

# Urban Redevelopment Authority of Pittsburgh Proposed Hazelwood - Almono TIF District

## Tax Increment Financing Plan

### Outline

1. The Hazelwood - Almono Tax Increment Financing (TIF) District (see map page 33)
2. Proposed 178 acre mixed-use development with estimated square footage:
 

– Office	621,000 square feet
– Retail	163,254 square feet
– Parking Garage	6,803 spaces
– Industrial	507,000 square feet
– Commercial	370,545 square feet
– Neighborhood Institution	67,000 square feet
– Residential	1,650,284 SF (1,563 units)
– Common Open Space	26 acres
3. Estimated Project Costs, including Infrastructure Improvement
 

– Building Development	\$849,170,427
– Transportation Improvements & ROW Construction	\$93,861,246
– Structured Parking	\$34,829,573
– Utilities & Stormwater	\$18,631,254
– Site Acquisition & Pre-development Work	\$17,000,000
– Open Space	\$12,500,000
– Site Preparation and Environmental Remediation	<u>\$8,125,000</u>
<b>Total Estimated Project Costs</b>	<b>\$ 1,034,117,500</b>
4. Estimated TIF Proceeds/Increment \$80,000,000
5. Use of TIF Proceeds/Increment
 

– Off-site Transportation Improvements	\$36,546,000
– Stormwater and Utility Infrastructure	\$15,935,000
– On-Site Transportation and Parking Infrastructure	\$13,169,000
– Public Open Space	\$10,000,000
– Site Preparation and Environmental Remediation	<u>\$4,350,000</u>
<b>Total Use of TIF Proceeds/Increment</b>	<b>\$ 80,000,000</b>

6. Estimated Total Cost of Proposed Improvements and Public Infrastructure to be partially funded with TIF proceeds/Increment:

– Off-site Transportation Improvements	\$80,050,000
– Stormwater and Utility Infrastructure	\$18,631,254
– On-Site Transportation and Parking Infrastructure	\$13,811,246
– Public Open Space	\$12,500,000
– Site Preparation and Environmental Remediation	<u>\$8,125,000</u>

**Total Costs of Infrastructure Improvements** **\$133,117,500**

7. Estimated Sources of Funds for Infrastructure Improvements:

– TIF Proceeds and/or Tax Increment <sup>1</sup>	\$80,000,000
– State and Federal Sources (not yet acquired) <sup>2</sup>	\$20,000,000
– Developer Contribution	\$15,278,000
– Almono LP Land Sales	\$12,317,500
– Penn Works Grant	\$3,000,000
– Business in our Sites (BOS) Loan	\$2,000,000
– GEDF Grant	\$500,000
– Industrial Site Reuse Program (ISRP)	<u>\$22,000</u>

**Total Infrastructure Improvement Funding** **\$133,117,500**

8.		
a)	Current assessed value of taxable real property in the proposed Hazelwood-Almono TIF District	\$5,367,242
b)	Projected estimate of assessed value of taxable real property	\$456,530,014
9.	Proposed Term of the TIF District	20 years

<sup>1</sup> Almono LLC will provide an initial \$10,000,000 in loan funding to facilitate early site preparation and as the first step in self-funding, at least initially, the TIF project.

<sup>2</sup> Project anticipates a RACP grant of \$12,000,000. If the project does not receive that funding, additional PennVEST, BOS and/or partner contribution will be acquired.

10. Proposed Distribution of Real Estate

- 65% Pledged to TIF Financing(s) or to pay costs of the TIF Project
- 35% Distributed Pro Rata to the Three Taxing Bodies

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- a. Current Annual Real Estate Tax Revenue of the proposed Hazelwood-Almono TIF District \$117,757
- b. Projected Annual Real Estate Tax Revenue within the TIF District Following Improvements: \$10,016,269

12. Projected Annual Real Estate Taxes Generated After Full Development (based on current millage at 2% discount)<sup>3</sup>

	Current	Tax Increment	Total
<b>City Real Estate (7.56 mills)</b>	\$40,576	\$3,410,791	\$3,451,367
<b>County Real Estate (4.73 mills)</b>	\$25,387	\$2,134,000	\$2,159,387
<b>School District Real Estate (9.65 mills)</b>	\$51,794	\$4,353,721	\$4,405,515
<b>Total Taxes (100%)</b>	<b>\$117,757</b>	<b>\$9,898,511</b>	<b>\$10,016,269</b>

13. Projected Annual Real Estate Amounts to TIF Project (65%) and Taxing Bodies (35%)

	TIF Project (65%)	Taxing Bodies (35%)	Total Increment
<b>City Real Estate Tax</b>	\$2,217,013	\$1,193,777	\$3,410,791
<b>County Real Estate Tax</b>	\$1,387,100	\$746,900	\$2,134,000
<b>School District Real Estate Tax</b>	\$2,829,918	\$1,523,802	\$4,353,721
<b>Total Taxes</b>	<b>\$6,434,032</b>	<b>\$3,464,479</b>	<b>\$9,898,511</b>

14. Projected Jobs Created:

- a. Construction Phase Total Full-Time Jobs Created: 320 FTE
- b. Projected Number of Permanent On-Site Jobs: 4,774 FTE

15. TIF District Creation Date: Fall 2013

<sup>3</sup> Based on 2013 tax millage rates

## 16. Parcels included in proposed TIF District:

<b><u>Lot &amp; Block</u></b>	<b><u>Address</u></b>
11-R-4-01	Tecumseh Street
56-J-300	Tecumseh Street
56-J-325A	Tecumseh Street
56-J-325A-01	Tecumseh Street
56-J-325A-02	Tecumseh Street
56-J-350	Tecumseh Street
29-L-55	3 2 <sup>nd</sup> Avenue
29-R-10	Railroad
29-S-275-02	Greenfield Avenue
29-S-280	2 <sup>nd</sup> Avenue
29-S-290	R/W
29-S-290-01	Greenfield Avenue
29-S-296	R/W
30-D-175	2 <sup>nd</sup> Avenue
30-D-175-01	Monongahela RR
30-D-175-A	Greenfield Avenue
30-D-200	R/W
30-D-200-01	Greenfield Avenue
30-H-125	2 <sup>nd</sup> Avenue
30-M-50	Rutherglen Street
30-M-60	Rutherglen Street
31-D-75	Rutherglen Street
31-D-80	Longworth Street
31-D-90	Longworth Street
31-H-25	R/W

**Hazelwood - Almono TIF**  
**INITIAL RESOLUTIONS - Completed**

**URA**

Inducement Resolution

Thur., January 10, 2013

**County**

First Reading

Tue., March 5, 2013

Economic Dev. Committee

Tue., March 12, 2013 @ 4:00

Second Reading

Tue., March 19, 2013 @ 5:00

**School**

Pre-meeting w/Business/Finance Committee

Mon., March 11, 2013 @ 8 AM

Business/Finance Committee Meeting

Mon., March 11, 2013 @ 8 AM

Agenda Review

Wed., March 20, 2013

Legislative Meeting

Wed., March 20, 2013

**City**

Send Legislation

Tue., February 25, 2013

Introduce Legislation

Tue., March 5, 2013

Committee Discussion

Wed., March 13, 2013

Final Vote

Tue., March 19, 2013

Draft TIF Plan CIRCULATED

Wed., April 17, 2013

TIF Committee Meeting

Thur., April 18, 2013 @ 10AM

Follow-up TIF Committee Meeting

Thursday, May 2, 2013

Send final TIF plan to TIF Committee  
along with draft resolutions

Tuesday, May 7, 2013



# Urban Redevelopment Authority of Pittsburgh Hazelwood-Almono

## Tax Increment Financing Plan

June 2013

### I. Introduction

#### 1. Overview of The Almono Partnership

The former LTV Hazelwood site was purchased in 2002 by Almono, LP, a partnership having Pittsburgh foundations as limited partners with the RIDC Southwestern Pennsylvania Growth Fund as the sole member of Almono, LLC, the general partner of Almono, LP. The Almono limited partners are: the Claude Worthington Benedum Foundation, the Howard Heinz Endowments, Strategic Regional Developments, Inc. and RIDC Southwestern Pennsylvania Growth Fund. The primary purpose of this partnership was the acquisition of the 178-acre LTV Steel Hazelwood site. The partnership was convinced that this riverfront site offered a rare opportunity to set a new standard for urban riverfront property development. The name “Almono” came from the three Pittsburgh rivers: the Allegheny, Monongahela, and the Ohio.

Although the Almono partner foundations have not engaged in tax increment financing (TIF), RIDC has experience in TIF, state funding and brownfield redevelopment.

RIDC has secured TIF funding as part of the development of the Collaborative Innovation Center on Forbes Avenue in Oakland. Also, RIDC collaborated with the URA in the development of the Pittsburgh Technology Center and participated in the use of TIF funds created there. RIDC is the largest developer of brownfields in western Pennsylvania developing over 3,400 acres in its history and having seven million square feet of property in its current inventory.

#### Development Structure

Almono LP has begun with initial land preparation and public infrastructure construction. Work will continue through 2015 (concurrently with building construction) in order to make the site “development ready.” By 2014 the site is projected to “go vertical” with building development. At that time parcels will be sold to private developers and private land owners as the market determines. Almono has estimated the absorption for the type of land (and corresponding building construction) for the next 20 years in order to estimate cash flow and

return on investment. Almono anticipates creating a Neighborhood Improvement District (NID).

## **2. Overview of The Almono Project:**

The Almono site is located in the Hazelwood neighborhood of the City of Pittsburgh alongside the Monongahela River. At its north end, it is adjacent to the Pittsburgh Technology Center and in close proximity to Oakland. Its southern end touches the “Below the Tracks” part of the Hazelwood community. The Almono site is in close proximity to downtown Pittsburgh and Oakland, two of the largest employment centers in Pennsylvania. The objective of the Almono development is to pull additional attention and investment to an area that has experienced substantial disinvestment.

The site is connected by a signature boulevard and trail that weaves along the river’s edge, under the working railroad, past the site’s new and repurposed industrial buildings, through new neighborhoods and parks, and into Hazelwood’s existing neighborhood street grid. The vision connects Hazelwood to the shores of the Monongahela River while working within the realities of property lines, infrastructure, and railroads so that development can readily move forward in various ways. Opportunity is motivated by market demand, continued innovation, job growth, and entrepreneurship. Along the mile-and-a-half long signature boulevard, a mixture of proposed uses support these conditions and offer a wide range of development and “place-making” opportunities in four “districts.”

Public open spaces throughout the districts include plazas, river park spaces, passive park areas, and active open spaces, including a sports field. These unique events will attract people to the site and connect to dedicated trails, walks, and road networks. The plan anticipates and allows for future transit and area road network changes. Over time, the distinct collection of open spaces and trails will link the green hillsides and community of Hazelwood to the Monongahela River.

Together, the signature road, the four districts, and the road and open space networks will create a profound riverfront address for the communities of the Hazelwood Peninsula. The vision will invite new development and economic opportunity while providing links between the river, the hills, the neighborhoods, and communities that surround and flow down through the site.

Land Use Intent:

The 178-acre site will function as distinct, yet complementary and interconnected districts, each with mixtures of different allowed uses and unique and meaningful places.

At the north end of the site, taller mixed-use office and residential buildings will link to the “eds and meds” of Oakland and reflect the uses of the Downtown Business Center, and the mixed-use qualities of the South Side, while also reflecting the neighborhood qualities of adjacent Glen Hazel, Greenfield, and Squirrel Hill.

At the south end of the site, a fully connected neighborhood street grid will align with the existing streets of Hazelwood. In the middle of the site, two districts will accommodate clean industrial uses, offices, and the repurposed use of the railroad roundhouse.

Renovation:

The site contains two existing structures, the Mill 19 building and the former railroad roundhouse. Almono hopes to attract private investment to reuse these buildings.

Building Square Feet:

In 20 years, over three million square feet of industrial, office, residential, and mixed-use is expected to be developed, with approximately 1,563 units of housing. At maximum planned density, the site could accommodate over five million square feet. Because the development will be determined by market forces, these estimates, especially their order, may change over the 20-year time period.

**3. Project Scope for TIF Project**

The Almono site has considerable infrastructure needs in order to prepare the area for the full development of the site. The “TIF Project” includes Site Preparation and Environmental Remediation, Roads and Rights of Ways, Off-site Transportation Improvements and other TIF-eligible infrastructure, Stormwater and Utility Infrastructure, and Public Open Space.

The TIF project scope will include but is not limited to building the signature boulevard, improving intersections throughout Hazelwood, creating multiple

acres of Public Open Space, and an integrated system of green stormwater infrastructure. Each component described in additional detail in the next section.

#### **A. Site Preparation and Environmental Remediation:**

The site requires various work to be completed before parcels can be sold and developed, this includes: selective demolition, environmental remediation activities, distribution of existing soil stockpiles to establish the initial grade, pre-construction stormwater management and relocation of existing infrastructure.

Prior to beginning the land development stage, the existing trail through the site will be relocated by establishing continuity of the Eliza Furnace trail onto Second Avenue through the site and then into the neighborhood. With the initial phase of infrastructure development the trail will be relocated along the signature boulevard. The erosion and sedimentation control plan identifies and establishes three basins to store and treat preconstruction stormwater. These basins will be placed to align with future open space where possible.

The total budget for Site Preparation is \$8,125,000, of which \$4,350,000 is expected to be TIF Funds.

For additional details, please see Exhibit C.

#### **B. On-Site Transportation and Parking Infrastructure**

The Almono site plans 56 acres of rights-of-way. Rights-of-way accommodate the flow of motorists, pedestrians, and bicyclists through a connected network of streets that extend throughout the site. This connection continues beyond the site boundaries to neighboring communities and the region. Rights-of-way play a critical role in defining the place-making characteristics of the development and the interaction between public space and buildings, promoting social interaction and street level activity.

Almono's pedestrian network provides a circulation network that includes sidewalks and the river trail. With multiple points of connection, pedestrians can move between the complete streets network and the trail which connects the site to the larger regional trail network.

The intent of the Almono site is to provide a comprehensive cycling plan that encourages bicycle access throughout the site, supports alternative transportation, and promotes healthy lifestyles. Strategies include: cycle tracks, bike lanes, shared lanes, and parking infrastructure.

Almono envisions the site to be a dense urban neighborhood with parking infrastructure that supports the needs of this multi-modal neighborhood.

The total budget for On-Site Transportation and Parking Infrastructure is \$13,811,246, of which \$13,169,000 is expected to be TIF funds.

For additional details, please see Exhibit C.

### **C. Off-Site Transportation Improvements:**

The Almono site is in close proximity to multiple transportation systems, including rail, highway, state route, neighborhood streets, and regional trails. The complex and interconnecting transportation systems form a network of connections around and through the Almono site. The intent of the Almono transportation plan is to provide connections to the surrounding city network and to allow for on-site connections that align with City imperatives and long range transportation planning efforts.

Due to its location and adjacency to State Route 885, the Almono site requires study and coordination with both the City of Pittsburgh and Pennsylvania Department of Transportation (PennDOT). The development team has worked closely with PennDOT and the City Departments to identify the need for a series of roadway improvements in the vicinity of the site that directly benefit and serve the project. The improvements will be implemented to provide immediate relief to existing congestion and to permit the progression of the development anticipated.

The scope of work for the transportation study, as defined by PennDOT, is focused on the initial phase of development anticipated in the first five years. Proposed improvements range from improved and coordinated signals to the incorporation of turn lanes where feasible. The development team will work with the City to establish an appropriate timeline and sequence for the improvements.

For long term build out of the site, the transportation model identified significant existing regional transportation system deficiencies and identified opportunities for modifications. Improvements to the regional transportation network, over the next 20 years, will be necessary to welcome growth and investment in this area of the City to mitigate projected congestion and accommodate the full build out of the Almono site. Almono LP in conjunction with City Planning and PennDOT will be collaborating with Carnegie Mellon to do smart systems traffic monitoring to help determine future phases of transportation improvements.

Almono is making best efforts to accommodate yet undefined transportation improvements, including but not limited to, mass transit and related infrastructure.

Because PennDOT requires studies at five-year intervals, off-site transportation improvements reflect the outcome of discussions with City Planning on long-term transportation improvements.

The total budget for Off-Site Transportation Improvements is \$80,050,000, of which \$36,546,000 is expected to be TIF funds.

For additional details, please see Exhibit C.

#### **D. Stormwater and Utility Infrastructure Improvements:**

The initial utility infrastructure will be located within the right-of-ways for the Signature Boulevard and Hazelwood Avenue. These right-of-ways will serve as a utility spine moving across the site, providing access to service for future development. The development will provide primarily new utilities. That being said, several existing utility easements are located on site and will remain. All utilities will be located below grade within the cartway, including service access and controls. Above grade utility boxes will not be permitted.

Water, storm sewer, and sanitary sewer lines will be located within the vehicle lanes. Where right-of- way assemblies will be phased, placement of utility lines may be coordinated with anticipated full build out to allow for district energy or other green energy models.

Because the City of Pittsburgh has combined storm and sanitary sewer infrastructure, it is vulnerable to overflow during periods of heavy precipitation. This overflow contains pollutants from untreated sewage as well as debris from impervious paved areas.

The Almono site aims to not only implement systems that have adequate capacity to retain and discharge water runoff, but also plans to utilize green and natural infrastructure to lessen the burden on the manmade infrastructure. The goal of the Almono LP team is to respond to changing standards by providing flexibility to allow development that meets current standards while concurrently working to promote new systems with the evolving site design<sup>4</sup>. The team will achieve this by working with City

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<sup>4</sup> To the extent possible given the site's involvement in the Land Recycling Program (Act 2)

partners to manage regulatory and maintenance standards. Almono is also working with PWSA and ALCOSAN on design to accommodate regional priorities.

The total budget for Stormwater and Utility Infrastructure Improvements is \$18,631,254, of which \$15,935,000 is expected to be TIF funds.

For additional details, please see Exhibit C.

**E. Public Open Space:**

The interconnected rights-of-way network is neighbored by open spaces that establish the character and provide destinations in each Almono district for community residents and for the larger regional community. Each open space defines a meaningful destination and function intended to balance recreation, preservation of the natural environment, area infrastructure, and stormwater management. Features within open spaces may include trailheads, public gathering places, or ecological infrastructure.

The Almono site has planned for 19-27 acres of this Common Open Space, making up between 11%-15% of the site. Common Open Space includes publicly-accessed land within the public realm. They take the shape of passive and active parks, plazas, trails, and supporting infrastructure.

The total budget for Public Open Space is \$12,500,000 of which \$10,000,000 is expected to be TIF funds.

For additional details, please see Exhibit C.

#### **4. TIF District Details**

The current assessed value of the property is \$5,367,242. Based on the assumptions listed below, we expect the total assessed value to be approximately \$457 million in 20 years.

The site currently produces less than \$200,000 in local property taxes each year. After full build-out, those annual taxes are expected to be approximately \$10,050,553 of which \$9,932,796 is expected to be the full increment. During the life of the TIF, the project will divert 65% of the tax increment (“pledged increment”). A portion of the pledged increment will be used to pay back the \$10M infrastructure loan by Almono LP, and subsequent borrowings and/or to pay project costs. During the term of the TIF, the taxing bodies will receive 35% of the unpledged increment taxes (“unpledged increment”) plus the base taxes of \$117,757. After the TIF expires, the taxing bodies will receive the full amount of property tax revenue generated by the site. Eligible TIF projects will also be funded with tax increment, in a pay-as-you-go approach. Almono LP initially expects to utilize a \$10 M revolver loan from the Almono Partners (along with grant funds and other loans), which will provide the necessary cash flow to enable development to commence. The TIF increment will be used to repay this loan, allowing for additional lending from the Foundation Partners. If a TIF Bond or Note is issued, the increment would also be used to repay the TIF Bond or Note.

The planned development will create a dense and better utilized site that will produce substantially more tax revenue and generate significant employment. The economic impact analysis of the proposed site estimates that, after full build-out, 4,774 new full-time equivalent jobs and 427 construction jobs will be created. The projected assessed value of taxable real property following improvements in the Hazelwood -Almono TIF District will be over \$400 million.

Additional details regarding economic impacts can be found in Exhibit H.

#### **5. Hazelwood-Almono - Redevelopment Area**

The project is located within the Lower Hazelwood Redevelopment Area (#12) See Exhibit D.

## II. Projected Budget for Improvements Financed with TIF Proceeds/Increment

Pledged tax increment and/or TIF Bond(s)/Note(s) will be used to repay the costs incurred by Almono LP for the items described below. The projected costs for these improvements are as follows:

### Use of TIF Proceeds/Increment

– Off-site Transportation Improvements	\$36,546,000
– Stormwater and Utility Infrastructure	\$15,935,000
– On-Site Transportation and Parking Infrastructure	\$13,169,000
– Public Open Space	\$10,000,000
– Site Preparation	<u>\$4,350,000</u>

**Total Use of TIF Proceeds/Increment** **\$80,000,000**

Estimated Total Cost of Proposed Improvements and Public Infrastructure to be partially funded with tax increment and/or TIF proceeds:

– Off-site Transportation Improvements	\$80,050,000
– On-Site Transportation and Parking Infrastructure	\$13,811,246
– Stormwater and Utility Infrastructure	\$18,631,254
– Public Open Space	\$12,500,000
– Site Preparation	<u>\$8,125,000</u>

**Total Costs of Infrastructure Improvements** **\$133,117,500**

Estimated Sources of Funds for Infrastructure Improvements:

– TIF Proceeds and/or Tax Increment <sup>5</sup>	\$80,000,000
– State and Federal Sources (not yet acquired) <sup>6</sup>	\$20,000,000
– Developer Contribution	\$15,278,000
– Almono LP Land Sales	\$12,317,500
– Penn Works Grant	\$3,000,000
– Business in our Sites (BIOS) Loan	\$2,000,000
– GEDF Grant	\$500,000
– Industrial Site Reuse Program (ISRP)	<u>\$22,000</u>

**Total Infrastructure Improvement Funding** **\$133,117,500**

<sup>5</sup> Almono LLC will provide an initial \$10,000,000 in loan funding to facilitate early site preparation and as the first step in self-funding the project, at least initially.

<sup>6</sup> Project anticipates a RACP grant of \$12,000,000. If the project does not receive that funding, additional PennVEST, BOS and/or partner contribution will be acquired.

Pledged incremental taxes shall be applied either: (a) directly toward the Project Costs (as defined in the Tax Increment Financing Act (53 P.S. §6930.1 et seq.) of public improvements and public infrastructure together with related costs; or (b) indirectly, to the support and service of debt incurred to finance said capital costs, together with related costs. In either event, incremental taxes will be applied so long as and until the cumulative and aggregate amount of such taxes, applied directly or indirectly, has produced the funds necessary to pay for such expenditures or to pay off debt. The sum of (1) any tax increment used directly to pay project costs (or to reimburse the developer for project costs paid by it) plus (2) the proceeds of tax increment financing obligations, cannot exceed the lesser of \$80 million and 10% of total project costs.

### **III. Economic Impact Analysis**

In March 2013, the URA retained Integra Realty Resources in order to estimate the economic impact of the planned \$80M investment. Excerpts from The Hazelwood-Almono Impact Analysis are included as an Exhibit H.

## IV. Economic Feasibility Analysis

### 1. Sources and Uses

A. Estimated Total Cost of Proposed Improvements and Public Infrastructure to be partially funded with TIF proceeds/Increment:

– Off-site Transportation Improvements	\$80,050,000
– Stormwater and Utility Infrastructure	\$18,631,254
– On-Site Transportation and Parking Infrastructure	\$13,811,246
– Public Open Space	\$12,500,000
– Site Preparation and Environment Remediation	<u>\$8,125,000</u>

**Total Costs of Infrastructure Improvements** **\$133,117,500**

B. Estimated Sources of Funds for Infrastructure Improvements:

– TIF Proceeds and/or Tax Increment <sup>7</sup>	\$80,000,000
– State and Federal Sources (not yet acquired) <sup>8</sup>	\$20,000,000
– Developer Contribution	\$15,278,000
– Almono LP Land Sales	\$12,317,500
– Penn Works Grant	\$3,000,000
– Business in our Sites (BIOS) Loan	\$2,000,000
– GEDF Grant	\$500,000
– Industrial Site Reuse Program (ISRP)	<u>\$22,000</u>

**Total Infrastructure Improvement Funding** **\$133,117,500**

C. Tax Increment Financing

Exhibit A contains the TIF financing projections for the Hazelwood-Almono TIF District, which Almono LP is planning to self-finance. Almono LP expects to secure the initial \$10 M financing in 2013 and draw over three years as needed, with subsequent borrowings as development occurs. Pledged real estate tax increment generated from the proposed development parcels would be applied to reimburse Almono LP for project costs and consequently would serve as the repayment source for the initial and subsequent borrowings. Total increment and proceeds from TIF financings are estimated to yield approximately \$80,000,000,

<sup>7</sup>Almono LLC will provide an initial \$10,000,000 in loan funding to facilitate early site preparation and as the first step in self-funding the project.

<sup>8</sup> Project anticipates a RACP grant of \$12,000,000. IF the project does not receive that funding, additional PennVEST, BOS and/or partner contribution will be acquired.

which would be used in part to build off-site transportation improvements, stormwater and utility infrastructure, on-site transportation and parking infrastructure, public open space, site preparation and environmental remediation.

If Tax Increment Finance (TIF) Bond(s) and/or Note(s) including note(s) are issued to fund a portion of the costs of the Hazelwood – Almono TIF Project, 65% of the School District, City and County incremental real estate taxes on all parcels within the TIF District will be pledged

The sum of (1) any tax increment used directly to pay project costs (or to reimburse the developer for project costs paid by it) plus (2) the proceeds of tax increment financing obligations cannot exceed the lesser of \$80 million and 10% of total project costs.

**2. Pledged Revenues**

With respect to School District, City and County pledged real estate tax increment, 65% of the pledged real estate tax increment from the Pledged Parcels, as defined by the lot & block designations below, will be applied either: (a) directly toward the Project Costs (as defined in the Tax Increment Financing Act (53 P.S. §6930.1 et seq.) of public improvements and public infrastructure together with related costs; or (b) indirectly, to the support and service of debt incurred to finance said capital costs, together with related costs. In either event, incremental taxes will be applied so long as and until the cumulative and aggregate amount of such taxes, applied directly or indirectly, has produced the funds necessary to pay for such expenditures or to pay off debt, subject to the \$80,000,000 limitation described above.

**3. Pledged Parcels**

Lot / Block	Owner
11-R-4-01	Almono LP
56-J-300	Almono LP
56-J-325A	Almono LP
56-J-325A-01	Almono LP
56-J-325A-02	Almono LP
56-J-350	Almono LP

29-L-55	Almono LP
29-R-10	Almono LP
29-S-275-02	Almono LP
29-S-280	Almono LP
29-S-290	Almono LP
29-S-290-01	Almono LP
29-S-296	Almono LP
30-D-175	Almono LP
30-D-175-01	Almono LP
30-D-175-A	Almono LP
30-D-200	Almono LP
30-D-200-01	Almono LP
30-H-125	Almono LP
30-M-50	Almono LP
30-M-60	Almono LP
31-D-75	Almono LP
31-D-80	Almono LP
31-D-90	Almono LP
31-H-25	Almono LP

#### 4. Provisions for Unused TIF Proceeds/Increment

Any Increment or TIF Bond(s)/Note(s) proceeds which remain after financing the capital costs may be used for any other public infrastructure improvements within or servicing the TIF district, provided the sum of (1) any tax increment used directly to pay project costs (or to reimburse the developer for project costs paid by it) plus (2) the proceeds of tax increment financing obligations, cannot exceed the lesser of \$80 million and 10% of total project costs.

## **5. Tax Base for Purpose of Increment Calculation**

Subject to the provision of the Tax Increment Financing Act (53 P.S. §6930.1 et seq.), the taxable market value of each of the Pledged Parcels as of the date of the creation of the District will be used as the “base” for the purpose of calculating tax base with respect to such Pledged Parcel.

As a result, the Taxing Bodies will continue to receive the base taxes from each of the Pledged Parcels throughout the term of the TIF District. The base assessments for these Pledged Parcels are illustrated on the summary entitled Tax Increment Base on Exhibit C on page 28 and 29.

## **6. Real Estate Tax Determination**

In the future, the current system of real estate taxation may be revised and/or reassessments or other changes in the real estate assessment system may occur. Accordingly, any cooperation agreement executed in connection with this TIF Plan likely will provide that, upon the occurrence of such event, such document(s) will be interpreted in a manner which takes all relevant changes into account, including without limitation adjusting the manner of calculation and/or sources of increment, in order to preserve the intended economic results and expectations of the parties (including the purchasers of any TIF Bond(s)/Note(s)) as of the date of the TIF Plan including, but not limited to, the expectations that the minimum amount required to pay the debt service and related expenses on any TIF Bond(s)/Note(s) will be available for such purpose and that all amounts in excess of such minimum amount will be available for the other uses described herein.

## **7. Provision for Real Estate Tax Appeals During TIF**

### **A. Appeals**

The deed transferring title to the original owner (or a declaration recorded against the entire site) shall provide that, following completion of development parcels and the assignment of a real estate assessment by Office of Property Assessments (OPA), (1) the owner shall have the right to appeal the assessment promptly following that initial assignment of a real estate assessment and (2) the assessment following the completion of that appeal process, including any subsequent appeal from the Board of Property Assessment Appeals and Review (BPAAR) to the Court of Common Pleas (or the initial assessment if no appeal is filed), will establish a minimum value (Stabilized Assessment Value) below which the owner may not appeal the assessment during the duration of the TIF,

notwithstanding the fact that the individual parcel(s) may be transferred within that TIF period.

In the instance of a County-wide reassessment, a subsequent appeal would be permitted only if the original intent of establishing a Stabilized Assessment Value (i.e. total tax bill) carries through the life of the TIF. An appeal can occur, during the life of the TIF District, if the value results in taxes that do not go below the established Stabilized Assessment Value

#### B. Payment Agreement

In the event Almono LP pursues TIF Funding consisting of URA issued TIF obligations, the URA will require a negotiated agreement(s) to be executed prior to such issuance which seeks to address any gaps or deficiencies in the actual tax increment.

### **8. Actual Tax Increment in Excess of Assumed Increment**

Any increases in real estate tax revenues from the Pledged Parcels, attributable solely to an increase in assessed value over and above that determined necessary to pay debt service on the TIF Bond(s)/Note(s) or the other uses described in Section II above, including project costs, will be distributed first to reimburse the TIF Project Infrastructure budget and, second to the Taxing Bodies, subject to the \$80,000,000 limitation described above. Any increases in tax revenues from the Pledged Parcels, attributable to increased millage above the current millage by any of the taxing bodies, will be distributed to the Taxing Body that increased the millage rate. Notwithstanding the foregoing, if (1) a County-wide reassessment, a change in the established predetermined ratio or another change in the real estate assessment system occurs, (2) real estate taxes are abolished or terminated and/or (3) a different system of taxation is implemented (all of such events being referred to as a "Change"), this TIF Plan and any related cooperation agreement will be interpreted in a manner which takes all relevant Changes into account, including without limitation adjusting the manner of calculation and/or sources of increment, to preserve the expectations of the parties (including the purchasers of any TIF Bond(s)/Note(s)) as of the date of this TIF Plan, including without limitation those expectations that the amount of incremental tax revenues prior to the Change (or the expected amount of incremental tax revenues if the TIF Project has not been completed) which are available for the TIF Project described herein will be substantially the same following the Change and that all tax revenues in excess of such amount will be available to the Taxing Bodies. In such case, any references herein to the tax base, base assessment, predetermined ratio, millage rate and similar terms will be construed in a manner which takes

into account such Change, while preserving the intended economic results of the TIF Plan.

## **9. Interest Earnings**

Although not currently expected, if the URA issues a TIF obligation, then any interest earnings on collected increment will be used towards debt service. Prepayment of the TIF Bond(s)/Note(s) may also be permitted.

## **10. Financial Details**

The Hazelwood-Almono TIF District is on schedule to be established in 2013. If new TIF Bond(s)/Note(s) are issued through the URA, the Developer(s), or a related entity acceptable to the URA, will enter into an agreement of the nature described under Payment Agreement above.

The specific terms and structure of the TIF Bond(s)/Note(s) will be determined at the time of issuance. All URA-issued TIF Bonds(s)/Note(s) issued for the Hazelwood – Almono project will be required to be retired no later than 20 years past the approval date of the TIF district.

TIF Bond(s)/Note(s) proceeds/Increment may be used to pay construction period interest.

Potential TIF Bond(s)/Note(s) are contemplated to be issued as taxable or tax exempt instruments and the analysis as to whether any portion can be tax exempt has not yet been completed. That legal determination will also have an impact on the interest rates and the proceeds to be received.

The specific uses for various sources of funds may be interchanged as necessary to efficiently fund the total project. It is currently anticipated that TIF Bond(s)/Note(s) proceeds/increment will be used to fund construction of off-site infrastructure improvements and other public infrastructure to serve the district.

## **11. Employment Opportunities for Neighborhood Residents**

### **A. Construction Jobs**

Almono is committed to identifying opportunities to connect neighborhood residents to construction jobs on site. Almono is currently working on a program

establishing partnerships with neighborhood organizations, unions, contractors, and other employers. A major goal is to identify specific jobs where there may be opportunities for residents, based on demand and skill level, and to place residents in these jobs.

#### B. Permanent Jobs

Almono LP is working with City, County and community leaders, regional foundations as well as the Pittsburgh Partnership to develop a workforce development strategy in Hazelwood. One goal has been to establish a Workforce Development Program in the community to identify resident skill sets and to connect them to resources, training programs, and ultimately jobs that become available in the development and construction of the site. University partners have also been engaged to connect their resources to the Hazelwood community.

The Almono Partners are committed to connecting Hazelwood residents to employment opportunities, both on the Almono site and throughout the city. Partners provide financial support for Hazelwood organization including Center of Life, the Hazelwood YMCA, among others that exceeds \$4 million.

In addition, the partners are supporting regional efforts with impacts on workforce development in Hazelwood, and continue to focus on connecting Hazelwood residents to regional resources available to them. Financial contributions to regional workforce development infrastructure also exceed \$4 million.

## 12. Community Engagement

Almono LP has been committed to an engagement process with the community during the development process as evidenced by the outreach efforts to date.

The social goals of the development are:

- Be welcomed by and collaborate with the existing communities
- Build synergies by serving a wide range of interests and needs
- Attract a diversity of groups to participate in change making
- Provide access to the river for all people
- Attract new people to the site and to the surrounding neighborhoods

#### A. Community Meetings

Since the start of the vision process in 2010, Almono LP and the consultant team have participated in over 80 meetings across the communities of proximity,

leadership, interest, and service, as well as with potential interested property developers in order to capture a broad range of feedback. This framework for diverse social engagement was established at the outset of the vision and has been continued to the present date. Six public community meetings have been held, specifically planned to reach out to different segments of the neighborhood including Glen Hazel, In the Run, and Below the Tracks. Over 200 people have attended at least one of these meetings, with many residents attending multiple meetings. Community meetings will continue throughout the development as the shared vision is implemented.

#### B. Community Outreach

In addition to meetings, a website for the project has been established that gives information about the vision and the plans for site development. Staff representatives of Almono LP regularly attend meetings for the local community development organizations and continue to meet with parties that are interested in learning about the project. Almono LP is also a member of the Greater Hazelwood Community Collaborative, a collection of over twelve organizations working together in the community. Almono LP has worked with Hazelwood Initiative to publish a monthly article in the Hazelwood Homepage providing updates on the development. Additional media platforms that have been and continue to distribute project information include: radio, television, newspaper, and twitter.

### V. Proposed Zoning Changes

The Hazelwood-Almono TIF District is located within the Hazelwood neighborhood. The Almono project area is currently going through a zoning revision and the process of establishing a Specially Planned District that will be completed in 2013. It is expected that all future uses of the site will be allowed as this process is completed.

### VI. Estimated Non-Project Costs

The TIF infrastructure project is expected to complement and stimulate ongoing development in the Hazelwood neighborhood. Other non-project costs listed under “issuance costs” include URA issuance fees, TIF counsel fee, trustee fee, and fees for preparing the Economic Impact Analysis and Real Estate Underwriting Study. The URA Issuance Fee of 1% covers due diligence and staff management of all activities in connection with the creation of the TIF district and the implementation of the project plan on TIF financing, including adoption of TIF Plan. In consideration of the size of this TIF, URA

recommended a waiver from the Board of Director of the URA TIF Program Guidelines to have this fee reduced to be consistent with the URA board-adopted, general fee policy (Exhibit I). The fee structure is 1% for the first \$4 million, 0.5% for the next \$4 million, and 0.25% thereafter. Thus, if the first draw request for TIF reimbursement is \$10M, the fee due would be \$65,000. If the second draw request was also \$10M, the fee due would be \$25,000. This fee can be an eligible expense of TIF funds. Further, the URA agrees to allow this fee to be staged, commensurate with TIF reimbursement draws and payable at that time.

## **VII. Proposed Relocation Statement**

There are no current residents or businesses on the Almono property.

## **VIII. 1% Neighborhood Development Fee**

As per City of Pittsburgh Ordinance No. 28 enacted in December 1998, Almono LP, from its own funds, will be required to pay a 1% fee to be expended by the Urban Redevelopment Authority of Pittsburgh (“URA”) and to be used for neighborhood development in the City of Pittsburgh. As borrowings occur, or increment is spent on (or to reimburse) project costs, the 1% fee will be paid to the URA either at time of TIF bond issuance or at the time of reimbursement if increment is used to repay self-financed borrowings, until such time the fee is fully paid. The gross proceeds/increment is currently projected to be \$80,000,000 based on the financial analysis on page 28, which will generate an approximate fee of \$800,000.

## **IX. 1% School Development Fee**

As per Pittsburgh School Board Resolution No. 12, approved on May 26, 1999, the developer, from its own funds, will be required to pay a 1% fee to be expended by the Pittsburgh School Board and to be used for school development in the City of Pittsburgh. As borrowings occur, or increment is spent on (or to reimburse) project costs, the 1% fee will be paid to the Pittsburgh School Board either at time of TIF bond issuance or at the time of reimbursement if increment is used to repay self-financed borrowings, until such time the fee is fully paid. The gross proceeds/increment is currently projected to be \$80,000,000 based on the financial analysis on page 28, which will generate a fee of \$800,000.

**X. Compliance**

All TIF proceeds/increment expended in connection with this TIF Plan shall be subject to prevailing wage requirements, hiring plan requirements, minority and women business owned enterprise requirements, and any other specific requirements as may be applicable under the URA TIF guidelines dated July 14, 2011. In addition, the use of TIF proceeds/increment expended in connection with this TIF Plan shall be subject to all requirements applicable to the use of such funds under City, County, State, or Federal law.

**XI. Exhibits**

Exhibit A: Financial analysis of the TIF plan.....Page 28

Exhibit B: Base assessments..... Page 29

Exhibit C: Probable costs for the TIF Projects .....Page 31

Exhibit D: Boundaries of the Lower Hazelwood Redevelopment Areas....Page 33

Exhibit E: The Hazelwood-Almono TIF District boundaries and infrastructure  
improvement areas..... Page 34

Exhibit F: Almono LP Letter.....Page 35

Exhibit G: Existing Conditions Map and Future Uses Maps.....Page 36

Exhibit H: Economic Impact Study (Executive Summary)..... Page 38  
*Prepared by Integra Realty Resources – April 2013*

Exhibit I: URA Administrative Fee Schedule.....Page 42

## Exhibit A: Financial Analysis of the TIF Plan

### The Hazelwood - Almono TIF Plan Summary

6/6/2013

Pledged Increment	
1) Real Estate Tax (City)	65%
2) Real Estate Tax (School Board)	65%
3) Real Estate Tax (County)	65%
Number of Years	20

#### Increment Projection\*

Real Estate Increment							
	Base	Total Increment	Percent Unpledged	To Taxing Bodies	Percent Pledged	Amount Pledged	
City	\$ 40,576	\$ 3,410,791	35%	\$ 1,193,777	65%	\$ 2,217,014	
School District	\$ 51,794	\$ 4,353,721	35%	\$ 1,523,802	65%	\$ 2,829,918	
County	\$ 25,387	\$ 2,134,000	35%	\$ 746,900	65%	\$ 1,387,100	
<b>Total</b>	<b>\$ 117,757</b>	<b>\$ 9,898,511</b>		<b>\$ 3,464,479</b>		<b>\$ 6,434,032</b>	

Projected Annual Tax	
Total Future Taxes	\$ 10,016,269
Less: Current Taxes	\$ 117,757
<b>Tax Increment</b>	<b>\$ 9,898,511</b>
Less Distribution to 3 Taxing Bodies	\$ 3,464,479
<b>Tax Increment Pledged</b>	<b>\$ 6,434,032</b>

#### TIF Note/Bond

Projected Gross Annual Cash Flow Available	\$ 6,434,032
Less: <i>Related Costs</i>	
URA Administration	\$ 20,000
Trustee Fee	\$ 1,000
Projected Annual Cash Flow Available for Note/Bond	\$ 6,413,032
Debt Coverage Ratio	1.00
Annual Debt Service	\$ 6,413,032
Projected Interest Rate	0.00%
Term (single annual principal payment)	20 Years
<b>Projected Gross Note Amount Available</b>	<b>\$128,260,646</b>
Less: <i>Estimated Issuance Costs</i>	
Capitalized Interest (Est.)	not applicable at this time
Origination Fee	See Note 1
TIF Counsel Fee	\$ 25,000
Trustee Fee	\$ 1,000
Impact Analysis Report	\$ 8,500
Basic Conditions Study	\$ 18,300
Underwriting Analysis	\$ 9,350
<b>Projected Net Proceeds Available for Project</b>	<b>\$128,198,496</b>

\*Based on Integra Realty Projections

\*\* URA Issuer Fee will be determined by subsequent borrowings

Note 1: The URA Board of Directors approved a waiver of URA TIF guidelines regarding the Issuance Fee. This is described in Section VI; and the URA Fee Schedule is attached as Exhibit I.

**Exhibit B: Base Assessment****The Hazelwood - Almono TIF Plan****TAX INCREMENT BASE**

<b>Millage Rates</b>		
	City Tax	0.00756
	County Tax	0.00473
	School District Tax	0.00965

<b>2013 Assessment</b>		
<b>Lot - Block</b>	<b>2013 Assessed Values</b>	<b>Owner</b>
11-R-4-01	\$4,149,401	Almono LP
29-L-55	\$519,100	Almono LP
29-R-10	\$14,537	Almono LP
29-S-275-02	\$7,500	Almono LP
29-S-280	\$230,400	Almono LP
29-S-290	\$200	Almono LP
29-S-290-01	\$200	Almono LP
29-S-296	\$200	Almono LP
30-D-175	\$300	Almono LP
30-D-175-01	\$5,800	Almono LP
30-D-175-A	\$4,500	Almono LP
30-D-200	\$300	Almono LP
30-D-200-01	\$300	Almono LP
30-H-125	\$210,600	Almono LP
30-M-50	\$2,400	Almono LP
30-M-60	\$7,000	Almono LP
31-D-75	\$2,800	Almono LP
31-D-80	\$3,900	Almono LP
31-D-90	\$1,000	Almono LP
31-H-25	\$156,000	Almono LP
56-J-300	\$17,500	Almono LP

56-J-325A	\$4,000	Almono LP
56-J-325A-01	\$1,200	Almono LP
56-J-325A-02	\$2,700	Almono LP
56-J-350	\$25,404	Almono LP
<b>TOTAL</b>	\$5,367,242	

**Exhibit C: Hazelwood – Almono TIF District Probable Costs**

Costs are based on estimates prepared by engineers for Almono LP

**Phase I (Years 1 - 5)**

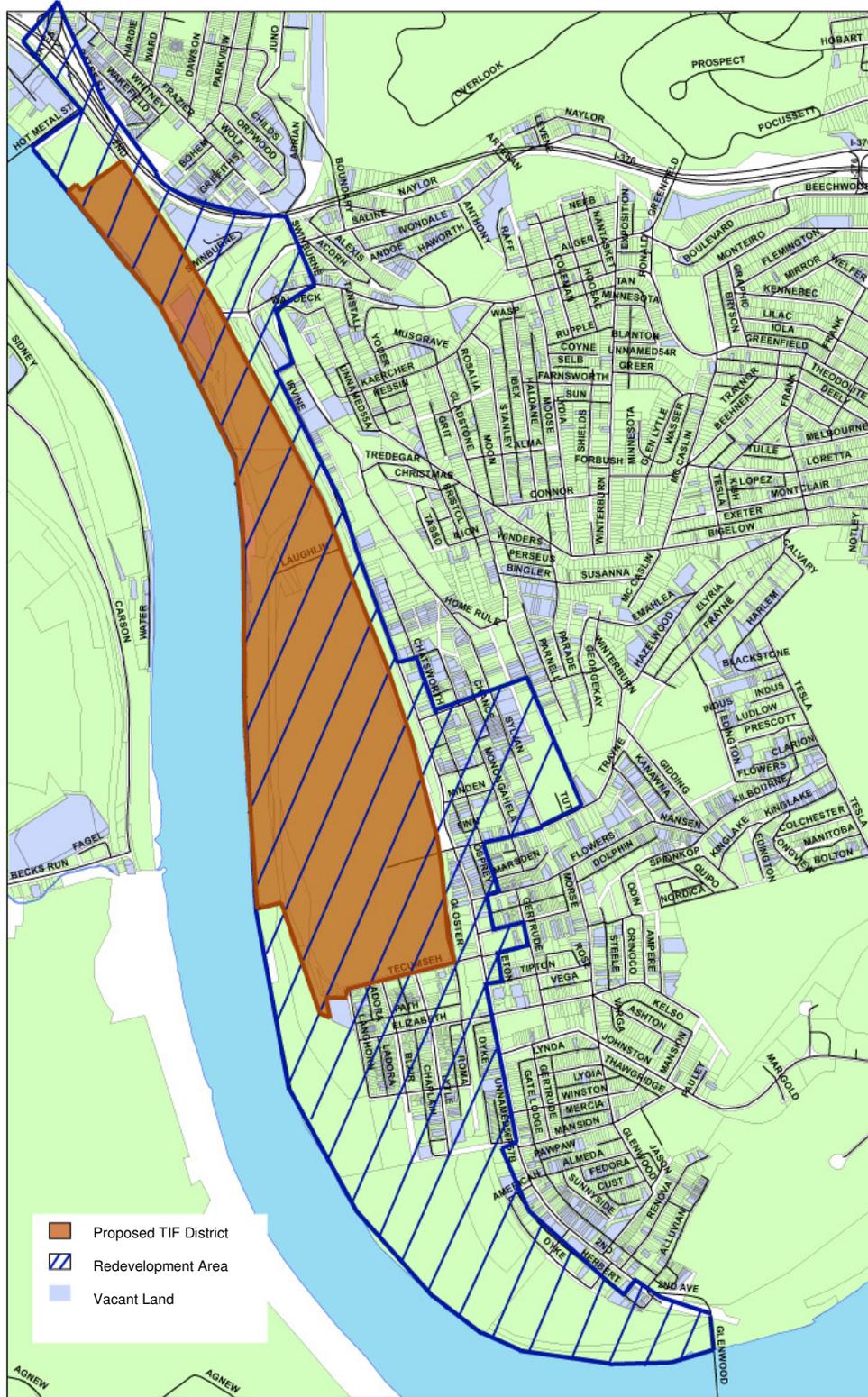
Site Preparations	
Cut and Full (including Capping)	\$2,516,800
Foundation demolition/removal	\$1,947,990
Other Site Prep	\$2,035,210
Open Space	
Open Space creation - 26 acres	\$2,670,000
Off-Site Transportation Improvements	
Intersection improvements - Hazelwood Ave/Railroad crossing/Second Ave	\$1,500,000
Intersection improvements - Tecumseh/Railroad crossing/Second Ave	\$1,500,000
Bridge Replacement - Signature Blvd/Railroad	\$6,000,000
Traffic Resignalization & Improvements - Second Ave and Irvine St intersections <i>from Hot Metal Bridge to Glenwood Bridge</i>	\$6,540,000
On-Site Transportation and Parking Infrastructure	
Signature Boulevard	
Stormwater	\$2,724,123
Utilities	\$4,897,915
Paving	\$3,890,040
<b>Total Phase I Construction Costs</b>	<b>\$36,222,078</b>

**Build-out (Years 5 - 20)**

Open Space	
Riverfront improvements	\$7,330,000
Off-Site Transportation Improvements	
Intersection improvements - Swinburne/Second Ave	\$6,800,000
Intersection improvements - Greenfield/Second Ave/Irvine St	\$12,000,000
Intersection improvements - Glenwood neighborhood	\$4,200,000
Flyovers/Ramps	\$12,000,000
Old Second Ave extension towards Glenwood Bridge	\$10,000,000
On-Site Transportation and Parking Infrastructure	
Signature Blvd extension, Second Ave	
Stormwater	\$4,470,558
Utilities	\$3,237,940

Paving/Topsoil	\$6,733,424
<b>Total Build-out Construction Costs</b>	<b>\$66,771,922</b>
<b>Total Planned Construction Costs</b>	<b>\$201,994,000</b>
<b>Acquisition Costs</b>	<b>\$3,500,000</b>
<b>Soft Costs (25%)</b>	<b>\$26,623,500</b>
<b>Total Public Infrastructure Costs</b>	<b>\$133,117,500</b>

### Exhibit D: Lower-Hazelwood Redevelopment Area # 12





**Exhibit F: Almono LP Letter**



Mr. Robert Rubinstein  
Acting Executive Director  
The Urban Redevelopment Authority of Pittsburgh  
200 Ross Street  
Pittsburgh, PA 15219-2016

May 28, 2013

Dear Director Rubinstein,

Thank you for the continued support of the Urban Redevelopment Authority in our pursuit of the Tax Increment Financing (TIF) plan for the Almono Hazelwood brownfield site.

I am writing to confirm the Partners' commitment to provide an initial \$10 million in loan funding to the project to facilitate early site preparation activity and as the first step in self-funding the TIF plan. I have received letters of intent from all the Partners and they are taking the loans through their respective board processes. In addition, the Partners will commit to funding themselves, or finding sufficient additional funding sources to complete the infrastructure necessary to develop the project, should the \$12 million in Redevelopment Assistance Capital Program (RACP) funding requested not be provided by the Commonwealth of Pennsylvania

Many of the Partners have made their loan commitments conditional upon the approval of the TIF plan in order to ensure that there is a source for repayment of the loans.

Thank you again for your support and that of your staff. If you have any questions, please do not hesitate to contact me.

ALMONO, LP

By: Almono, LLC its General Partner

By: RIDC Southwestern Pennsylvania Growth Fund, its Sole Member

A handwritten signature in blue ink, appearing to read "Donald F. Smith, Jr.", is written over the typed name.

Donald F. Smith, Jr. Ph.D.  
President

---

210 Sixth Avenue • Suite 3620  
Pittsburgh, Pennsylvania 15222-2602  
Phone (412) 471-3939  
Fax (412) 471-1740

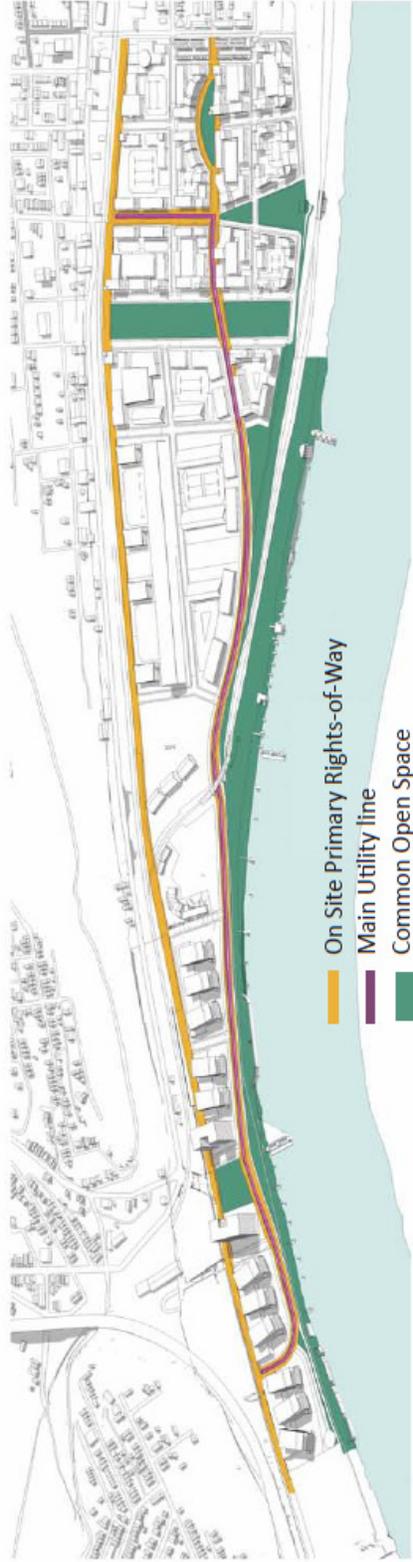
### Exhibit G: Existing Conditions Map and Future Uses Maps

# HAZELWOOD-ALMONO BASIC CONDITIONS



# Hazelwood-Almono Planned Infrastructure

Partial On-Site Infrastructure Map



Partial Off-Site Infrastructure Map



## Exhibit H: Economic Impact Study

Prepared by IRR, April 2013

# Economic and Fiscal Impact Analysis

### Construction Period Impact

The construction period for the proposed Almono site development is anticipated to occur over a period of 20 years. During this time a variety of economic opportunities will be created. Construction of the proposed development is projected to create 320 direct on-site jobs annually during the 20-year construction period with an aggregate annual payroll of approximately \$17 million. The direct on-site jobs will create approximately 124 indirect, or spin-off, jobs off-site. The indirect jobs are projected to have an estimated aggregate payroll of \$6.2 million. Material purchases directly related to the construction of the subject development total approximately \$11.5 million in the Pittsburgh region. Direct consumer expenditures total more than \$14 million annually.

Annual Economic Impact - 20-Year Construction Period			
	Direct	Indirect <sup>1</sup>	Total
Jobs (FTE)	320	124	444
Payroll	\$17,068,981	\$6,266,023	\$23,335,004
Material Purchases	\$11,568,976		\$11,568,976
Consumer Expenditures	\$14,048,302		\$14,048,302

<sup>1</sup> Based on 2010 Employment Multiplier Estimates, RIMS II Model, Type I. Considers Direct & Indirect Impacts.

During construction, the **annual** related fiscal impacts of construction is more than \$2 million in tax revenues and building permit fees to the state, county, municipality, school district, and other municipalities in the state. Approximately \$725,000 results from income taxes paid by the construction workers, \$580,000 in sales tax of materials purchases made within the Commonwealth, nearly \$500,000 in sales tax revenue paid on retail purchased made by the construction workers in the Commonwealth, approximately \$177,000 in building permit fees, and approximately \$11,000 in Local Service (LST) tax.

All tax figures are in constant 2013 dollars which excludes inflationary impacts. Tax revenues are based on current prevailing tax rates and industry standards for the subject development.

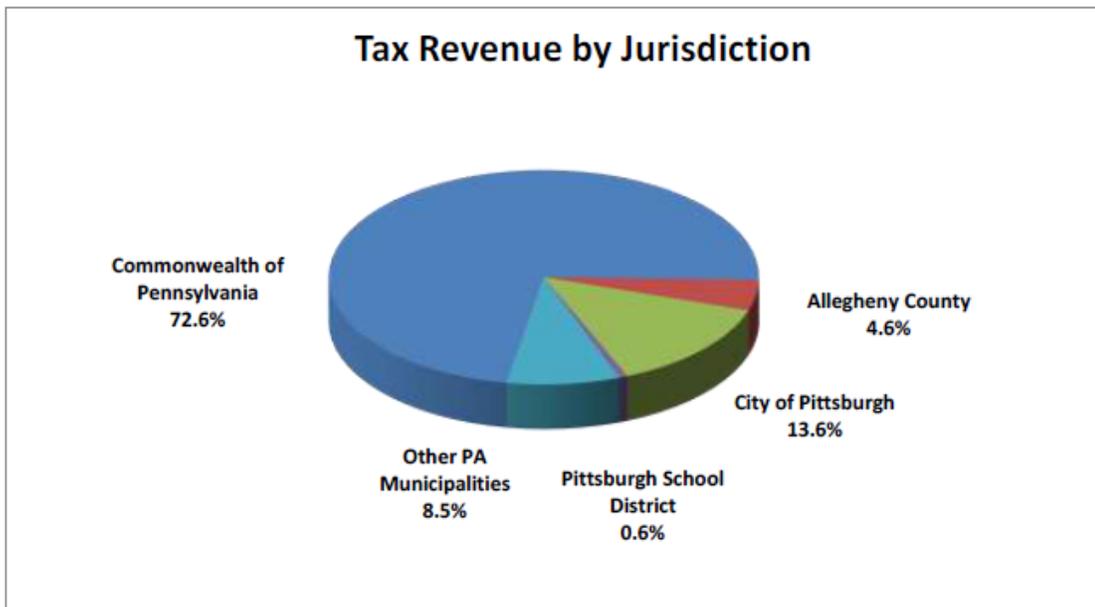
Annual Fiscal Impacts - Construction Period						
	Commonwealth of Pennsylvania	Allegheny County	City of Pittsburgh	Pittsburgh School District	Other PA Municipalities	Total
Income Tax	\$534,692	N/A	\$13,063	\$13,063	\$165,458	\$726,276
LST Tax	N/A	N/A	N/A	N/A	\$11,411	\$11,411
Direct Sales Tax	\$520,604	\$57,845	N/A	N/A	N/A	\$578,449
Indirect Sales Tax	\$457,622	\$38,735	N/A	N/A	N/A	\$496,357
Payroll Expense Tax	N/A	N/A	\$93,879	N/A	N/A	\$93,879
Building Permit Fees (1/)	N/A	N/A	\$177,107	N/A	N/A	\$177,107
<b>Total</b>	<b>\$1,512,918</b>	<b>\$96,580</b>	<b>\$284,049</b>	<b>\$13,063</b>	<b>\$176,869</b>	<b>\$2,083,479</b>

(1/) Fee is \$0.47 per square foot. Annual fee assumes 20-year construction period with cost evenly incurred over the construction period.

Each year during the 20-year construction period, the Commonwealth of Pennsylvania will receive approximately \$1.5 million in tax revenue and Allegheny County will receive nearly \$97,000 in tax revenue resulting from sales tax revenue collections.

The City of Pittsburgh will receive almost \$285,000 annually in tax revenue and building permit fees. This does not include the revenue the city will receive from sewer tap fees. We were unable to estimate these fees as the Pittsburgh Water & Sewer Authority calculates sewer tap fees based on specific building plans. We were not provided with any building plans for the proposed development.

The school district will receive approximately \$13,000 in income tax revenue during construction and other municipalities in the state are projected to receive over \$177,000.



In total, over the entire 20-year construction period, the economic and fiscal impacts total more \$40 million.

## Operating Period Economic and Fiscal Impacts

Once construction is complete and stabilized, impacts related to the development will continue on an annual basis, primarily from the employees of the businesses within development.

The subject's overall operations is projected to create 4,774 direct, on-site jobs (calculated on the basis of full-time equivalent jobs) with an aggregate annual payroll of over \$311 million which will result in an estimated \$256 million in consumer expenditures. The direct on-site jobs will create approximately 1,305 indirect jobs from the expenditures made by the employees of the development during stabilized operations. Approximately \$118 million in other direct retail sales are estimated.

Economic Impact - Annual Operations at Build Out			
	Direct	Indirect <sup>1</sup>	Total
Jobs (FTE)	4,774	1,305	6,079
Payroll	\$311,433,397	\$62,850,964	\$374,284,361
Consumer Expenditures	\$256,319,358		\$256,319,358
Other Direct Retail Sales			\$117,965,003

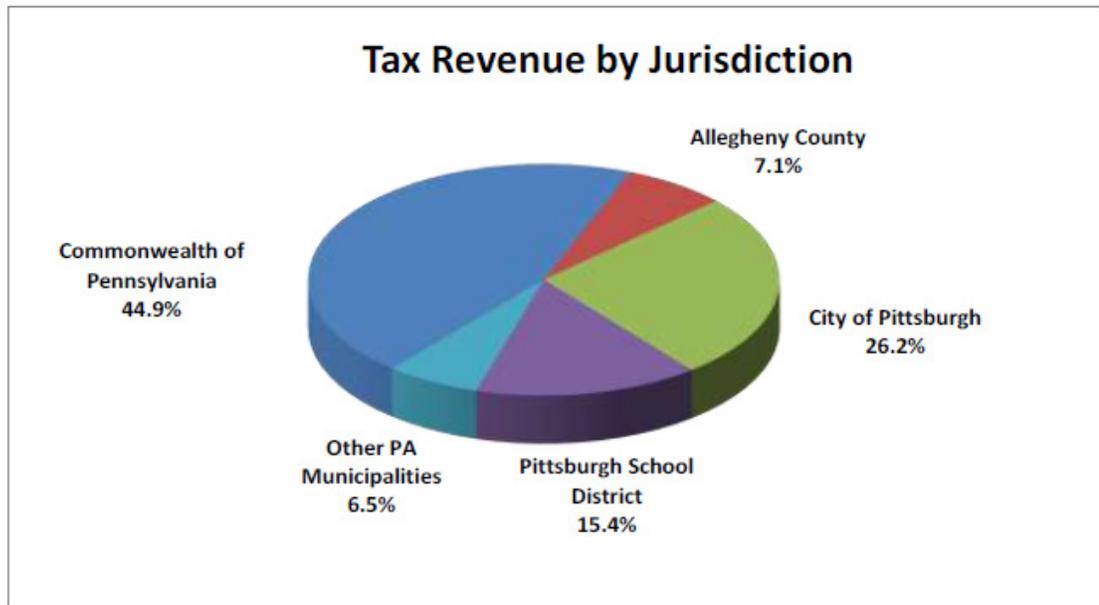
<sup>1</sup> Based on 2010 Employment Multiplier Estimates, RIMS II Model, Type I. Considers Direct & Indirect Impacts.

The related fiscal impacts resulting from the annual operations and residents of the subject development are approximately \$41 million in tax revenue to Pennsylvania, Allegheny County, City of Pittsburgh, school district, and other Pennsylvania municipalities. This includes \$16.5 million in income tax revenue from operations employees and residents, \$250,000 in local service tax, approximately \$9.7 million in projected real estate taxes, and \$9.5 million resulting from indirect sales tax.

Annual Fiscal Impacts - Annual Operations at Build Out						
	Commonwealth of Pennsylvania	Allegheny County	City of Pittsburgh	Pittsburgh School District	Other PA Municipalities	Total
Income Tax Revenue - Employees	\$9,561,005	N/A	\$700,725	\$700,725	\$2,647,184	\$13,609,639
Income Tax Revenue Residents	N/A	N/A	\$1,482,456	\$1,482,456	N/A	\$2,964,912
LST Tax Revenue - Retail Employees	N/A	N/A	\$248,245	N/A	N/A	\$248,245
Payroll Expense Tax	N/A	N/A	\$1,712,884	N/A	N/A	\$1,712,884
Parking Tax	N/A	N/A	\$1,374,060	N/A	N/A	\$1,374,060
Real Estate Tax Revenue	N/A	\$2,159,387	\$3,451,367	\$4,108,770	N/A	\$9,719,524
Sales Tax Revenue	\$8,758,192	\$738,800	N/A	N/A	N/A	\$9,496,992
<b>Total</b>	<b>\$18,319,197</b>	<b>\$2,898,187</b>	<b>\$10,682,620</b>	<b>\$6,291,951</b>	<b>\$2,647,184</b>	<b>\$40,839,140</b>

Once the overall development is completed and stabilized, the Commonwealth of Pennsylvania is projected to receive \$18 million annually and Allegheny County is projected to receive \$2.9 million in tax revenue annually.

On an annual basis, Pittsburgh is projected to receive nearly \$10.7 million in tax revenue, primarily from real estate tax revenue, income tax revenue from the residents living in the development, and payroll expense tax. The school district will receive approximately \$6.3 million annually in tax revenue from income taxes and real estate taxes.



## Conclusion

### Economic and Fiscal Impact

The related fiscal impact of construction will total more than \$2 million in annual tax revenue to the state, county, municipalities, and the school district each year during the 20-year construction period. During construction, the state is projected to receive the majority with \$1.5 million anticipated to be collected in income tax and sales tax. The City of Pittsburgh is projected to receive nearly \$284,000 in income tax, and building permit fees.

Annual operations and occupancy of the residential units are projected to benefit the region and state with more than \$41 million annually in tax revenues. The state is projected to collect \$18 million in taxes; Allegheny County is projected to receive \$2.9 million annually, Pittsburgh with almost \$10.7 million annually, and the school district with \$6.3 million annually.

**Exhibit I: URA Fee Schedule**

**U R B A N  
REDEVELOPMENT  
A U T H O R I T Y  
OF  
P I T T S B U R G H**

**URA ADMINISTRATIVE FEE  
SCHEDULE**

The Urban Redevelopment Authority (URA) Board of Directors in October, 2006, adopted a fee schedule applicable in any case where the URA serves as the applicant for State or Federal government funds for private projects within the City of Pittsburgh. The fee is intended to help cover certain administrative costs incurred by URA. These include all necessary public approvals, submission of required applications on behalf of the sub-grantee, prevailing wage rate monitoring, MWBE compliance, submission and disbursement of payment requests, and other items which may apply.

In order to recover some of these associated costs, the URA will apply the following standard administrative fee schedule:

<b>Grant Amount</b>	<b>Fee</b>
\$0 to \$4,000,000	1% of Grant
\$4,000,001 to \$8,000,000	\$40,000 plus 0.5% of Grant amount over \$4,000,000
\$8,000,001 and above	\$60,000 plus 0.25% of Grant amount over \$8,000,000

For Pennsylvania Redevelopment Assistance Capital Program grants only, the fee would be set to be the greater of the amount calculated according to this schedule or \$10,000, as a minimum fee that the URA would charge to cover costs.

This fee policy will not apply to normal URA Housing and Economic Development finance programs, for which fee policies currently exist as identified in each program's specific guidelines.

Effective: 10/12/06

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