

**SUBCOMMITTEE REPORT**

(Please use one report for each subcommittee recommendation)

Subcommittee Name	Development Financing Toolbox
Subcommittee Chairperson(s)	Michael P. Pehur
Title of recommendation	<b>New Pittsburgh Neighborhood Development Fund</b>
Describe the recommendation	In 2014, payments from a portion of the County's RAD tax that were pledged to pay (bond) debt service on the original Pittsburgh Development Fund will cease. Re-pledge these revenues to create a new revolving loan fund to facilitate small and medium sized redevelopment projects. Fund will provide patient, low-interest financing for projects City-wide. The URA can utilize to prepare shovel-ready development sites and partner with developers on speculative buildings. Project review to focus on non-traditional benefits (beyond job creation) including neighborhood demographics, transformational (anchor) buildings, intermodal infrastructure, sustainable building technologies, etc.
Is this an immediate or long term recommendation?	Immediate (2014)
How will this address our challenges or reach our goals?	Small and medium sized projects, especially those with a speculative component, often face financing gaps. Provide funding targeted to economically disadvantaged areas. Revise project review guidelines to focus on new policy goals beyond traditional project benefits.
What are the obstacles to implementation?	RAD can choose to utilize RAD tax revenues for other uses. Other County-wide RAD priorities also face funding shortfalls.
Who needs to be involved?	Allegheny Regional Asset District Board, Mayor, City Council, URA, neighborhood groups, development community.
What city resources need to be invested?	None.
What will be different if the recommendation is adopted?	If adopted, the City will continue to have a revolving loan fund available to facilitate priority redevelopment efforts.

Describe any background materials that you consulted	Insight from the URA Executive Director.
Have other cities implemented this recommendation?	Many cities have such local revolving loan funds available. Pittsburgh currently has the Pittsburgh Development Fund which has provided significant financing for high impact projects throughout the City. This new fund would replace/augment existing program.
Are there any other considerations?	

Subcommittee Name	Development Financing Toolbox
Subcommittee Chairperson(s)	Michael P. Pehur
Title of recommendation	<b>Lobby Commonwealth for Increased Funding for Urban Redevelopment Efforts.</b>
Describe the recommendation	Funding levels have decreased significantly from mid-2000 levels. Pittsburgh must join Philadelphia and other principal cities of the Commonwealth to ensure resources continue to be directed to urban redevelopment efforts. This includes creation of special funding districts in targeted areas of Pittsburgh that allow for the reinvestment of incremental state taxes (based on existing PA DCED CRIZ program for third class cities as well as NIZ program used in Allentown for 130-acre downtown redevelopment including new Lehigh Valley Phantoms 10,000-seat hockey arena).
Is this an immediate or long term recommendation?	Immediate (2014)
How will this address our challenges or reach our goals?	Improve access to capital for transformative projects in disadvantaged neighborhoods.
What are the obstacles to implementation?	Budgetary constraints of the Commonwealth.
Who needs to be involved?	Mayor, City Council, URA, neighborhood groups, development community, Governor, Local Legislative Delegation, PA DCED.
What city resources need to be invested?	Limited. Mostly political capital. Time of elected officials and key staff in lobbying efforts.
What will be different if the recommendation is adopted?	Restore urban development resources to previous levels. Access to a powerful new funding tool for transformative urban redevelopment efforts.
Describe any background materials that you consulted	URA Executive Director. PA DCED CRIZ and NIZ Guidelines.
Have other cities implemented this recommendation?	Many cities utilize tools at the State level to help fill funding gaps inherent in complex urban redevelopment projects.
Are there any other considerations?	CRIZ and NIZ were created specifically to allow for smaller and mid-sized cities to compete for investment opportunities. Impression exists that Pittsburgh can utilize other tools not available to these other cities.

Subcommittee Name	Development Financing Toolbox
Subcommittee Chairperson(s)	Michael P. Pehur
Title of recommendation	<b>Pittsburgh LERTA</b>
Describe the recommendation	Revise the existing City-wide LERTA program. Focus on targeted economically distressed neighborhoods. Allow for a general exemption schedule for all eligible projects. More significant redevelopment efforts can apply to URA for increased exemption based upon project impact. Review ability to set aside a portion of the incremental taxes retained by the City to supplement other community development funding such as CDBG.
Is this an immediate or long term recommendation?	Immediate (2014)
How will this address our challenges or reach our goals?	Facilitate redevelopment within economically disadvantaged neighborhoods/targeted areas. Increased resources available to leverage other community development funds.
What are the obstacles to implementation?	Budgetary constraints of the City.
Who needs to be involved?	Mayor, City Council, URA, neighborhood groups, development community.
What city resources need to be invested?	Incremental real estate taxes resulting from increased building assessed values.
What will be different if the recommendation is adopted?	More specific focus for LERTA Program. Increased awareness of availability. Improved benefit for transformative projects.
Describe any background materials that you consulted	n/a
Have other cities implemented this recommendation?	Many Cities provide real property tax exemption for targeted redevelopment areas.
Are there any other considerations?	URA and City Council resources would be diverted to review and approve larger projects under a different exemption schedule.

Subcommittee Name	Development Financing Toolbox
Subcommittee Chairperson(s)	Michael P. Pehur
Title of recommendation	<b>Pittsburgh TIF Program</b>
Describe the recommendation	Revise URA TIF Guidelines to focus on district-wide TIF implementation and expand to include parking tax as well as real estate tax where applicable.
Is this an immediate or long term recommendation?	Immediate (2014)
How will this address our challenges or reach our goals?	District-wide TIF will help fund shared infrastructure necessary to facilitate redevelopment beyond a specific project site. Project review will focus on larger scale community benefits. TIF can be made available for smaller scale speculative redevelopment projects in economically disadvantaged neighborhoods as well.
What are the obstacles to implementation?	Availability of up-front funding for speculative district-wide TIF Districts. Commonwealth statutory requirement that not more than 10% of City assessed value is within TIF Districts. City, School District and County budgetary pressures.
Who needs to be involved?	Mayor, City Council, Pittsburgh School District, Allegheny County, URA. Possibly Governor and Local Legislative Delegation if amendment of TIF Act is required.
What city resources need to be invested?	Incremental real property and potentially parking tax revenues.
What will be different if the recommendation is adopted?	Ensure project benefits beyond specific development site.
Describe any background materials that you consulted	Various national TIF programs.
Have other cities implemented this recommendation?	Many cities across the nation employ the district-wide, or speculative, use of TIF.
Are there any other considerations?	Decision as to whether to employ TIF or LERTA in targeted areas.

Subcommittee Name	Development Financing Toolbox
Subcommittee Chairperson(s)	Michael P. Pehur
Title of recommendation	<b>Innovation Capital</b>
Describe the recommendation	Expand access to growth capital for small and medium sized firms in targeted industries (health care, energy, financial services, etc). Continue to leverage Commonwealth and federal resources. Enhance URA ability to offer tax-exempt financing. Seek to supplement efforts with non-traditional funding sources such as those from the Foundation community, corporate pledges and/or PILOT payments from non-profits.
Is this an immediate or long term recommendation?	Long-term
How will this address our challenges or reach our goals?	Foster entrepreneurship. Leverage resources of local industries and Universities. Create and retain high paying jobs.
What are the obstacles to implementation?	Dedicated source of funding. Difficulty in assessing potential of startup enterprises (high risk). Willingness of other partners to participate.
Who needs to be involved?	Mayor, City Council, URA, local industry, Universities, Foundation community (local, regional and national).
What city resources need to be invested?	TBD.
What will be different if the recommendation is adopted?	Greater amount of funding available. Less competition against other economic development initiatives.
Describe any background materials that you consulted	Various programs that seek to foster innovation and small business development.
Have other cities implemented this recommendation?	Many cities across the nation provide early stage capital to encourage business development, growth and retention.
Are there any other considerations?	n/a