Transforming Brownfield Portfolios in Southwestern Pennsylvania

(3/26/2024)

Urban Redevelopment Authority
of Pittsburgh

Agenda

- Who is the URA?
- Economic Impact of Brownfield Development
- Project Financing Models
- Successful Projects

What's the URA?

Affordable Housing

- Housing Opportunity Fund
- Pittsburgh Housing Development Corporation

Entrepreneurship

- Catapult: Startup to Storefront Program
- Gallery on Penn
- Minority Business Recovery and Growth Loan Fund

Inclusive Growth

- Large-scale development
- COVID-19 Response for Recovery and Growth
- Invest PGH

Neighborhoods

- Avenues of Hope
- Centre Avenue Revitalization
- Neighborhood Initiatives Fund

Workforce

- Career development services and partnerships
- Job training opportunities
- TechEquity Scholarships

Mission

Our mission is to foster sustainable prosperity across all of Pittsburgh.

Vision

Pittsburgh's economic well-being is grown and shared equitably, and all communities are empowered with effective social and financial resources to thrive.

Benefits of Brownfield Development in Pittsburgh

Economic

- Job Creation
- Tax Revenue
- Attract Investment

Community

- Blight and Public Health
- Community Involvement
- Public Access to River

Environment

- Infrastructure Efficiency
- Environmental Remediation
- Environmental Contamination
- Sustainable Growth

Tax Diversion Financing

What is Tax Diversion Financing?

Tax Diversion Programs are a public financing tool utilized by the Urban Redevelopment Authority of Pittsburgh (URA) to foster neighborhood revitalization in the City of Pittsburgh that would otherwise not be financially feasible.

- Tax Incremental Financing (TIF)
- Transit Revitalization Investment Districts (TRID)
- Local Economic Revitalization Tax Assistance (LERTA)

How do they work?

Public infrastructure, such as streets, bridges, or parks, is partially financed through the issuing of revenue bonds or bank loans that are repaid by future increases in tax revenue resulting from the new development (tax increment). The TIF/TRID debt is typically backed by some form of security in addition to the pledged tax increment, such as a bank letter of credit or minimum payment agreement with the developer.

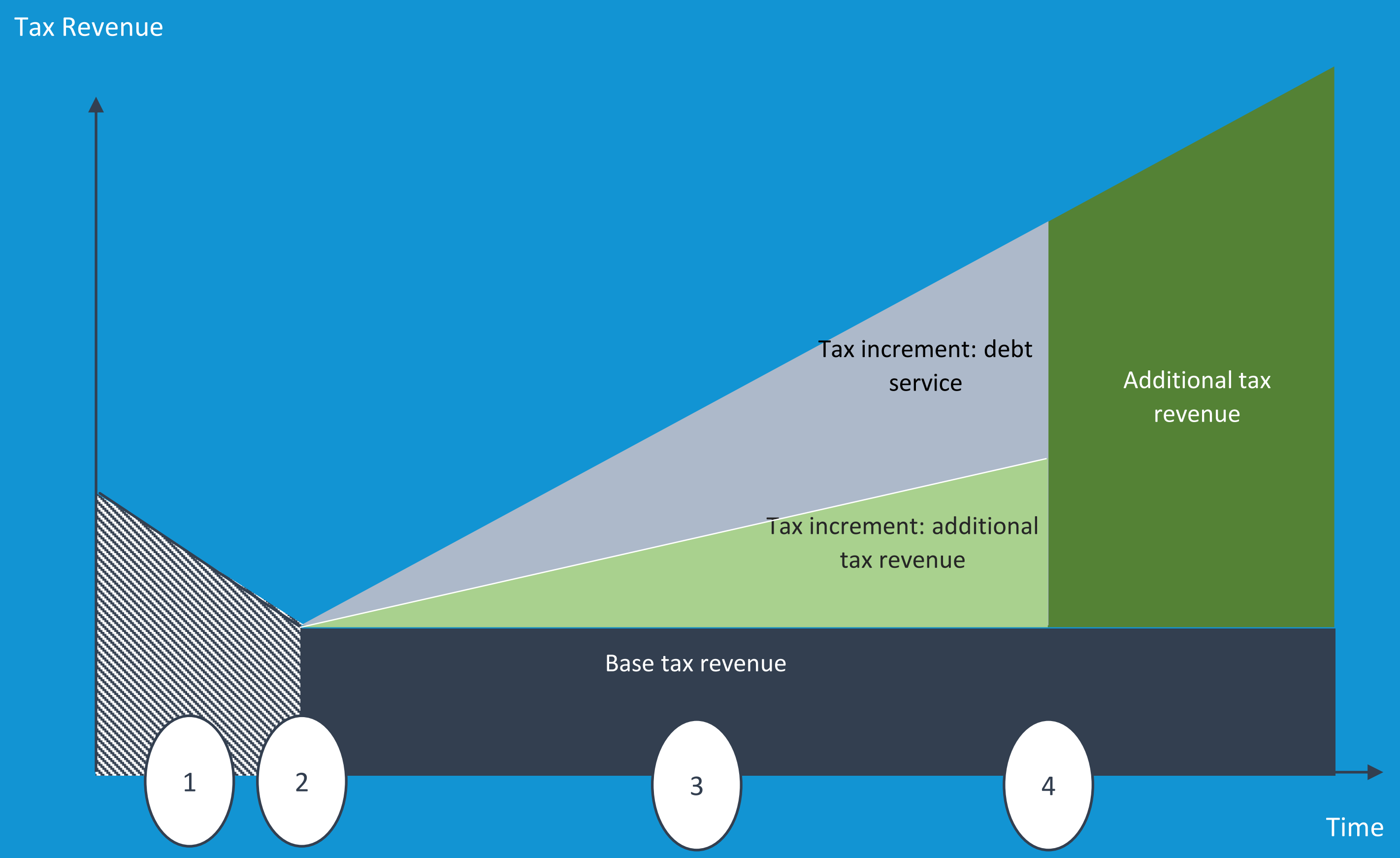
How does Tax Increment Financing Work?

1. Property values decline or stagnate. Tax increment financing primes infill sites for private investment that have significant barriers to development, such as inadequate infrastructure, environmental contamination or blighted properties.

2. Project is infused with public and private investment. Public infrastructure is partially financed through the issuance of revenue bonds or bank loans which are repaid by future increases in tax revenue resulting from the new development (tax increment). The TIF debt is typically backed by some form of security in addition to the pledged tax increment, such as a bank letter of credit or minimum payment agreement with the developer.

3. Completed real estate development generates tax increment. Projects within the TIF boundaries generate increased tax revenue, a portion of which is diverted to service the TIF bond or note (maximum 20-year term). The base tax revenue continues accruing to the taxing bodies.

4. Entire tax increment accrues to taxing bodies. Upon full repayment of all TIF debt, taxing bodies receive the full tax increment in perpetuity.



City’s Push for Brownfield Redevelopment

- **Pittsburgh Technology Center - Research and Innovation**
- **Southside Works – Commercial, Office, and Residential**
- **Bakery Square – Commercial, Office, and Residential**

Pittsburgh Technology Center – Old Steel Mill

Pittsburgh Technology Center – History and Current

Jones and Laughlin Steel Company (J&L) & LTV Steel (1849 – 1981)

- Boston Copper Smelting Works
- J&L employed around 10,000 Pittsburgh residents at peak
- Sold to Ling Temco Vought (LTV) in 1968

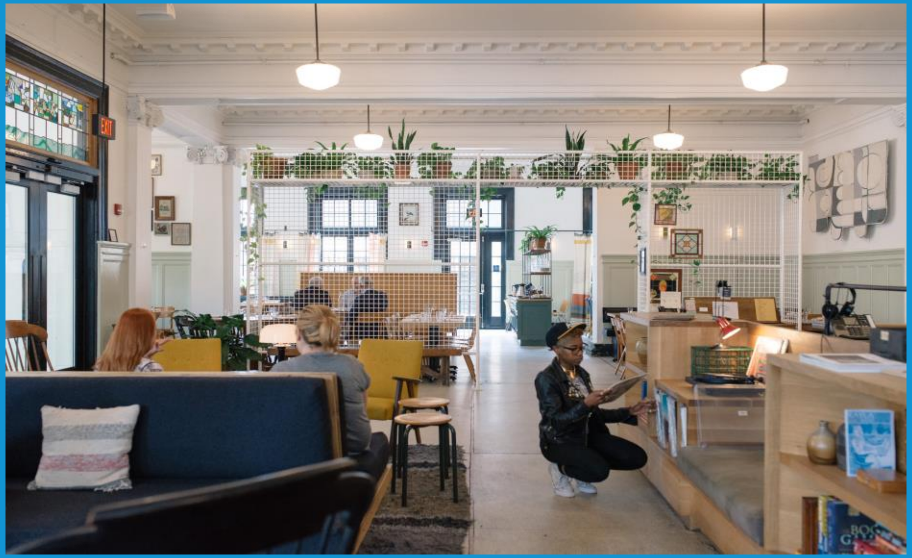
URA and Public Funding Steps In (1983)

- First project in Pennsylvania to use TIF and repaid 12 years ahead of schedule.
- Acquisition and site plan development, oversight of the environmental remediation and infrastructure design and construction.

Center for Research and Development (1983- Now)

- University of Pittsburgh and Carnegie Mellon first two tenants.
- Several tenants and employs over 1,000 people

Pittsburgh Technology Center – The Numbers



Total Development

754,000 Square Feet of Office

80,000 Square Feet of Light Industrial Space

Total Investment

Public Investment: $54,200,000

Project Cost: $194,000,000

$630,000 Annual Property Tax

1,172 Jobs on Site as December 2013

2.4 Acres of Park Space Created
and 900 Linear Feet of Trail

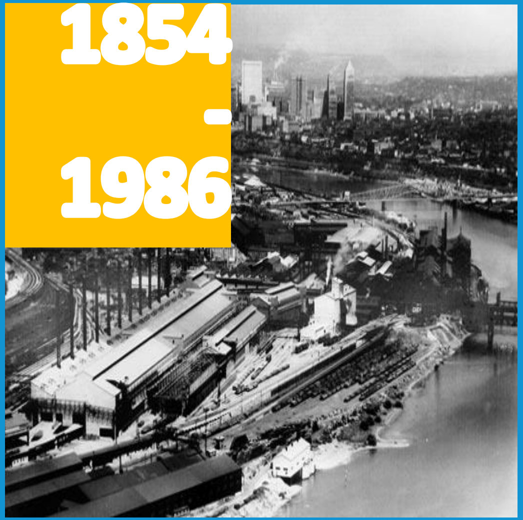
Contamination Remedied

Tar Pits, waste oil (2,000gal), oily water (420,000), and ferrous cyanide.

South Side Works– Old Steel Mill

Southside Works– Quick Timeline

1854 - 1986



In 1854, Benjamin Franklin Jones and James Laughlin founded the American Iron Works on the site; the company later became known as J&L (Jones & Laughlin) Steel. In 1968, LTV Steel purchased J&L Steel. At this point, 8,500 people were employed at the mill.

1993

URA purchased the abandoned 110-acre LTV property in 1993. The redevelopment authority conducted community visioning and consensus efforts relating to potential reuses of the brownfield.

1996

In 1996, the Soffer Organization was awarded the 37.2-acre parcel of the larger site that would become SouthSide Works.

1997 - NOW

The Soffer Organization and URA transformed Southside Works into its current state. URA and Soffer involved the South Side Local Development Corporation and neighborhood groups, including the South Side Planning Forum and the South Side Historic Review Board

Southside Works – The Numbers

Total Development

123 Acres Remediated

- 328,909 Square Feet of Retail
- 103,275 Square Feet of Industrial
- 727 Market Rate Rental

Total Investment

Public Investment $128,000,000

Project Cost: $450,000,000

$5,990,000 Annual Property Tax

3,845 Jobs on Site as December 2013

15 Acres of Park Space Created,
18,200 Linear Feet of Trail connecting the Three Rivers Heritage Trail to the Great Allegheny Passage.

Contamination Remedied

Primarily soil cleanup

Bakery Square – Old Nabisco Factory

Bakery Square– Quick Timeline

1918

NABISCO FACTORY

Nabisco Factor is built and lasts from 1918-1998 including several site expansions.

1999

SMALLER BAKERIES TAKE LEAD

Several smaller bakers take over the 6.5 acre site. RIDC buys property.

2006

CITY PUSHES FOR BROWNFIELD REDEVELOPMENT

The city deemed Bakery Square blighted and in need of redevelopment. RIDC remediates property.

2007 - 2024

WALNUT CAPITAL PURCHASES PROPERTY

From 2007 to now, Walnut Capital purchased the site and made expansions to residential, commercial, and office space.

Bakery Square – Snapshot – The Numbers

Total Development

6.5-acre mixed-use development including 380,000 square feet of office, 120 hotel rooms, and 800 space parking garage. LEED Platinum Certification.

Total Investment

Public Investment $13,000,000

Project Cost: $113,500,000

$1,700,000 Annual Property Tax

Contamination Remedied

Asbestos, PCBs, underground storage tanks, and lead based paint.