

Special Board Meeting

October 18, 2019

**Urban Redevelopment Authority
of Pittsburgh**



General & Agenda

- Roll Call
- TEFRA Hearing for Lemington moved to 10th Floor Conference Room
- Recap of the October 10, 2019 Regular Board Meeting
- Lower Hill Impact Highlights
- Lower Hill Public Investment/Public Benefit Overview
- Public Comment
- Lower Hill Board Resolutions
- Adjourn



General

Public Investment

Lower Hill Resolutions



TEFRA Hearing for Lemington moved to 10th Floor Conference Room



Recap of 10/10/2019 Regular Board Meeting

After long and thoughtful public deliberation at the October 10 Board Meeting on action items related to the Lower Hill redevelopment, the Board made the decision to delay voting until the community had additional time to review the proposed items.

The URA Board is convening today's Special Board Meeting to consider Lower Hill items that will begin catalyzing investment in the Lower and Greater Hill District and yield beneficial returns to the Hill District community and general public.

Equitable Impact Highlights in Term Sheet (RECAP)

- Hill District-born MBE development team – Intergen
- Early capitalization of the Greater Hill District Reinvestment Fund
- Achieving more Affordable housing with HACP financing
- Affordable retail space for Hill businesses – Catapult Program
- Sustainable wage workforce development opportunities – Partner4Work
- More centrally located first responders – Rescue 2
- Critical improvements to the Ammon Recreation Center for Hill District families
- Preserving the Hill's cultural legacy – completion of Curtain Call project

Commitment to a Brighter Future

Lower Hill – Public Investment and Public Benefit Overview

- **Public Subsidy and Public Benefit (Projections)**
- **URA's Direct Subsidy Contribution**





Public Subsidy vs. Public (Estimated Valuation)

Investment in the Greater Hill District Reinvestment Fund to rebuild the Hill



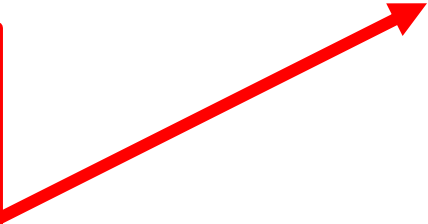
Public Investment

On-Site LERTA	\$40.03 M
Parking Tax Diversion	\$24.32 M
Housing Subsidies	\$7.00 M
Contribution to Parking Structure	\$3.00 M
Air Rights	\$6.30 M
Total public investment	\$80.65 M

Enables greater levels of housing affordability



To be used for infrastructure, public realm, and redevelopment improvements



Direct Public Benefit

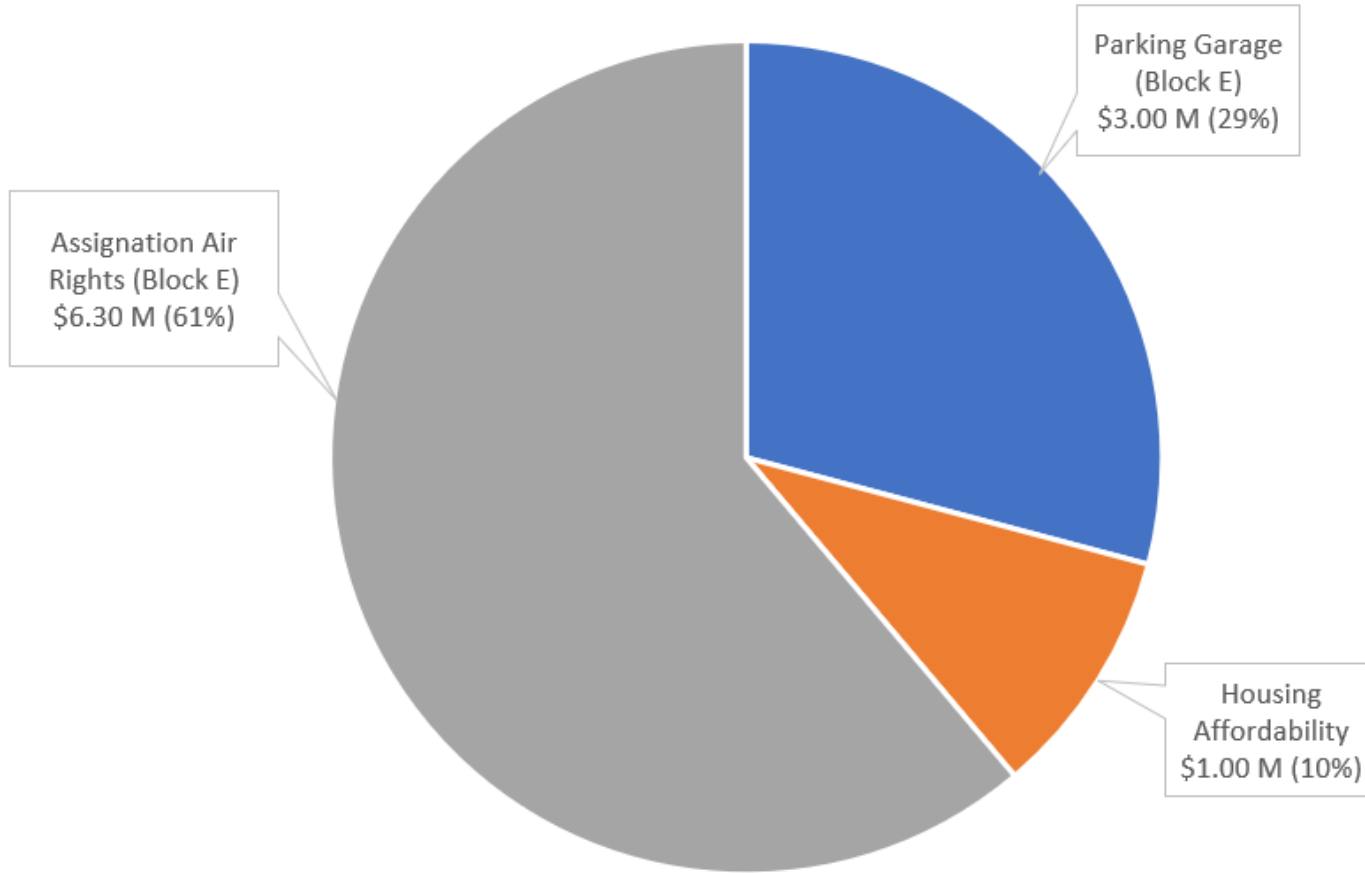
Off-Site LERTA	\$40.03 M
Savings on Public Garage Obligation	\$47.00 M
Rescue 2 Station	\$1.20 M
Catapult Storefront (does not include costs)	\$0.40 M
Catapult Rent	\$1.20 M
Ammon Center Rehab	\$1.00 M
Development of 3+ acres public open space	\$6.00 M
Curtain Call Completion	\$1.00 M
Total public benefit	\$97.83 M



These are early stage projections and are subject to change.



URA Lower Hill Subsidy Contribution



Project Element	URA Subsidy
Assigantion of Air Rights (Block E)	\$6.30 Million (61%)
Parking Garage (Block E)	\$3.00 Million (29%)
Housing Affordability	\$1.00 Million (10%)
Grand Total	\$10.30 Million (100%)

General

Public Investment

Lower Hill Resolutions

Public Comment

ura Lower Hill – Resolutions





URA Agenda by Votes Reference Guide

AGENDA

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH
SPECIAL BOARD MEETING
OCTOBER 18, 2019@ 1:00 PM
WHERRETT ROOM

- Roll Call
- Recap of the October 10, 2019 Regular Board Meeting
- Public Comments

1. Term Sheet

- A. Authorization to Execute a Term Sheet with Pittsburgh Arena Redevelopment LP and the Sports & Exhibition Authority of Pittsburgh and Allegheny County.

Director's Report

Pittsburgh Arena Real Estate Redevelopment LP ("PAR"), the Sports and Exhibition Authority of Pittsburgh and Allegheny County, and the URA want to clarify responsibilities and commitments related to the redevelopment of approximately 21.50 developable acres of land located in the Lower Hill District. In order to clarify those responsibilities, the parties have negotiated and agreed upon a term sheet (the "PAR Term Sheet"). Authorization is now requested to execute the PAR Term Sheet on behalf of the URA.

According to the term sheet, if Housing Authority of the City of Pittsburgh (HACP) funds are utilized for the development of the residential units, the affordability will be as set forth under applicable federal and HACP requirements for twenty (20) years.



Commitment to a Brighter Future

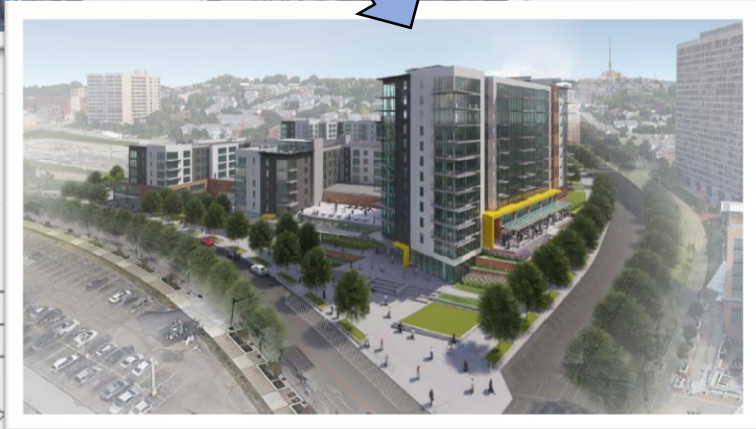
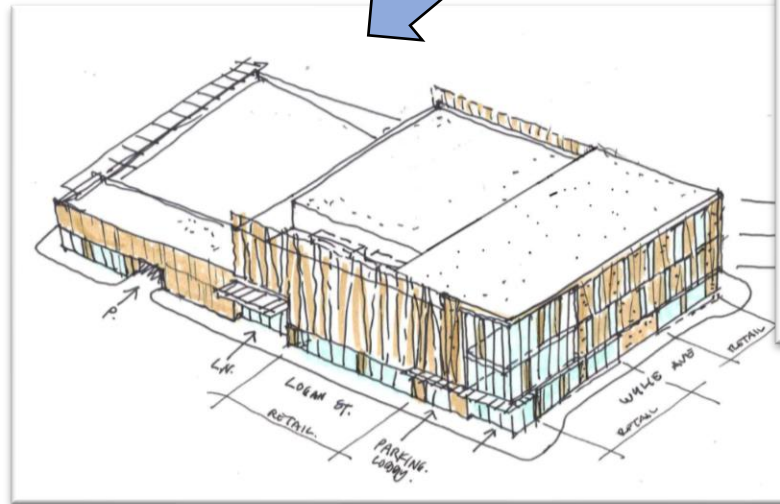
Board Resolutions/Proposed Votes

RESOLUTION	OUTCOME
a. Authorization to Execute a Term Sheet with Pittsburgh Arena Redevelopment LP ("PAR") and the Sports & Exhibition Authority of Pittsburgh and Allegheny County ("SEA")	<ul style="list-style-type: none"> • Adopts the <u>Term Sheet</u>, making it a legally binding document that clarifies negotiated responsibilities and commitments between the URA, PAR, and SEA for Blocks B and E of the Lower Hill Development
b. Preliminary approval of Buccini/Pollin Group, Inc. ("BPG") (or an affiliate) as a redeveloper for the take down of Block E, in the 3rd Ward	<ul style="list-style-type: none"> • PAR selected BPG as its developer for Block E • URA's board is accepting this selection and authorizes BPG to develop Block E and advance to SEA board vote • This action is the first of a series of votes that allow BPG to build on, own, and operate developments in Block E
c. Preliminary approval of a Conceptual Development Plan for the take down of Block E (Block 2-C, Lot 406), in the 3 rd Ward	<ul style="list-style-type: none"> • Approves BPG's preliminary plans for the development of Block E, which include: <ul style="list-style-type: none"> ○ A 97,000 sq. ft. live entertainment venue with outdoor amphitheater, seating up to 6,400 people ○ Commercial and retail space ○ A parking garage with approximately 850 spaces These plans will appear before the URA board again in the future
d. Presentation of a Parking Tax Diversion ("PTD") Plan with the City of Pittsburgh and execution of a Cooperation Agreement with the City of Pittsburgh for a PTD Plan if approved by the City	<ul style="list-style-type: none"> • Authorizes the URA to seek Pittsburgh City Council's approval on proposed PTD legislation, allowing 75% of parking taxes generated by the Block E garage to go the development for a period of up to 19 years • Up to \$24.3 million of taxes diverted during the 19-year PTD period will be used to construct the entertainment venue/garage • Labor for the project will be union • The Developer is expected to achieve 30% Minority/Women-Owned business participation rate for contracted work, with employment opportunities available to Greater Hill District Residents • During the 20th year, parking taxes will be allocated to an Affordable Housing Fund • After 20 years, all parking taxes will return to the City (approx. \$2.26 million annually)
e. Authorization to execute a funding agreement and related PTD documents with Buccini/Pollin Group, Inc. (or an affiliate)	<ul style="list-style-type: none"> • Results in approval and adoption of the Developer's proposed PTD Plan Funding Agreement • In addition to the above-mentioned impact: <ul style="list-style-type: none"> ○ The City will continue to receive \$150,471 currently generated by the base parking tax on the site ○ The City will receive an additional estimated \$8,104,641, generated over the 20-year period by an overall increase in on-site parking
f. Authorization to execute all financing documents, including Trustee documents, required in connection with the PTD	<ul style="list-style-type: none"> • Approves all PTD-related financial documents and allows the PTD plan to move forward
g. Preliminary approval of Intergen Lower Hill Initial Phase, LLC ("Intergen") (or an affiliate) as a redeveloper for the take	<ul style="list-style-type: none"> • Authorizes Intergen, a minority-owned firm comprised of KBK, Hatch USA, and OLMEC Development Co., to act as Block B's developer



Term Sheet

A. Authorization to **Execute a Term Sheet** with Pittsburgh Arena Redevelopment LP (“PAR”) and the Sports & Exhibition Authority of Pittsburgh and Allegheny County (“SEA”).





Term Sheet Quick Reference Guide

TERM SHEET FOR PROPOSED DEVELOPMENTS

October 18, 2019 (the "Effective Date")

1. Parties: Pittsburgh Arena Real Estate Redevelopment LP ("Optionee"), the Sports & Exhibition Authority of Pittsburgh and Allegheny County ("SEA") and the Urban Redevelopment Authority of Pittsburgh ("URA"). SEA and URA may be referred to collectively as "Seller". Optionee and Seller may be referred to collectively as the "Parties".

2. Background: Option Agreement. Pursuant to that certain Amended and Restated Comprehensive Option Agreement dated June 20, 2018 (the "Option Agreement"), Seller granted to Optionee redevelopment option rights with regard to a site comprising approximately 21.50 developable acres of land located in the Lower Hill District of Pittsburgh, Pennsylvania, as more particularly described in the Option Agreement (the "Option Premises"). Capitalized terms used and not defined in this Term Sheet have the meaning given such terms in the Option Agreement.

Block E Development. Optionee has proposed Take Downs on the following portions of the Option Premises: a portion of Block F designated as "Parcel F-1", a/k/a Take Down Tract # 5; a portion of Block F designated as "Parcel F-2", a/k/a Take Down Tract #6; Block E, a/k/a Take Down Tract #7; and a portion of Block G designated as "Parcel G-1", a/k/a Take Down Tract #10. With regard to Take Down Tract #7 on Block E, Optionee and its designated redeveloper Lower Hill Developer LLC (the "Block E Redeveloper") have proposed constructing, owning, and operating a structured parking facility with associated retail and music venue premises on Block E (the "Block E Structured Parking"). The proposed Block E Structured Parking differs in certain material respects from the Parking Garage described in Section 7.2 of the Option Agreement due to a number of factors, including but not limited to complexity of construction, embedding a portion of the Block E Structured Parking underground, timing of delivery, and control of future parking revenue.

Block B Development. Pursuant to Letters of Intent #8 and #9, each dated April 18, 2019, Optionee has proposed Take Downs on the following portions of the Option Premises: Block B and a portion



Commitment to a Brighter Future

Catalyzing Investment in the Lower and Greater Hill District

Term Sheet Summary for Blocks B and E, October 2019



What is the term sheet?

This document formalizes commitments made by the URA, SEA, and the developer at this stage in the process of negotiating the redevelopment of several specific pieces of a large site in the Lower Hill. Some commitments and responsibilities are already in place under the Option Agreement from June 2018 and others trace back many years before then.

What is the developer proposing?

The term sheet describes what the developer would like to build, own, and operate on specific pieces of the site: Block E and Block B with a small portion of Block A. Block E would be a parking structure with retail and a live music venue. Block B would be a multi-family residential building along with parking and open space.



Preliminary Approval of Buccini/Pollin Group, Inc. as Block E's Redeveloper

B. Preliminary approval of **Buccini/Pollin Group, Inc. ("BPG")** (or an affiliate) as a redeveloper for the take down of Block E, in the 3rd Ward





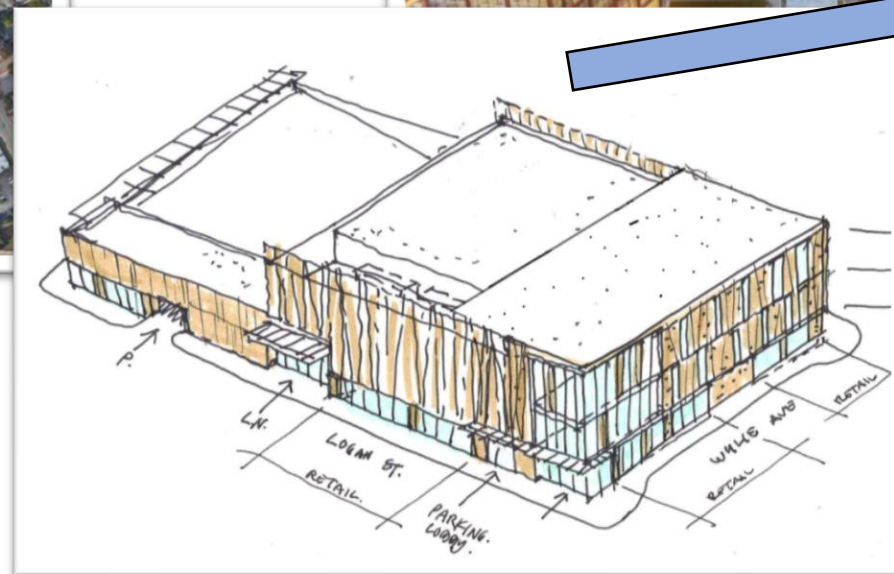
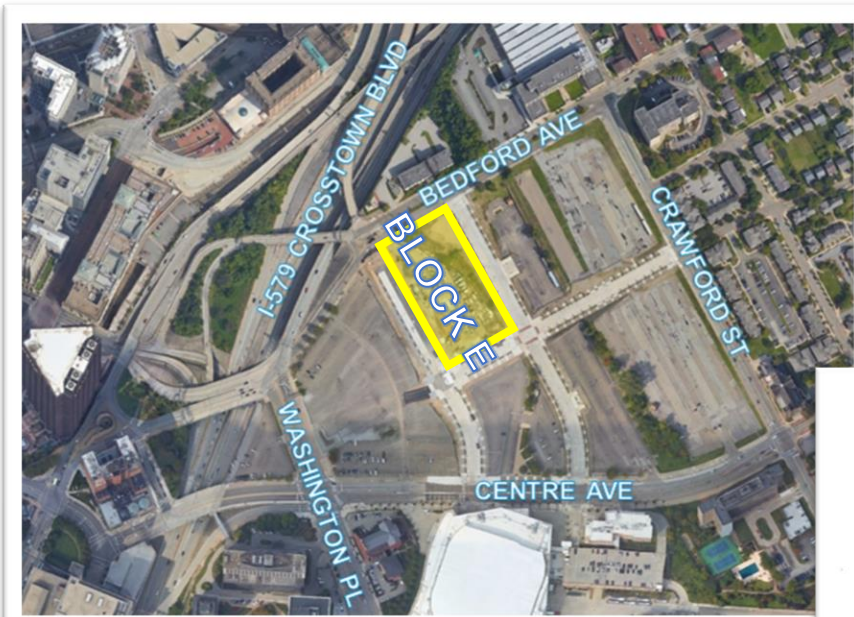
Preliminary Approval of PBG's Conceptual Development Plan for Block E

C. Preliminary approval of a **Conceptual Development Plan** for the take down of Block E (Block 2-C, Lot 406), in the 3rd Ward





BPG's Preliminary Conceptual Development Plan Renderings for Block E





Presentation of Parking Tax Diversion (PTD) Plan

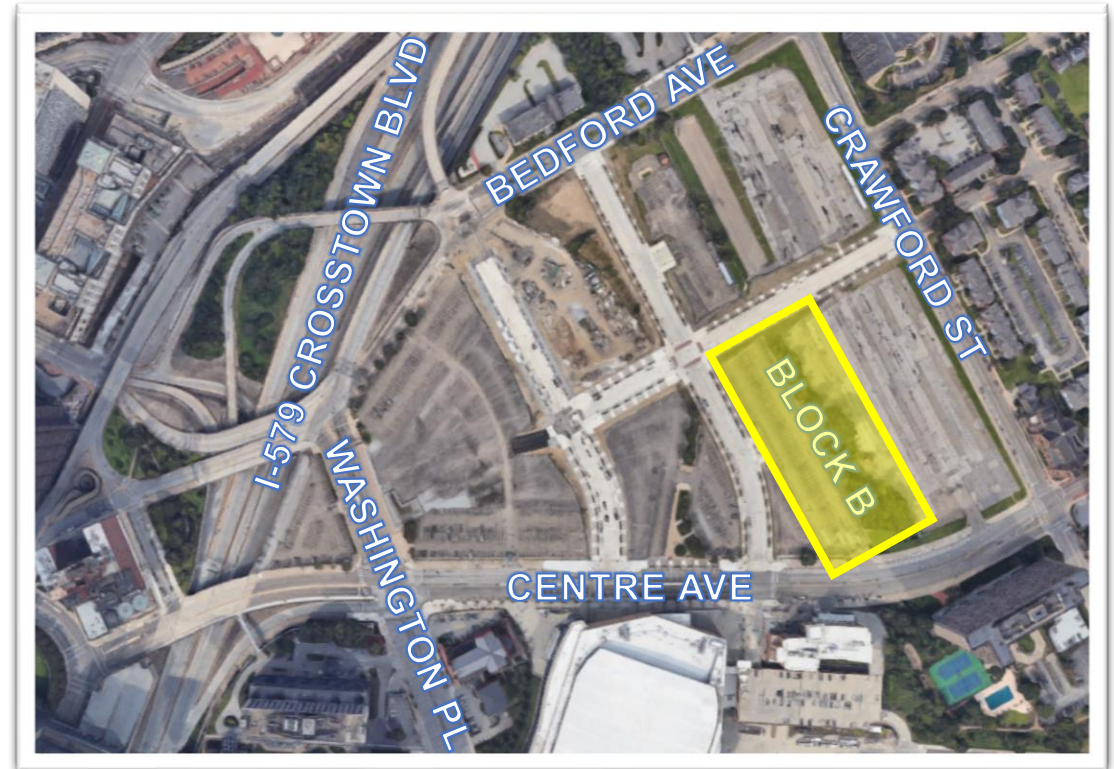
- D. Presentation of a **Parking Tax Diversion (“PTD”) Plan** with the City of Pittsburgh and **execution of a Cooperation Agreement** with the City of Pittsburgh for a PTD Plan if approved by the City
- E. Authorization to **executive a funding agreement and related PTD documents with Buccini/Pollin Group, Inc.** (or an affiliate)
- F. Authorization to **execute all financing documents**, including Trustee documents, required in connection with the PTD



Preliminary Approval of Intergen Lower Hill Initial Phase, LLC as Block B's Redeveloper

G. Preliminary approval of **Intergen Lower Hill Initial Phase, LLC** (“Intergen”) (or an affiliate) as a redeveloper for the take down of all or portions of Parcels A1, A2, B1, B2, 3, and 4, in the 3rd Ward, designated by the redeveloper as “Parcel B”

Intergen is a High-Capacity MBE Development Team
Committed to the Hill District Community



Keith B. Key
Raised in the Hill



Bob Agbede
Local MBE Business Owner



Bomani Howze
3rd Generation
Hill District Resident



Preliminary Approval of Intergergen's Conceptual Development Plan for Block B

H. Preliminary approval of a **Conceptual Development Plan** for the take down of all or portions of Parcels A1, A2, B1, B2, 3, and 4, in the 3rd Ward, designated by the redeveloper as "Parcel B"

- Preliminary plans call for 288 rental mixed-income units in:
 - A six-story, 167-unit building (including 34 affordable units)
 - A 12-story, 121-unit building (including 24 affordable units)



Intergen's Preliminary Conceptual Development Plan Renderings for Block B




Preliminary plans call for 288 all-rental, mixed income units in:

- A six-story, 167-unit building (including 34 affordable units)
- A 12-story, 121-unit building (including 24 affordable units)



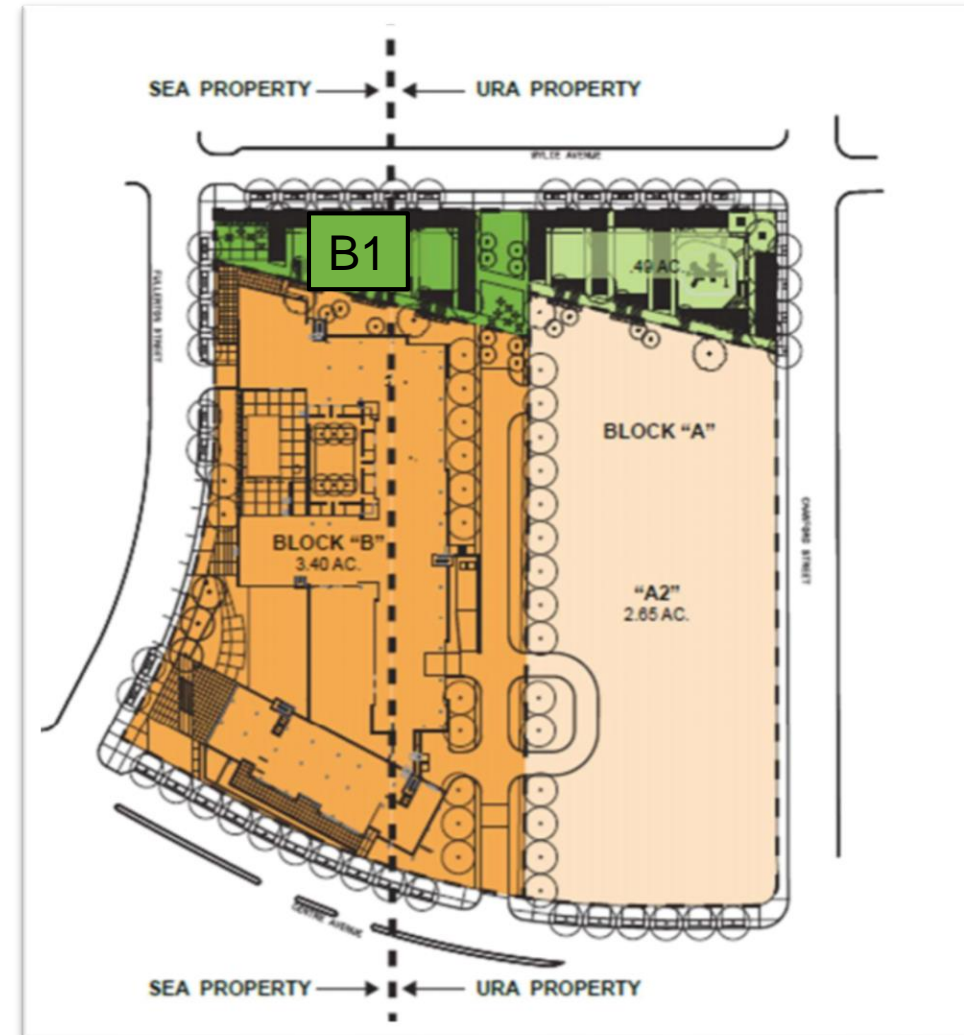
Preliminary approval of Interagen and the Lower Hill District Conservancy as the redevelopers of Parcel B1

- I. Preliminary approval of Interagen as a redeveloper, and of Lower Hill District Conservancy (“the Conservancy”), a to-be-formed planned community association, for the take down of portions of Parcels A1 and A2, in the 3rd Ward, designated by the redeveloper as “**Parcel B1**”



Preliminary approval of a Conceptual Development Plan for Parcel B1

J. Preliminary approval of a **Conceptual Development Plan** for the take down of portions of Parcels A1 (Block 2-C, Lot 403) and A2 (Block 2-C, Lot 301), in the 3rd Ward, designated by the redeveloper as **“Parcel B1”**





\$1 million Pittsburgh Development Fund (“PDF”) Loan Commitment with Interger

- K. Pittsburgh Development Fund (“PDF”) **Loan Commitment with Interger Lower Hill Initial Phase LLC** or a related entity, in an amount up to \$1,000,000

Interger will use reasonable efforts to pursue project-based gap subsidy and rental assistance subsidy from the Housing Authority of the City of Pittsburgh (HACP) for affordability for 20% of the units. If Interger receives gap financing and subsidy through the HACP program, they must abide by federal regulations and HACP policies and rent to households with incomes up to 50% Area Median Income (AMI).



\$1 million Pittsburgh Development Fund (“PDF”) Loan Commitment with Intergeren

Preliminary Unit Mix

	Market	Affordable	Total
Micro	16		16
Studio	60	19	79
One BR	105	27	132
Two BR	49	12	61
Total	230	58	288

2019 Area Median Income Limits

Household Size	50%	60%	80%
1	\$28,000	\$33,550	\$44,750
2	\$32,000	\$38,350	\$51,150
3	\$36,000	\$43,150	\$57,550
4	\$39,000	\$47,950	\$63,900
5	\$43,150	\$51,800	\$69,050
6	\$46,350	\$55,600	\$74,150



\$1 million Pittsburgh Development Fund (“PDF”) Loan Commitment with Intergeren

URA Board approval of the PDF commitment is contingent upon:

- **Approval of final working drawings and construction costs**
- **Approval of an M/WBE plan**
- **Evidence of financing for all funding sources**
- **Borrower receiving HACCP project based rental assistance and gap financing**
- **Approval of the PDF loan by URA Real Estate Loan Review Committee**
- **If the project does not close by May 10, 2020, the PDF commitment will expire**



Amendment of the Lower Hill Economic Revitalization Tax Act District Cooperation Agreement

L. Authorization to amend the **Lower Hill Economic Revitalization Tax Act (“LERTA”)** District Cooperation Agreement and documentation.

Notes:

- Approves changes to an existing Lower Hill LERTA District Cooperation Agreement
- 50% of the “LERTA funding” will be used to pay off a loan that will provide early capitalization the Greater Hill District Reinvestment Fund
- 50% of the LERTA funding will remain on-site for Lower Hill improvements
- “LERTA funding” is an abatement of real estate taxes approved by the City, County, and the Pittsburgh School Board (the “Taxing Bodies”)
- In exchange for keeping 50% of the “LERTA funding,” the Developer shall ensure infrastructure improvements are made and not request City, URA or SEA funding for public infrastructure in the future



Authorization to amend the Lower Hill LERTA Restrictive Covenants

M. Authorization to amend the **Lower Hill LERTA Restrictive Covenants**



Adjournment

The screenshot shows the URA website page for Lower Hill. The header includes the URA logo (Urban Redevelopment Authority of Pittsburgh) and navigation links: WHO WE ARE, HOW WE HELP, OUR WORK, PROPOSALS & BIDS, NEWS, CONTACT US, and a search icon. A yellow button labeled "View All Projects" is visible. The main content area features the heading "LOWER HILL" and a paragraph: "The 28-acre Lower Hill redevelopment will have a significant impact on the Hill District and entire Pittsburgh region. Part of this redevelopment involves transitioning land currently used as surface parking into a mix of office, retail, and housing, including the creation of a shared parking district." To the right is a large image of a modern city skyline at night. Below the main text is a smaller image of a building. A "RESOURCES" section lists: "October 18, 2019 Special Board Meeting Agenda", "October 18, 2019 URA Board Votes and Outcomes", and "Term Sheet - Block F and Other Developments".

Documents can be downloaded from the Lower Hill website

<https://www.ura.org/pages/lower-hill>