

October 17, 2019

**Hill District Development Stakeholders  
Lower Hill Term Sheet Recommendations for Blocks B and E**

Dear Mayor Peduto, Councilman Lavelle, and Chairperson Williamson,

On Wednesday, October 16<sup>th</sup> the Hill CDC convened Hill District Development Stakeholders to review the Term Sheet for Blocks B and E, provided last week at the URA Board of Directors Meeting. The Hill District Development Stakeholders include residents, business owners, community-based organizations, faith-based leaders, technicians, members of the Development Review Panel, members of the Hill Community Land Trust, and members of the Hill District Consensus Group. We make the following recommendations on behalf of the Hill District community.

The Hill District Development Stakeholders are disappointed that the public benefits to be returned to the community in exchange for additional public investment into the private development of the 28-Acre Lower Hill site were determined without appropriate levels of engagement, direct input or discussion with the Hill District vested stakeholders. As such, our first request is to use Friday's Special URA Board Meeting to update the public on where the process stands, including to schedule a meeting with Hill District Development Stakeholders, the Pittsburgh Penguins, the Mayor's office, Councilman Lavelle, and the URA to finalize the details of the term sheet for vote during the week of October 21, 2019.

In making these requests, it is not our goal to renegotiate the Community Collaboration and Implementation Plan ("CCIP"), rather we hope to ensure that the CCIP principles, as well as those of the Greater Hill District Master Plan, are fulfilled within the context of this current negotiation as additional relief and public subsidy are being requested. We believe it is government's responsibility to be good stewards of public interests, and as such, we believe the burden of inconvenience should rest at the feet of the process that has delayed this decision. We implore the public officials who are engaged in this effort to leverage this moment to further examine whether this deal can further benefit the residents of the City, and specifically, the Hill District community. We believe such examination requires more study, more engagement and more transparency.

Below you will find a list of preliminary recommendations compiled by Hill District Development Stakeholders:

- Remove the commercially reasonable standard for commitments by the Pittsburgh Arena Real Estate Redevelopment ("PAR"), the development arm of

the Pittsburgh Penguins. The public's financial commitments to PAR are not conditional, therefore, PAR's commitments in return should not be conditioned.

- We appreciate the efforts of PAR and InterGen to reach deeper levels of affordability in their first phase of residential development. However, in accordance with the Greater Hill District Master Plan and in consideration of the additional public money, we recommend that developers either:
  - Pursue affordability for 30% of the units at or below 50% AMI for Blocks A & B for a term that matches any loan terms; or
  - Pursue affordability for 20% of all Lower Hill housing units (not just Blocks A & B) at 50% AMI or below for a term that matches any loan terms
- Given the fact that the community was not engaged in determining the public benefits, PAR should make a sum-certain financial deposit to an account housed at the Hill District Federal Credit Union and administered by the Hill District Growth Fund Advisory Committee, unless or until the Greater Hill District Reinvestment Fund is established. This amount should be negotiated between PAR, the City, the URA, and the Hill District Community, and at minimum should be in excess of the scope of work to rehabilitate Ammons Recreation Center.
- Transferring control of 50% of the "Owner Payment" to PAR prevents the URA and City from using those funds to provide matching commitments, guarantees, and leverage for investments into the broader neighborhood. In addition, the agreement states that PAR will not seek additional public funding for infrastructure, so long as the SEA and the URA use commercially reasonable efforts to assist PAR and any affiliates in securing funding from federal, state, non-profit, and foundation sources, which is in essence public money. This provision requires that the public pay twice for infrastructure investments. As such, we request that you do not amend the portion of the LERTA that positions the project for such a large amount of future public funding.
- In addition, any realization of PAR's efforts to capitalize the 50% of the annual owner payment for the benefit of the Greater Hill District Reinvestment Fund should either:
  - be housed in an account at the Hill District Federal Credit Union and administered by the Hill District Growth Fund Advisory Committee; or
  - Leveraged to recapture the over \$200 million in commitments that were made for the CHOICE Implementation Grant, a failed federal application from the City of Pittsburgh to HUD. The grant was intended to transform the Middle Hill District which suffers from generational public disinvestment.
- In accordance with the principles of the CCIP that call for community ownership, we recommend that PAR cause its affiliates to condo the 1,200 sq ft of small business space to Hill District community ownership instead of leasing it to the URA. The URA can serve as a fail-safe.

- Instead of language such as “assist,” include clear financial commitments from PAR and their affiliates for the public benefit items mentioned.
- In accordance with the principles of the CCIP that call for coordinated community development:
  - Include language that coordinates any development on the Lower Hill site throughout the neighborhood, particularly Centre Avenue infrastructure, commercial project gap financing and parking. The Middle Hill District will need a parking solution that will likely include a structured parking garage. Commitment to move Zone 2 to a Kirkpatrick Street location or other community-endorsed location. A long-term lease would allow a community-entity/MBE to partner, own and/or develop the new Zone 2 site.
  - In efforts to not isolate the Middle Hill District commercial corridors from the Lower Hill (such as the Waterfront and 8<sup>th</sup> Avenue in Homestead) assure extensive collaboration between New Granada Square Programming, Centre Avenue Corridor redevelopment, and the Lower Hill Music Venue and commercial components.
  - Ammon Recreation Center is a publicly owned facility. As such, the money for its repairs should come from the City's capital budget. If Ammons Recreation Center is to be specifically named in the Term Sheet, however, PAR and the City must assure Ammons Recreation updates are done in coordination with key stakeholders, including, but not limited to Macedonia Church and affiliates.
  - In an effort to strengthen the Hill District ecosystem, Hill District organizations should be considered as partners on Lower Hill initiatives prior to external organizations.
- Regarding the First Source Hiring, commit to low-level, mid-level, and executive-level placement.
- Commit to a Community Workforce Agreement to be incorporated within the Project Labor Agreement for all phases of Lower Hill Development.
- URA and City of Pittsburgh will work with the Hill CLT to transfer ownership of critical, publicly owned, residential and commercial parcels, specifically in the Middle and Upper Hill District, but not excluding the Lower Hill District.

We submit the above to you on behalf of the Greater Hill District Community.

Sincerely,

Hill District Development Stakeholders

CC: Diamonte Walker, Interim URA Director/Deputy Director

Kevin Acklin, Senior VP and General Counsel at the Pittsburgh Penguins