



Lower Hill Development Fund Guidelines

I. Statement of Purpose; Program Funding

The Lower Hill Development Fund is a program jointly established by the Urban Redevelopment Authority of Pittsburgh (“URA”) and the Sports & Exhibition Authority of Pittsburgh and Allegheny County (“SEA”) (together, the “Public Authorities”) to fund infrastructure improvements and various redevelopment activities needed on the Lower Hill. The Lower Hill Development Fund is comprised of diverted taxes under a Local Economic Revitalization Tax Assistance Act district encompassing the Lower Hill (“Lower Hill LERTA”), which reallocates a 10-year abatement of property tax increases attributable to the value of the improvements for any redevelopment in the district.

Until 2025, the Pittsburgh Penguins held development and option rights over the Lower Hill redevelopment area. Beginning in 2021, the Pittsburgh Penguins were permitted by the Public Authorities to retain 50% of the Lower Hill LERTA abatement for on-site improvements in the Lower Hill. In 2026, the Public Authorities reverted to a previous iteration of the Lower Hill Development Fund, which allowed the Public Authorities to use abated real estate taxes for public realm improvements in the Lower Hill, pursuant to the Cooperation Agreement Regarding the Lower Hill Economic Revitalization Tax Assistance District, dated September 7, 2015, by and between the URA, SEA, City of Pittsburgh (“City”), the County of Allegheny (“County”), and the Pittsburgh School District (“School District”) (together, the City, County, and School District are the “Taxing Bodies”) (the “Cooperation Agreement”).

The funds used to support the Lower Hill Development Fund represent 50% of the Lower Hill LERTA abatement. The remaining 50% will provide the funds needed for various Hill District neighborhoods through the Greater Hill District Neighborhood Reinvestment Fund (“GHDNRF”).

III. Eligible Activities

In accordance with the Cooperation Agreement, the Public Authorities must utilize the Lower Hill Development Fund to invest in public infrastructure improvements and various redevelopment activities on the Lower Hill. Public infrastructure improvements will generally be defined as those publicly owned and dedicated structures and facilities on which the continuance and growth of a community depend, and which provide community impacts including, but not strictly limited to:

- Streets, roadways, and road surfaces;
- Curbs and sidewalks;

- Bridges and tunnels;
- Easements and rights-of-way;
- Structured public parking facilities;
- Public sanitary and stormwater sewers;
- Parks and public realm enhancements;
- Public water, power, and cable conduits;
- Public drainage structures; and
- Privately owned infrastructure and redevelopment activities, such as affordable housing, and urban open space that serves the public interest.

The Public Authorities may utilize the Lower Hill Development Fund for URA and SEA-contracted projects, or may grant or loan funds to private developers for eligible project costs. Grants and loans made using the Lower Hill Development Fund shall be subject to approval by the URA and SEA Boards of Directors, as applicable, and applications to the fund for eligible projects costs are set forth in Section VI of these guidelines. Any income generated from loans issued using the Lower Hill Development Fund shall be used to pay for eligible project costs described in these guidelines.

IV. Public Benefits

The Public Authorities shall strive to meet Minority and Women-Owned Business Enterprise (“M/WBE”) goals of 18% Minority-Owned Business Enterprise (“MBE”) and 7% Women-Owned Business Enterprise (“WBE”) participation in each prime contract for work supported by the Lower Hill Development Fund exceeding \$250,000. Additionally, the Public Authorities shall strive for 12% minority workforce inclusion for prime contracts with costs above \$500,000. All contracts above \$25,000 for construction, alteration, reconstruction, alteration, and repair shall be subject to the Pennsylvania Prevailing Wage Act, 45 P.S. § 165-1, *et seq.*

IV. Administration

1. Accounts; Trustee. The Public Authorities shall each establish segregated accounts with Zions First National Bank (the “Trustee”). The Trustee shall act as agent for the Public Authorities with respect to the Lower Hill Development Fund, subject to escrow agreements between the Trustee and the Public Authorities. The management of each account shall be at the discretion of the URA and SEA for their respective accounts.

2. Reporting; Audit Requirements. The Public Authorities shall provide the Taxing Bodies with an annual report by December 31 each year, detailing all deposits to, investments of and withdrawals from the Lower Hill Development Fund in the preceding year. The Public Authorities shall cause an independent annual audit of the Lower Hill Development Fund to be performed within 120 days of the end of each calendar year, and shall deliver copies of such audit to each of the Taxing Bodies.

3. School District Annual Fee. In accordance with the Cooperation Agreement, on or before May 1 of each year during the Term of the Cooperation Agreement, the Public Authorities shall direct the Trustee to pay, to the School District, one half of the School District’s Annual Fee from

amounts on deposit in the Lower Hill Development Fund. One half of the School District's Annual Fee is equal to half of one percent (0.5%) of all School District real estate taxes abated each year pursuant to the Lower Hill LERTA District legislation. The School District's Annual Fee shall be paid prior to any other payment from the Lower Hill Development Fund.

4. Administrative Fees. The Public Authorities may each collect an annual fee for administration of the Lower Hill Development Fund from their respective escrow accounts equal to actual staff time and costs incurred related to i) the administration of the Lower Hill Development Fund and ii) the disposition of property in the Lower Hill redevelopment area.

V. Waiver of Provisions

The Board of Directors and/or the Executive Director of the URA and SEA may waive or change provisions of these guidelines based on a determination of the private and public benefits of the Lower Hill Development Fund investment. However, the Public Authorities shall not alter the purposes of or terminate the Lower Development Fund without the prior written consent of each of the Taxing Bodies.

VI. Application Process

1. Prior to Formal Application, Convene Introductory Meeting with URA or SEA Staff

Before the preparation of a formal application, the property owner seeking the Lower Hill LERTA should request a meeting with the appropriate URA or SEA staff to discuss the concept of the proposed Lower Hill Development Fund investment and its scope. Follow-up meetings may occur before the official proposal is submitted. No payment is required at the time of proposal submission.

2. Submission of Application

The URA and SEA require the submission of a formal application in order to consider private developer's proposed Lower Hill Development Fund investment in the Lower Hill District. The owner's application must include project development costs for purposes consistent with the Lower Hill LERTA district legislation and these guidelines. The application shall contain infrastructure costs, contractor estimates, and a construction contract containing a detailed scope of work. Optionee must also submit a Sustainability Plan, an M/WBE Plan evidencing goals of 18% MBE and 7% WBE participation, and a MWI Plan, evidencing 12% MWI participation. The application shall be submitted sixty (60) days before the desired URA or SEA approval and prior to construction commencing. The application shall qualify as a formal application to the Lower Hill Development Fund.

The completed application should be returned to:

Urban Redevelopment Authority of Pittsburgh
Development Services

Attention: Chief Development Officer
412 Boulevard of the Allies, Suite 901
Pittsburgh, PA 15219
Phone: (412) 255-6612

OR

Sports & Exhibition Authority of Pittsburgh and Allegheny County
Attention: _____
171 10th Street, 2nd Floor
Pittsburgh, PA 15222
Phone: (412) 393-0204

3. Review of Application and Meeting with URA's Development Services Department or the SEA's [_____] to Discuss Application

The URA's Development Services department or the SEA's _____ will review the application. If changes are needed to the proposal, multiple meetings may be necessary. If work is proposed in the City's Right of Way, then an approval letter from the City of Pittsburgh Department of Mobility and Infrastructure (DOMI) shall be included. Approval letters from other agencies as appropriate may be included in the review.

4. Fees

(a) **Application Fee:** \$5,000.00 non-refundable - due with the submission of the application to the applicable Public Authority. URA or SEA staff will not begin their review of the application until the Application Fee has been processed.

(b) **Legal Fees.** \$ _____; non-refundable, due on financial closing.

(c) **Grant Administrative Fee/Loan Origination Fee:** Three (3%) of the amount of the Lower Hill Development Fund grant or loan, due on financial closing.

(d) **Reporting Fees.** \$1,000.00 review is due with the submission of each Bi-Annual Report.

(e) **Auditing Fees.** The recipient of the Retained Amount will pay the actual cost of any audit of the Retained Amount. An estimate will be provided prior to the commencement of said audit and the recipient of the Retained Amount will make a deposit equal to the estimate prior to the commencement of said audit.

The fees notated above are standard fees but may be subject to change for a nonstandard request. Depending on other costs or services related to specific projects supported by the Lower Hill Development Fund, other fees may be applicable.

5. Bi-Annual Reporting Requirements

After URA or SEA Board approval of the proposed Lower Hill Development Fund investment, the owner shall submit a bi-annual report in June and December of each year. That report shall include a detailed accounting of the actual Lower Hill Development Fund investment, substantiated by invoices paid. The bi-annual reporting shall also include related inspection reports. Each bi-annual report shall include a comprehensive accounting of cumulative LERTA benefits.

6. Application Certifications

Each applicant for the Lower Hill Development Fund shall execute a commitment letter with the URA or SEA containing the following the language:

I/We certify:

1. That all information in this application is true and complete to the best of my/our knowledge and is submitted to URA/SEA, for the purpose of obtaining approval of project development costs for purposes consistent with the Lower Hill District LERTA legislation and the Lower Hill Development Fund Guidelines with respect to the use of the Lower Hill Development Fund.
2. That I/we have received a copy of the Lower Hill Development Fund Guidelines with respect to use of the Lower Hill Development Fund.
3. That I/we will not discriminate on the basis of race, color, sex, religion, marital status, disability, age, sexual orientation or national origin.
4. That I/we do not have a business relationship (as stockholder, partner, member, agent, representative or employee) or family relationship with any person who is or who was, within one (1) year prior to the date of this application, an employee of the URA.

All applicants for loans or grants from the Urban Redevelopment Authority of Pittsburgh are requested to disclose if they are employees or related to employees of the URA or the City of Pittsburgh. If an applicant is an employee of the City or URA, or related to a City or URA employee, a formal Conflict of Interest waiver must be presented to the URA's Board of Directors.