Non-Voting Lower Hill Board Briefing Agenda

- Public Comment
- URA Staff Briefings
 - Recap of October 18, 2019 Special Board Meeting
 - Block E: 2019 vs 2022
 - Outstanding Items
 - Community Benefits
- Development Team Presentation
- URA Board Discussion and Feedback



Non-Voting Lower Hill Board Briefing Public Comment



URA Staff Briefings



Purpose of Today's Non-Voting Briefing

Details

- Prior to closing on Block E, the URA Board needs to give final approval of the project.
- The URA Board agreed to provide advanced notice to the public before considering votes related to the Lower Hill project.
- No formal Board action will occur today.
- Board action on items discussed at today's meeting will occur at a future URA Board Meeting.



Recap of October 18, 2019 URA Board Meeting

Summary

On October 18, 2019, the URA Board voted to:

- Preliminarily approve Lower Hill Developer, LLC as a redeveloper for the take down of Block E
- Preliminarily approve a Conceptual Development Plan for Block E
- Authorize presentation of a Parking Tax Diversion to the City of Pittsburgh and execution of a Parking Tax Diversion Cooperation Agreement with the City of Pittsburgh
- Authorize the execution of a Funding Agreement and related Parking Tax Diversion documents

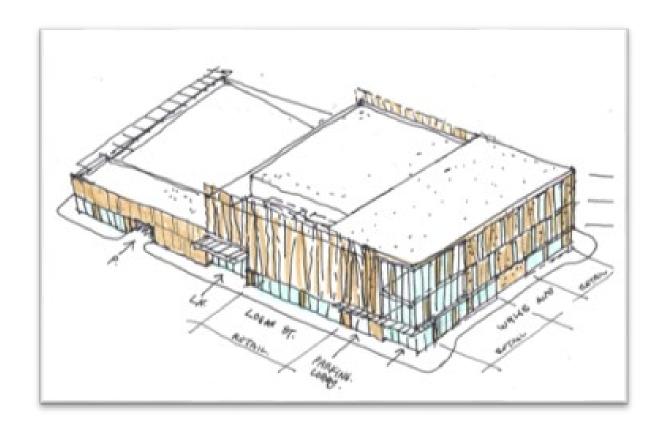
Since preliminary approval of the Conceptual Development Plan in 2019, designs for the Block E project have evolved.

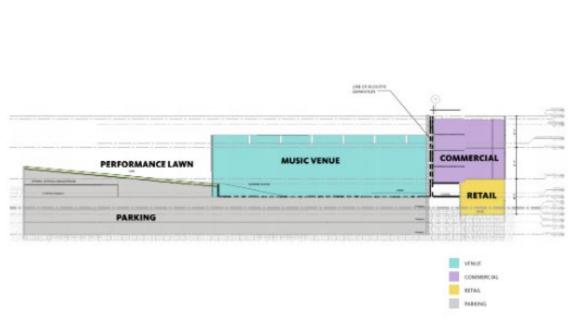


Project Summary: 2019 vs. 2022

Block E Conceptual Design Changes since 2019

	2019	2022
Use	 3-story subterranean parking garage w/ street-level commercial space Public safety facility Entertainment venue w/ commercial space and adjacent outdoor amphitheater 	 6-story above ground parking garage w/ street-level commercial space Public safety facility Entertainment venue w/ commercial space
Building Area	 285,000 SF – Garage (underground) 17,800 SF – Ground floor commercial space 34,000 SF – Commercial space on floors 2&3 2,500 SF – Public safety facility 118,000 SF – Entertainment venue with lawn 	 319,000 SF – Garage (above ground) 2,430 SF – Commercial space in garage 7,600 SF – Commercial space in venue 2,600 SF – Public safety facility 80,000 SF – Entertainment venue
Parking Spaces	850	900+
Cost	\$127.5 million	\$110 million











15. Post Construction Obligations

Option Agreement Seller Approvals & Related Procedures

		_	
SELLER APPROVAL / PROCEDURE	DEVELOPMENT TEAM STATUS		
1. Introductory Letter	Complete		
2. Pre-Take Down Meeting	Complete		
3. Letter of Intent	Submitted		
4. Staff Review of Redeveloper Criteria	Complete		
5. License Agreement	Complete		Developme
6. Take Down Notice	Submitted – Development Team working to submit outstanding info.		Team is he
7. Preliminary Board Approval	Complete		
8. Sports & Exposition Authority Approval	Block E parcel owned by the Sports & Exposition Authority		
9. Pre-Final Board Approval Board Period	Today's Meeting]/	Developme
10. Final Board Approval		V	Team is he
11. Pre-Closing Period			
12. Closing			
13. Start of Construction			
14. Completion of Construction			
		i	

Update on Outstanding Items

- 1. Community Review
- 2. Financials
- 3. Block E Final Land Development Plan
- 4. MWBE & Workforce Plans
- 5. Urban Open Space

1. Community Review

The Development Team participated in the following Community Meetings:

- Oct. 3, 2022 Hill District Consensus Group (HDCG)
 - "Neighborhood Level Review" of the Preliminary Land Development Plan Amendment and Block E project
 - Block E project received a "C+" grade
 - "Resident Score (Live, Born)" of 2.7/4 (68%)
 - "Overall Score (Work, Own, Other)" of 2.9/4 (73%).
- Oct. 17, 2022 Development Activities Meeting
 - Public, participatory meeting hosted by the City of Pittsburgh Planning Commission

Letters of Support

 Of the six letters of support submitted by the Developer, two are from Hill District based entities (HDCG and Cameron Real Estate Services)

2. Financial Information

- The URA shared a list of financial information needed from the Development Team and have reviewed the financial documentation provided to date.
- URA staff have followed up with the Development Team concerning outstanding materials.

3. Final Land Development Plan

 The Development Team participated in a Contextual Design Advisory Panel meeting in October 2022.
 Feedback from the meeting was positive overall, though constructive criticism was provided on several items.



Rendering of Block E Venue from the Southwest; Courtesy of Desmone

4. Minority/Women-Owned Business Enterprise (MWBE) and Workforce Plans

- The City of Pittsburgh Equal Opportunity Review Commission approved the preliminary MWBE plan on June 16, 2022. Preliminary plan lists goals of:
 - 30% minority-owned participation
 - 15% women-owned business participation
- The Option Agreement requires the Development Team to demonstrate a good faith effort to reach the City's workforce goals of 25% minority and 10% women. The Development Team has also committed to maximizing local and minority workforce inclusion on the project.
- Because the Development Team has not selected a prime contractor, it is difficult for the Development Team to provide a meaningful update on the preliminary MWBE and workforce plans at this time.

5. Urban Open Space

 The 2022 Conceptual Design update for Block E has no Urban Open Space. The requirement for Urban Outdoor Space acreage will be satisfied by using Block F2 as outdoor urban space. URA and SEA are exploring "adequate security" for the quality development of Block F2 as Urban Open Space.



Block F2 (indicated by yellow arrow) in relation to Block E

Community Benefits

The 2019 Term Sheet for Blocks B and E obligates the Development Team to fulfill the following community benefits with the take down of Block E:

- 1. Rescue Station
- 2. URA Retail Incubator Space
- 3. New Granada Coordination
- 4. Capitalization of the Local Economic Revitalization Tax Assistance
- 5. Parking Tax Diversion
- 6. Curtain Call Funding
- 7. Ammon Upgrades
- 8. First Source Center

Community Benefits

Rescue Station & New Granada Coordination

- 1. Construction of an approximately 2,500 square feet, turn-key City of Pittsburgh rescue station with at least three bays: In the development team's sources and uses for Block E, the rescue station construction costs are \$1.2 million. The Development Team is in discussions with the City.
- 2. The Development Team has committed to placing the URA retail incubator space on Wylie Avenue.
- 3. The Block E entertainment/music venue operator is to coordinate programming with the New Granada Theater.



Community Benefits (cont.)

LERTA, Parking Tax Diversion & "Curtain Call"

- 4. Capitalization of 50% of the "Owner Payment" of the Local Economic Revitalization Tax Assistance (LERTA) for the benefit of the Greater Hill District Neighborhood Reinvestment Fund (GHDNRF): The Development Team has approached several banks for updated term sheets for the GHDNRF monies.
- 5. The Development Team has requested a term sheet for the monetization of the Greater Hill District Affordable Housing Fund monies from the Parking Tax Diversion for Block E from several banks.
- 6. Fill the funding gap for the Curtain Call art installation tentatively to be located on portions of Blocks A and B of the Lower Hill site



Approximation of the LERTA District and GHDRF Area

Community Benefits (cont.)

Ammon Upgrades & First Source Center

- 7. Development Team is to fund the installation of a multipurpose space for community celebrations, deck hockey and the refurbishment of a playground and basketball court at Ammon Recreation Center
- 8. Delivery of a First Source Center on Centre Avenue for the benefit of workers, contractors, and businesses seeking commercial opportunities on the Lower Hill site and to pursue the job creation, local inclusion, and workforce development goals and strategies described in the Community Collaboration and Implementation Plan (CCIP)



First Source Center on Centre Avenue; Photo courtesy of Lower Hill Redevelopment Team

Development Team Briefing



LOWER HILL

DISTRICT

URA Board Briefing

Block E FLDP and First Amendment to PLDP

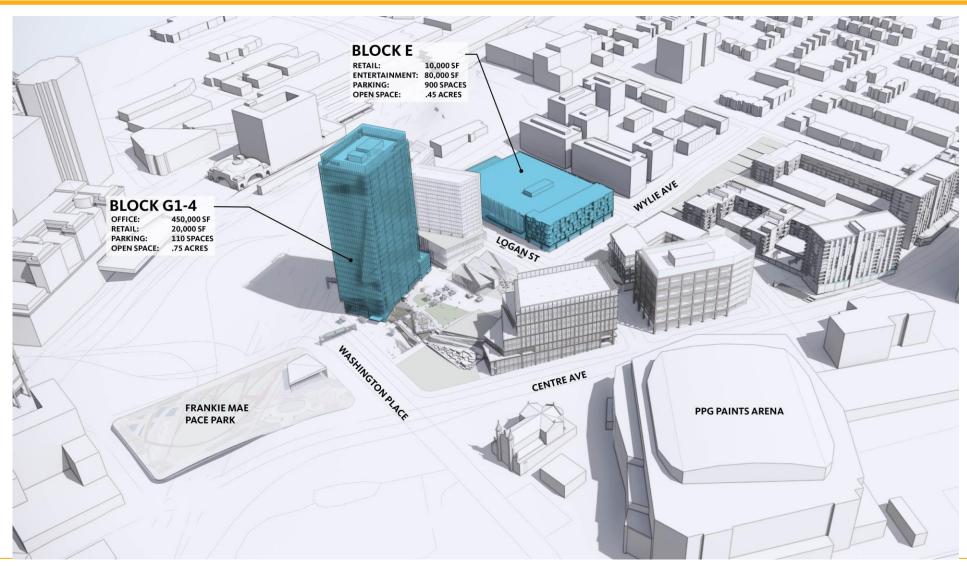
November 10, 2022







Lower Hill District Development Program



The Lower Hill Redevelopment Team Has Been Delivering



COMMUNITY COLLABORATION AND IMPLEMENTATION PLAN (CCIP)

CCIP Focus Area I - Minority/Women Business Enterprise (M/WBE) Inclusion

CCIP Focus Area II - Job Creation, Local Inclusion & Workforce Development

CCIP Focus Area III - Inclusionary and Homeownership Housing Programs

CCIP Focus Area IV - Communications, Reporting, Tracking

CCIP Focus Area V - Wealth Building Initiatives

CCIP Focus Area VI - Cultural and Community Legacy Initiatives

CCIP Focus Area VII - Coordinated Community Development Strategies

Community Reinvestment, Timeline and Engagement



Timeline and Contracting Opportunities



LowerHillContractors.Eventbrite.com

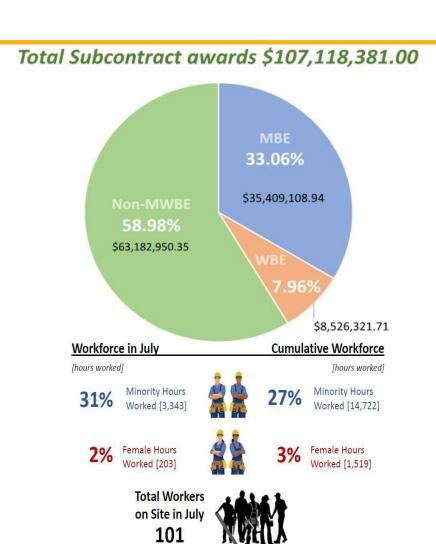
Contractor
Information
Session
December 14
5:00pm
(Dinner Served)

CCIP FOCUS AREA: M/WBE Inclusion

Reinvestment Progress Updates

To date, the FNB Financial Center project has made contract commitments to **73** M/WBEs across Construction and Pre-Development

- \$35.4M in contracts to Minority-Owned Businesses (33%)
- \$23.9M to Black-Owned Businesses (22%)
- \$8.5M to Women-Owned Businesses (8%)
- Construction commitments to 42 MWBEs ranging from \$15k to \$7.4M
- Construction on the FNB Financial Center is approx. 15% complete and minorities have accounted for 27% of the onsite labor





Reinvestment Progress First Source Center and Workforce Diversity

CCIP FOCUS AREA: Job Creation and Workforce Development

The Lower Hill First Source Center Was Built Using 100% MBEs and Opened in June 2021



A Central Location for Jobs, Training, Access and Opportunities in the Lower Hill

Located in the heart of the Hill District, blocks away from the 28-acre Lower Hill District redevelopment, the First Source Center's mission is to provide a central location for residents to obtain better access to job opportunities, career training, and pathways to construction, professional and service-related employment.

















Reinvestment Progress

First Source Center and Workforce Diversity

CCIP FOCUS AREA:
Job Creation and
Workforce Development







Reinvestment Progress

First Source Center and Workforce Diversity

CCIP Focus Area:
Job Creation and
Workforce Development







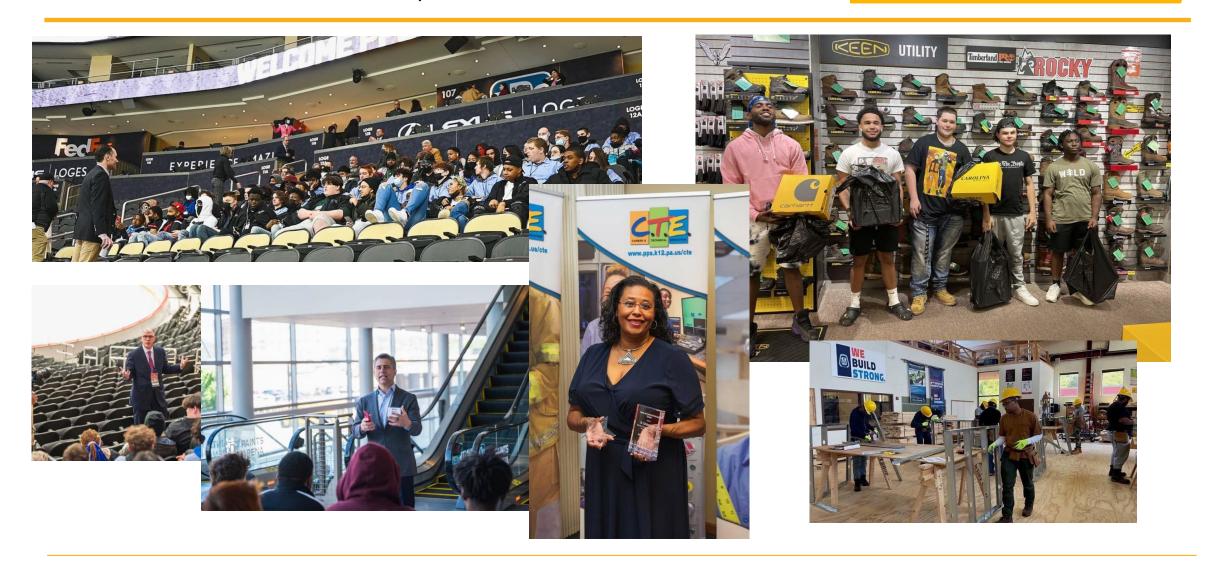




Reinvestment Progress

First Source Center and Workforce Diversity

CCIP FOCUS AREA:
Job Creation and
Workforce Development



CCIP FOCUS AREA: Community Legacy Initiatives

Illustrative Block E Legacy Enhancements for Corner of Wylie Avenue and Fullerton Street



Wylie Avenue

Reinvestment Progress – Call for Artists to Activate the Open Space

CCIP Focus Area: Cultural and **Community Legacy**

Artist Finalists for Block G

- Amir Rashidd
- Charlotte Ka/Errol "Mobutu" ReynoldsDeavron Dailey
- Brandon Jennings
- James Simon
- Samuel Richardson Fabricator Consultant
- Brian Peters
- Marlana Vassar
- Natan Diacon-Furtado
- Aiqiu Hopen/Humanity Memorial Team
- Kacy Jackson

Finalists interviewed and chosen August 2022 / Sept. 2022

Nov/Dec 2022 Proposal period

Finalists exhibit proposals Jan 2023

Jan 2023 Project awarded

http://LowerHillRedevelopment.com/arts.html



CCIP FOCUS AREA: Communications, Reporting and Tracking

CCIP Executive Management Committee Engagement

Oversight and implementation of the CCIP is the responsibility of the Executive Management Committee, a nine-person committee with three co-chairs.

The Executive Management Committee's <u>primary role</u> will be to oversee the implementation of this Plan, but the Executive Management Committee will also work with PAR and Developers to set the vision for the development and preserve the legacy of the Greater Hill District within the development.

Committee members:

- 1. R. Daniel Lavelle, City of Pittsburgh Councilman, District 6
- 2. Jake Pawlak, Deputy Mayor & Director Office of Management and Budget, City of Pittsburgh
- 3. Kevin Acklin, President of Business, Pittsburgh Penguins
- 4. Alicia George, Mayoral Appointment
- 5. Glenn Mahone, Retired Partner, Reed Smith LLP
- 6. Tyian Battle, Executive Director, ACH Clear Pathways
- 7. Glenn Grayson, Jr. Sr. Program Manager for Real Estate, Neighborhood Allies
- 8. Marimba Milliones, President & CEO, Hill CDC
- 9. Tracey McCants Lewis, Chief People Officer & General Counsel, Pittsburgh Penguins

Community Outreach and Engagement Since 2019

CCIP EMC Engagement Since 2019, monthly during 2022

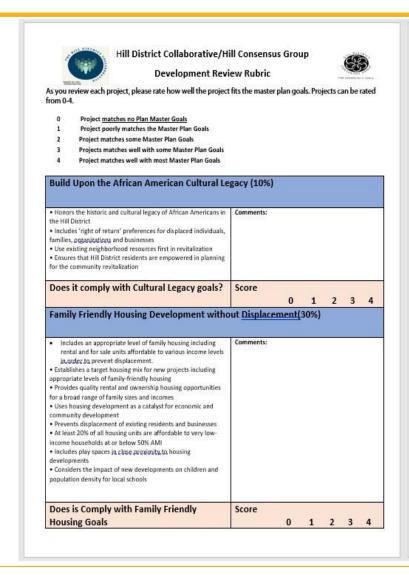
Hill CDC Development Review Panel Scoring in **February 2020** (89 out of 100) engagement restarted in July 2022

Hill District Collaborative and Hill District Consensus Group Development Review Process **October 3, 2022** (Passing Score and Letters of Support

Ongoing: Uptown Partners, PDP, Contractor's Event in December



HDCG / HDCV Development Review Scorecard w/Letters of Approval from Both RCOs



Economic Empowerment and Commercial <u>Development(</u> 40%)						
Community residents, organizations and businesses will gain social and economic benefit from the effort Supports economic activity that directly benefits Hill District residents and existing businesses Insures jobs for community members, the retention of current businesses, new opportunities for entrepreneurship and equity stakes for Hill District organizations Restores commercial vibrancy and strength by concentrating market demand and resources Incovarges live-work and at-home innovation projects Reflects a MBE participation rate of 30% and WBE participation rate of 15%.	Comment:					
Does it Comply with Economic Empowerment goals?	Score	0	1	2	3	4
Designed Community (10%) • Creates a comprehensive strategy for vacant land including urban gardening • Leverages the Hill District's natural features as an economic asset for neighborhood development • Uses Hill District trails as green connections with a larger city network • Establishes high-quality recreation and open spaces						
Does it comply with Green and Well- Designed Goals?	Score	0	1	2	3	4
Mobility, Transportation, and Parking(10%)						
Ensures viable and affordable transportation access to all members of the community. Improves transportation networks and services to the city and within the Hill District Promotes walkability, street accessibility for the disabled, and access to work, cetail and social amenities Creates a well-planned parking strategy that supports new development while minimizing negative impacts on residents						
Does it comply with mobility and transportation goals?	Score	0	1	2	3	4

2019 Term Sheet: Seller Obligations - Status

i. LERTA – Amend guidelines for LERTA and assist Optionee in securing federal/state/non-profit infrastructure funding

- Guidelines amended
- URA Board in 2020 required Optionee to seek joint application with Hill CDC for Federal EDA stormwater funding despite prior preapprovals from EDA that had been secured by Optionee. Joint application was not successful.
- City has yet to provide typical Letter of Support for state Multimodal Transportation Funding (MTF) application made by Developer in support of vehicular and pedestrian improvements along Washington Place to reconnect Hill District and Downtown

ii. Parking Tax Diversion

- "Seller will introduce appropriate legislation, and work in good faith with the City, to obtain a Parking Tax Diversion for the Option
 Premises that includes the diversion of 75% of parking taxes for a period of 19 years from and after the opening of each structured
 parking asset on the Option Premises (the first such asset being the Block E Structured Parking) to assist in the delivery of the Optionee obligations hereunder."
- Block E PTD legislation introduced and adopted by City Council in December 2019
- The URA and SEA did not secure a Parking Tax Diversion that would support a district-wide application to each structured parking asset across the entire Option Premises as provided in the Term Sheet. This resulted in the loss of Parking Tax Diversion revenue (and financing proceeds based on that revenue) from the initial commercial redevelopment on G1 that would have been available to the Lower Hill team to deliver on Term Sheet Optionee obligations and creates uncertainty about future parking structures.

iii. \$3,000,000 RACP

- URA secured \$3MM RACP funding to meet Option Agreement obligations
- URA to collaborate with Developer in completing RACP Grant Agreement and the reimbursement process

Block E 2019 Term Sheet: OPTIONEE Obligations - Status

i. Public Safety (Rescue 2 / EMS 14) Station

- To be included in Block E development subject to final Development Agreement between City and Optionee (draft DA sent 11/7/22)
- 5,300sf Public Safety facility part of Block E FLDP and current design documentation -- though not a community priority and was approx. 4,000SF (with 2 bays) at time of Term Sheet
- Ongoing coordination on design and specifications between Developer/Design Team and DPW
- Sizable funding gap daylighted this summer between \$1.2MM Developer Commitment and current turnkey estimates of \$3.5MM; Developer has identified and applied for \$500,000 state funding to expand commitments to support a \$2.1MM core and shell delivery, with City focused on fit-out scope and costs

ii. 1,200 Square Foot Street-Level Incubator

- Commitment remains to lowering barriers to entry for local businesses that require a street-level presence
- A prominent location along Wylie Avenue for the 1,200 sf incubator space is part of the plans to activate Block E
- In late October URA provided Developer with outline requirements and a timeline for implementing the incubator
- Developer to circulate lease proposal to URA, which is currently being drafted.

iii. Music Venue Operator to "coordinate with the New Granada Theater on programming"

- No visits or coordination during COVID pandemic as Live Nation operations were severely impacted
- Live Nation re-engaged and the scope of the project was revised, removing the outdoor amphitheater
- New Granada Theater (Hill CDC's M. Milliones) and Live Nation (regional executive T. Loudermilk) have had recent discussions, facilitated by the Penguins regarding programming coordination and exchange of building plans and projections
- Developer has spoken with Live Nation who is committed to a partnership with the New Granada Theater to help book shows
- Hill CDC provided an expansive request for New Granada Theater support (Operations, Tax Credit Guarantees, Capital Campaign gap funding, funder of event space, operations, etc.) in addition to the **programming** discussions.
- Recently Hill CDC invited the Development Team to evaluate a \$2 ticket surcharge, which is being explored

Additional 2019 Term Sheet: OPTIONEE Obligations - Status

. Offsite LERTA

- Block G Owner payment capitalized (\$7.18MM) and delivered to GHDNRF on 9/13/21
- Developer and URA evaluating capitalization vs payout over 10yrs for Block E offsite LERTA (very modest lender interest, though three community lending institutions are working to underwrite a monetization FNB, Citizens, Bridgeway Capital)
- Projections for Block E LERTA (over 10yrs and across garage and music venue) shared with CCIP EMC, URA and SEA

ii. Ammon Community Recreation Center Rehabilitation

- Penguins and FNB funded and worked with City to complete a well-received Rec-to-Tech improvements, which opened Summer 2021
- Penguins have had consistent engagement with City leadership on Ammon (CM Lavelle, Dir. Hornstein and Dir. Vargas)
- City/DPW, as directed by Councilman Lavelle, is working to establish more definitive plans for additional phases of rehabilitation and clrify the role of Macedonia Church

iii. Locate First Source Center on or near Option Premises

- Developer opened the Lower Hill First Source Center in Summer 2021 and has maintained continuous operations since then
- FSC has served as clearinghouse for direct hiring and training programs (in partnership with Builders Guild, APRI, P4W, CARP, etc)

iv. Curtain Call – Optionee to fill any funding gaps at time of the Term Sheet and assist Seller with design and installation

- Beginning in 2021 a new location on Block A was evaluated by the Artist and designs advanced
- The project costs substantially exceed the estimates from 2019; additional funding commitments are secured and ownership of the artwork clarified with the SEA
- Optionee will advance an LOI, Take-Down Notice and the FLDP process
- PLDP Amendment needs to be finalized

Preliminary Block E **LERTA** Projections

CCIP FOCUS AREA:
Coordinated Community
Development

Estimated Construction Budget (Garage and Music Venue)	\$76.5 M
Estimated Assessed Value	\$35.6 M
Current Millage Rate	2.304%
Maximum Abatement per Taxing Body	\$250,000
Potential Total Annual Real Estate Taxes	\$803,972
Potential 50% Annual to GHDN Reinvestment Fund	\$401,986
10-year Aggregate Total – <u>not Capitalized</u>	\$8.04 M
10-year Aggregate Total to Reinvestment Fund - not Capitalized from Garage and Music Venue	\$4.02 M

Preliminary Block E

Parking Tax Diversion Projections

CCIP FOCUS AREA:
Inclusionary Housing
Initiatives

Year 1 - Estimated Gross Revenue	\$3.7 M
Year 20 - Estimated Gross Revenue (Assumptions for annual Escalation and Build-out/Occupancy)	\$7.5 M
Total Parking Taxes over 20-year Period	\$31 M
25% - Support to Hill District Affordable Housing Initiatives (Years 1-20)*	\$8.2 M
Year 20 Support to City-wide Affordable Housing Fund @ 75%	\$1.5 M
Total Support to Affordable Housing Initiatives	\$9.8 M

*Note: Estimated Gross Revenue is highly variable based on multiple factors

Lower Hill Block Plan

2014 PLDP:

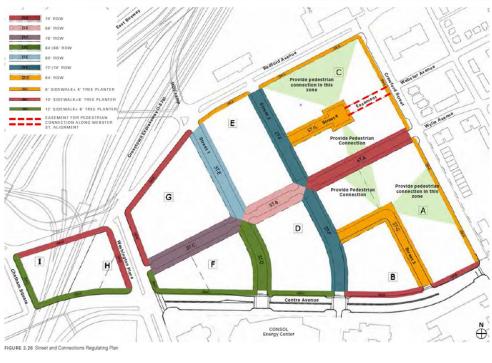


Proposed:



Section 2.5 – Streets and Pedestrian Connections

2014 PLDP:



Proposed:





Thank You! Questions?

November 10, 2022





