Inc.

Advanced Technologies Center in the Strip District for R&D and testing of driverless vehicles, navigation and safety

facebook

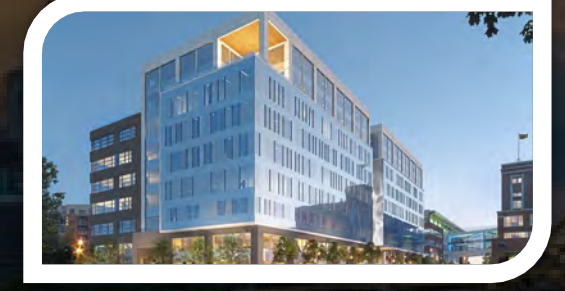
Facebook

Leased 20,000 SF in Oakland for its Oculus virtual reality research center



SAP

\$72.2M investment, 242 jobs for expansion into new, 122,274 SF facility on Pittsburgh's North Shore



Philips Respironics

Establishing a 200,000 SF regional HQ for 1,250 employees in East Liberty

Education

- 36 regional colleges and universities producing over 41,000 annual graduates with nearly 55% majoring in the fields of health care, computer and information sciences, engineering, and law.
- 42% of 25- to 44-year olds have a bachelor's or graduate degree, compared to 34% nationally
- World-class R&D at Carnegie Mellon University, University of Pittsburgh and University of Pittsburgh Medical Center creates rich tech transfer/commercialization opportunities



Housing

14,000 housing units under construction

Capacity for nearly 450,000 more

Prospective Housing Developments ¹	Approx. Unit Count
Market Rate Apartments	6,716
Market Rate Apartments/Mixed-Income Building	318
Condominiums	1,117
Single-Family/Townhomes	183
Market Rate Subtotal	8,334
Affordable Rental (Replacement/Preservation)	672
Affordable Rental (New)	473
Affordable Rental (Final Mix Unknown)	1,783
Affordable Subtotal	2,928
Total	11,262
¹ Under construction or publicly announced	





Get Out of the Office

Transportation

- Eight out of 10 Pittsburghers live within 10 minutes of public transit
- 24-mile light rail system & 20-mile high-speed busway system link downtown to eastern neighborhoods and suburbs, and residential communities to the west and south
- 77 miles of bike lanes and sparrows and a citywide bike share program
- 13% of daily commuters bike or walk to work, making it fifth in the nation for its share of pedestrian and bike commuters



The Opportunity Zones of Pittsburgh:

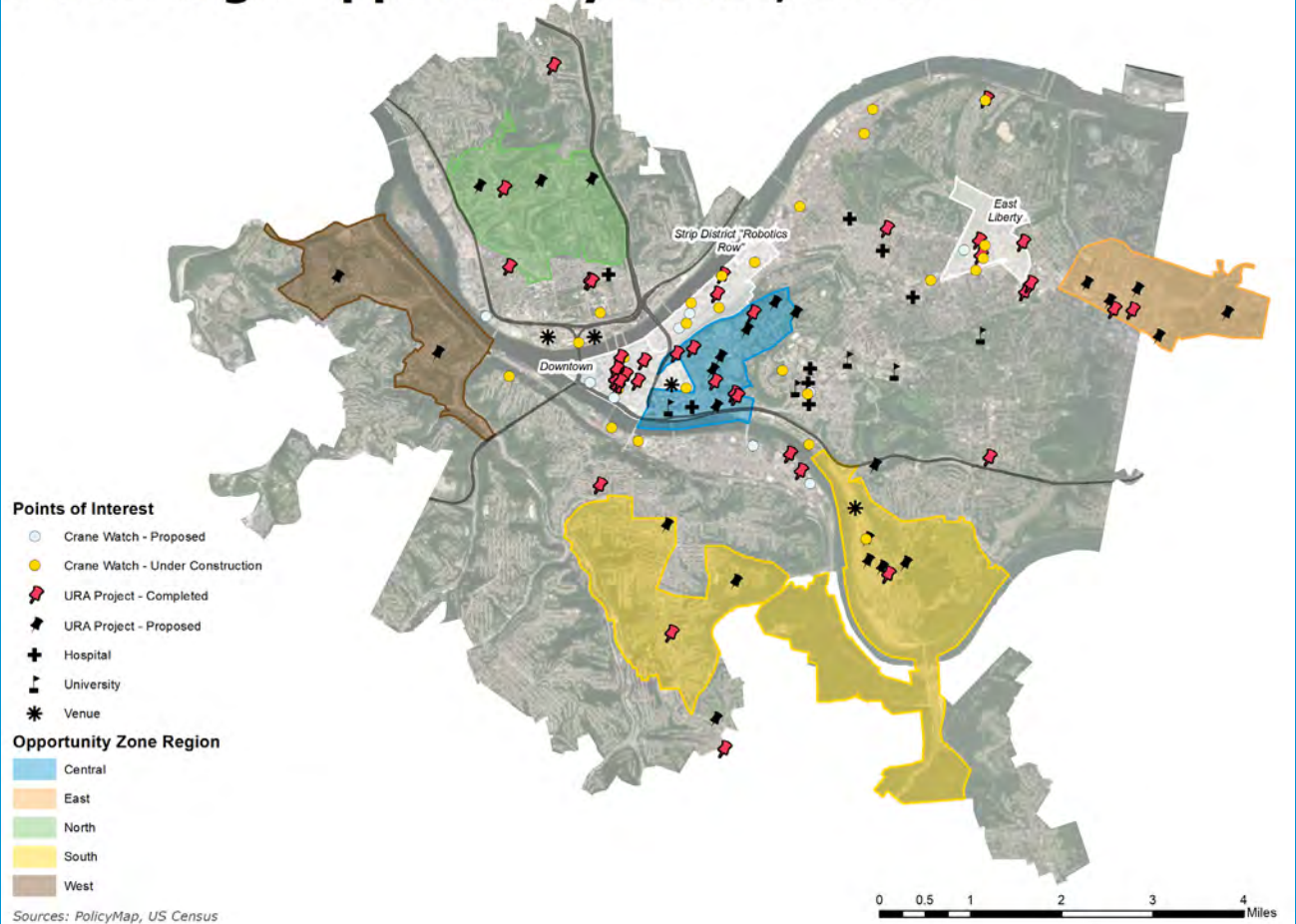
Your Investment Awaits



The Opportunity Zones of Pittsburgh: Your Investment Awaits

- 28 Opportunity Zone census tracts in 5 neighborhood groups.
- Total Opportunity Zone population 58,876 – total City of Pittsburgh population 302,407
- Total Housing units: 27,880
- Total Number of Jobs: 17,059
- Median Household Income: \$28,212
- Top 4 Industry Sectors
 - Healthcare and Social Services: 20%
 - Retail Trade: 14%
 - Construction: 11.4%
 - Utilities: 10.6%

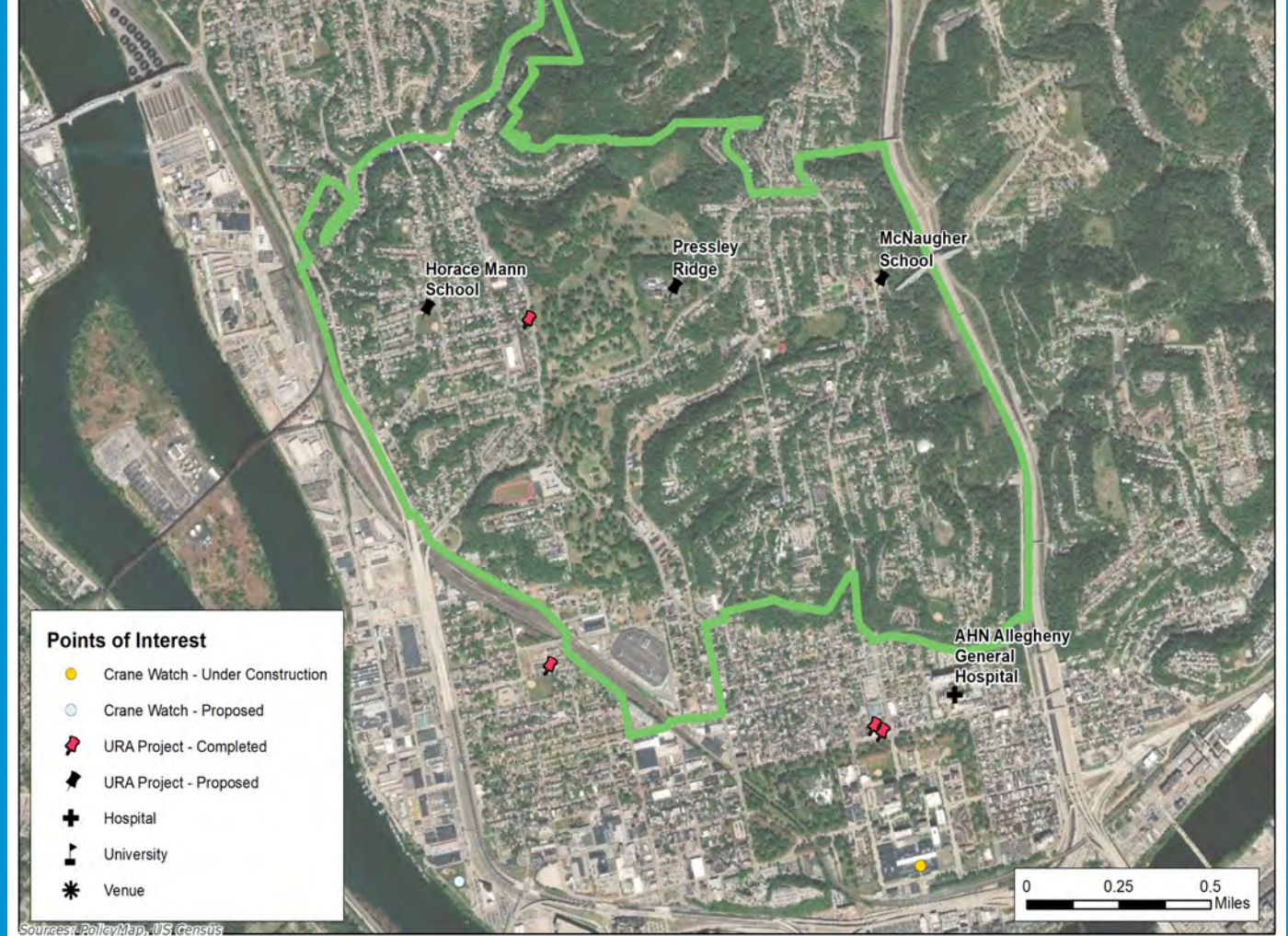
Pittsburgh Opportunity Zones, 2018



North Pittsburgh Opportunity Zone

- Total Population: 8,943
- Population Change (2010-2016): -12.32%
- Percentage of Population with a Bachelors Degree: 15%
- Total Housing Units: 5,495
- Housing Change (2010 – 2016): -3.38%
- Average Monthly Housing Cost: \$605
- Median Household Income: \$31,153
- Total Opportunity Zone Jobs: 3,802
- Top 3 Industries
 - Education, Healthcare, and Social Services (30%)
 - Arts, Entertainment, Accommodation, & Food Services (12%)
 - Retail Trade (11%)

Pittsburgh Opportunity Zones, 2018 North



Central Pittsburgh Opportunity Zone

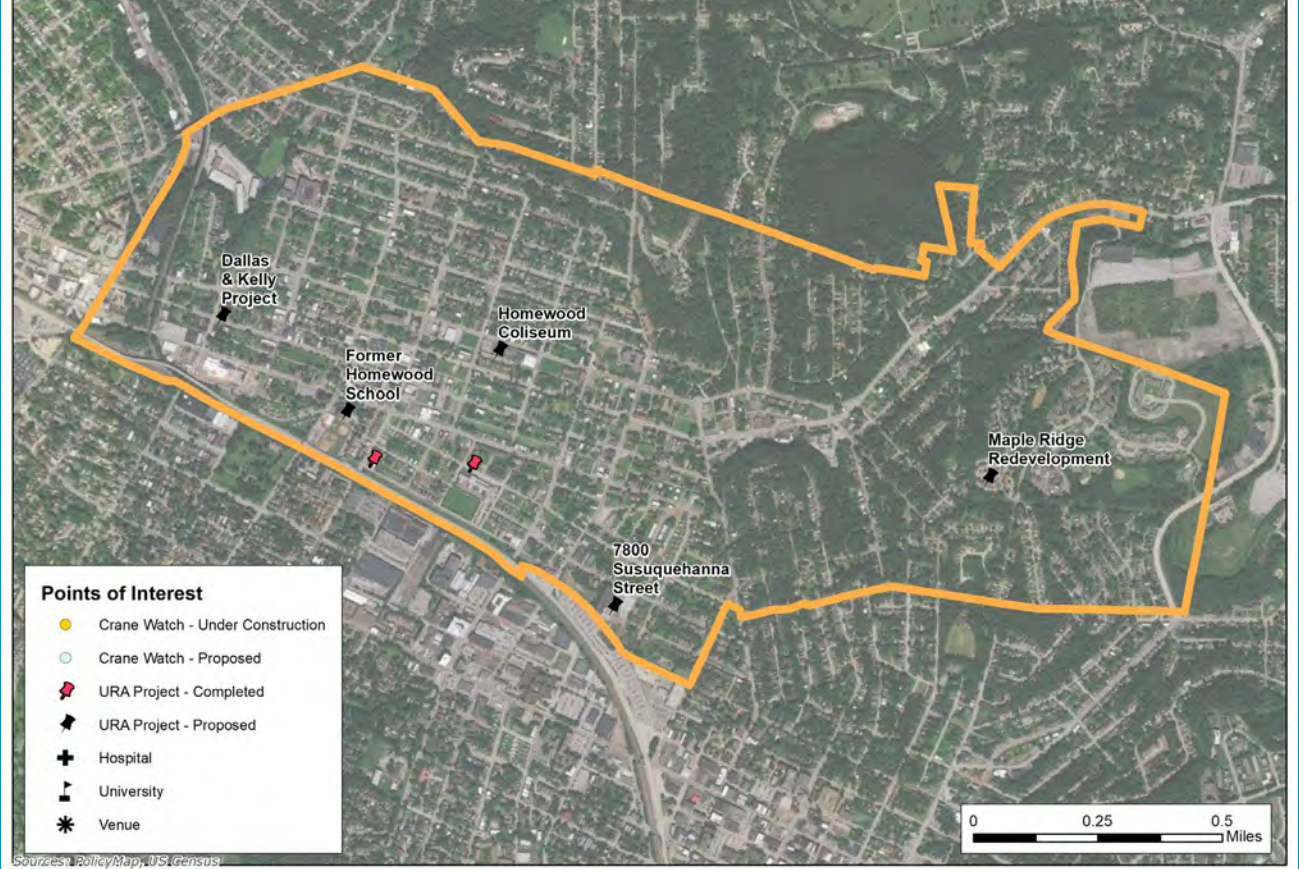
- Total Population: 12,424
- Population Change (2010 – 2016): 12.53%
- Percentage of Population with a Bachelors Degree: 8%
- Total Housing Units: 3,853
- Housing Change (2010 – 2016): 1.67%
- Average Monthly Housing Cost: \$518
- Median Household Income: \$19,045
- Total Opportunity Zone Jobs: 3,548
- Top 3 Industries
 - Education, Healthcare, and Social Services (38%)
 - Retail Trade (16%)
 - Arts, Entertainment, Accommodation, & Food Services (12%)



East Pittsburgh Opportunity Zone

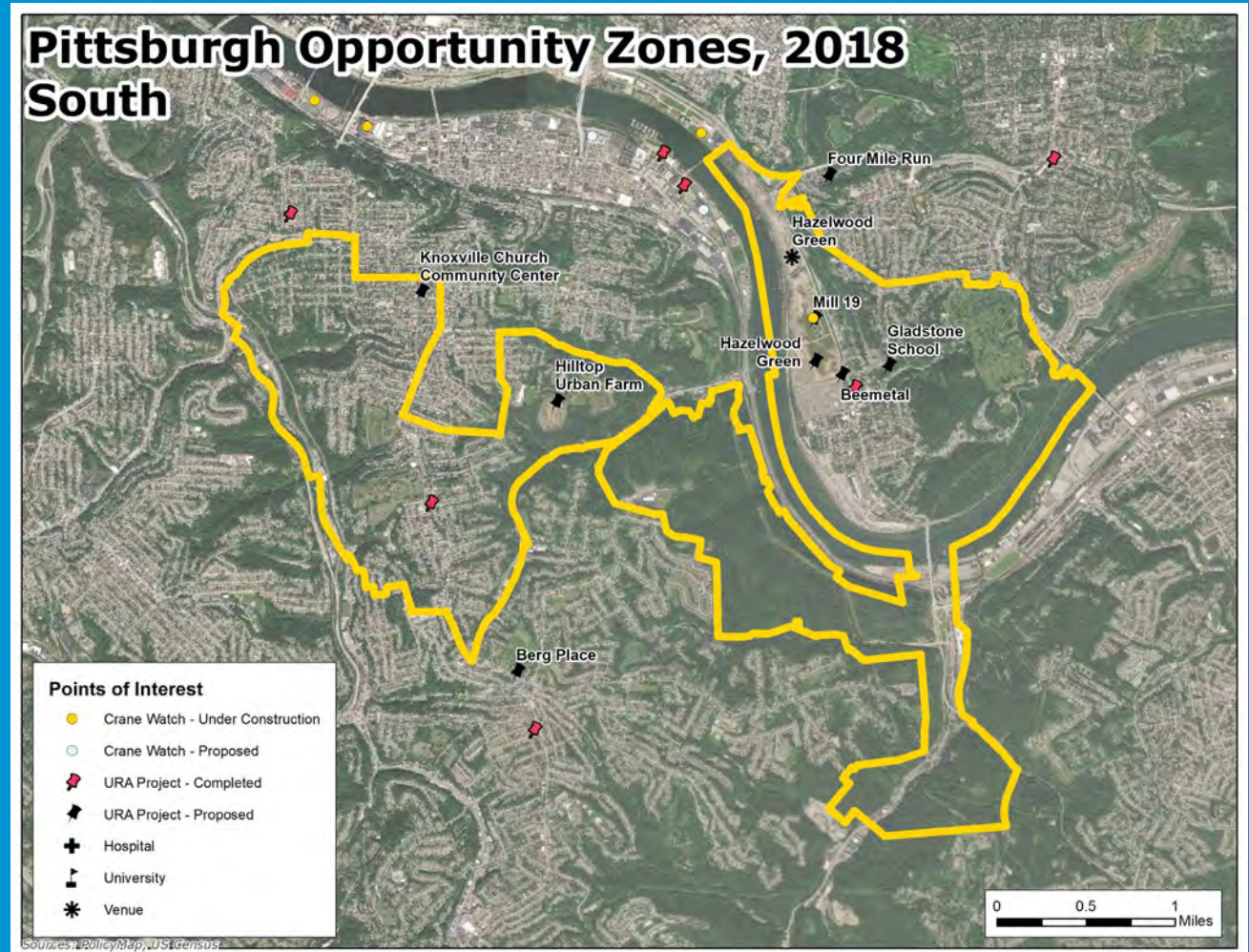
- Total Population: 9,424
- Population Change (2010 – 2016): 1.52%
- Percentage of Population with a Bachelors Degree: 9%
- Total Housing Units: 5,212
- Housing Change (2010 – 2016): - 3.43%
- Average Monthly Housing Cost: \$542
- Median Household Income: \$22,632
- Total Opportunity Zone Jobs: 2,909
- Top 3 Industries
 - Education, Healthcare, and Social Services (34%)
 - Arts, Entertainment, Accommodation, & Food Services (15%)
 - Professional, Scientific, Management, and Administrative Services (9%)

Pittsburgh Opportunity Zones, 2018 East



South Pittsburgh Opportunity Zone

- Total Population: 19,549
- Population Change (2010 – 2016): 6.10%
- Percentage of Population with a Bachelors Degree: 11%
- Total Housing Units: 9,414
- Housing Change (2010 – 2016): - 2.99%
- Average Monthly Housing Cost: \$650
- Median Household Income: \$32,899
- Total Opportunity Zone Jobs: 7,934
- Top 3 Industries
 - Education, Healthcare, and Social Services (24%)
 - Arts, Entertainment, Accommodation, & Food Services (13%)
 - Retail Trade (12%)



West Pittsburgh Opportunity Zone

- Total Population: 8,536
- Total Population Change (2010 – 2016): 3.97%
- Percentage of Population with a Bachelors Degree: 13%
- Total Housing Units: 3,906
- Housing Change (2010 – 2016): - 4.87%
- Average Monthly Housing Cost: \$679
- Median Household Income: \$35,331
- Total Opportunity Zone Jobs: 3,624
- Top 3 Industries
 - Education, Healthcare, and Social Services (27%)
 - Retail Trade (11%)
 - Professional, Scientific, Management, and Administrative Services (9%)

