

23RR

Twenty Third & Railroad

ON THE ALLEGHENY

Project Review
2239 Railroad Street

Presented to Pittsburgh Public Schools

MIXED-INCOME APARTMENTS

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DEVELOPMENT TEAM

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Steel Street Capital Partners, LLC
Developer

Oxford Development Company
Developer & Project Manager

WTW Architects
Architecture and Engineering

Rycon Construction Inc.
General Contractor & CM

Langan Engineering
Site Civil Engineering

IAMS
MEP Engineering

Taylor Structural
Structural Engineering

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LOCAL CONTEXT



BY THE NUMBERS

7
Floors

180
Construction Jobs

137,000
RSF

220
Residential Units

139
Parking Spaces

$8,204
Current School Tax Revenue



PROJECT TIMELINE

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October 2016
Opportunity Identified

2017
Meetings with City and Local Councilwoman

February 2018
ZDR Application Filed

March 2018
Initial Presentation to Riverlife and Strip District Neighbors

December 2017 – March 2019
Finalized Affordability Program

July 2018
Requested Variances Granted

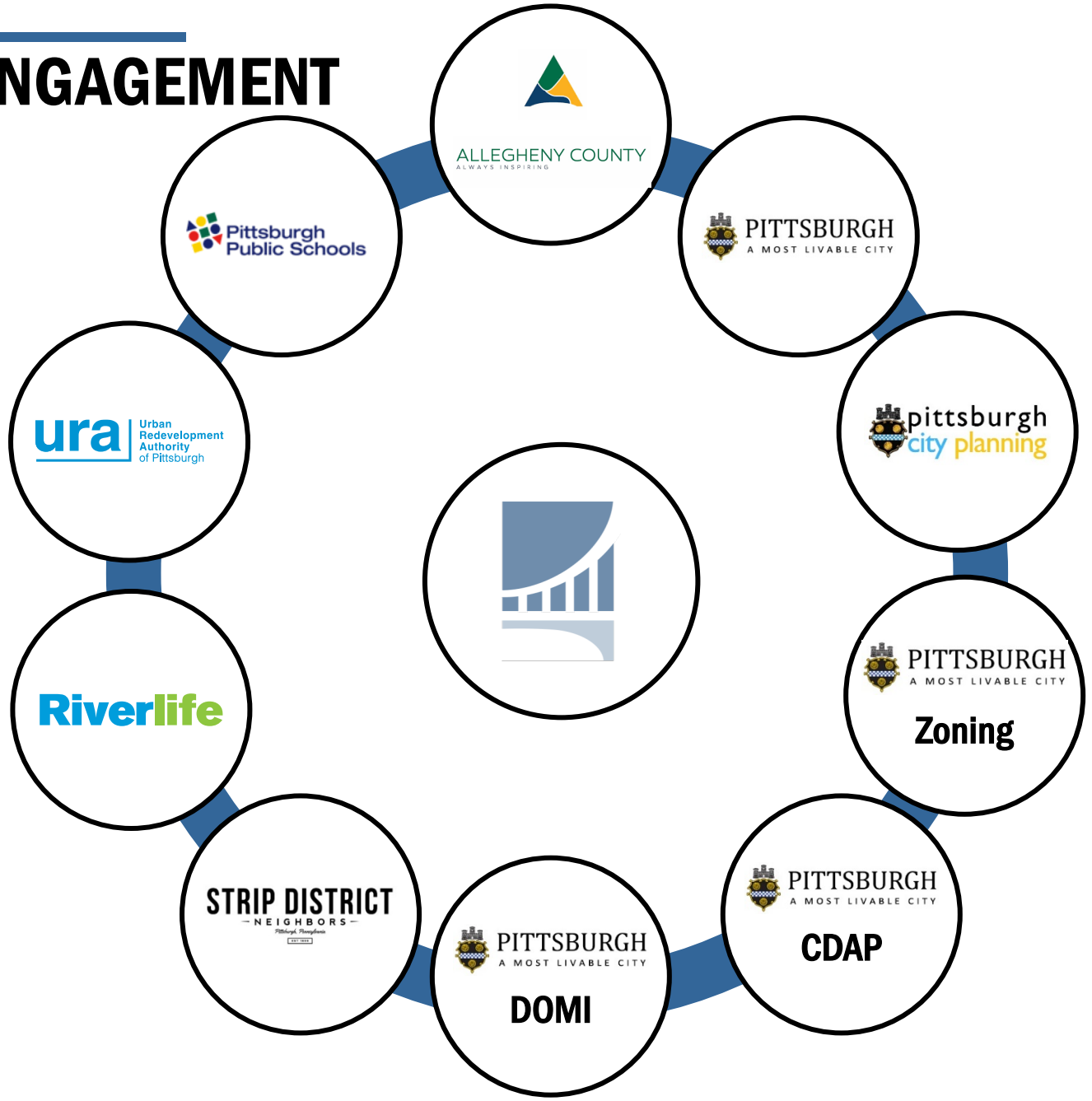
August 26, 2019
Latest Community Meeting

September 2019
Planning Commission/LERTA Approvals

November 2019
Groundbreaking

March 2021
Certificate of Occupancy Issued

COMMUNITY ENGAGEMENT



SUSTAINABILITY & PUBLIC SPACE

- Targeting Minimum LEED V4 Silver






CORK FACTORY TRAIL



EXISTING CONDITIONS ALONG RIVERFRONT TRAIL




Lock Wall One
MARINA

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JUSTIFICATION FOR LERTA



PROJECT CHALLENGES

- Narrow Site
- Riverfront Setback Requirements
- Higher Construction Cost Environment
- Environmental Contaminants
- Floodplain Development
- Failing Infrastructure
- Voluntary Mixed-Income Housing
- Structured Parking





JUSTIFICATION FOR LERTA

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- The Project Is Not Economically Feasible and Cannot Proceed without this Tax Abatement
  - Project Hard Costs are **$39,595,654**
  - Estimated Assessed Value at Completion is **$28,820,000**
  - Estimated Gap of **$10,775,654** is Bridged by
    - Investments by Mission-Driven Investors with Lower-than-Market Yield Requirements
    - Low-Interest Rate Community Loan
    - LERTA Tax Benefit

JUSTIFICATION FOR LERTA

MIXED-INCOME HOUSING

- Income-Restricted Housing Units
  - **33 Units** (15% of Total Unit Count) shall be Income-Restricted Affordable Housing Units
  - All Incomes will be based on the HUD-published Area Median Income
  - Income-Restricted Units will be Identical to Market-Rate Units in Quality and will be distributed across Units Types

JUSTIFICATION FOR LERTA

MIXED-INCOME HOUSING

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Income-Restricted Rental Rate Comparison (2019 Dollars)					
	65% AMI		85% AMI		Market Rate
	Rent	Discount	Rent	Discount	Rent
Studio	$865	43.0%	$1,131	25.5%	$1,466
1-bed	$987	46.7%	$1,291	30.3%	$1,790

Income Levels (2019 Dollars)			
	65% AMI	85% AMI	Market Rate
	Max. Income †	Max. Income †	Income ‡
Studio	$35,924	$46,568	$58,660
1-bed	$41,010	$53,161	$71,588

† – Includes a 2.5% income variation allowance.

‡ – Assumes a 30% cost burden.

JUSTIFICATION FOR LERTA

MIXED-INCOME HOUSING

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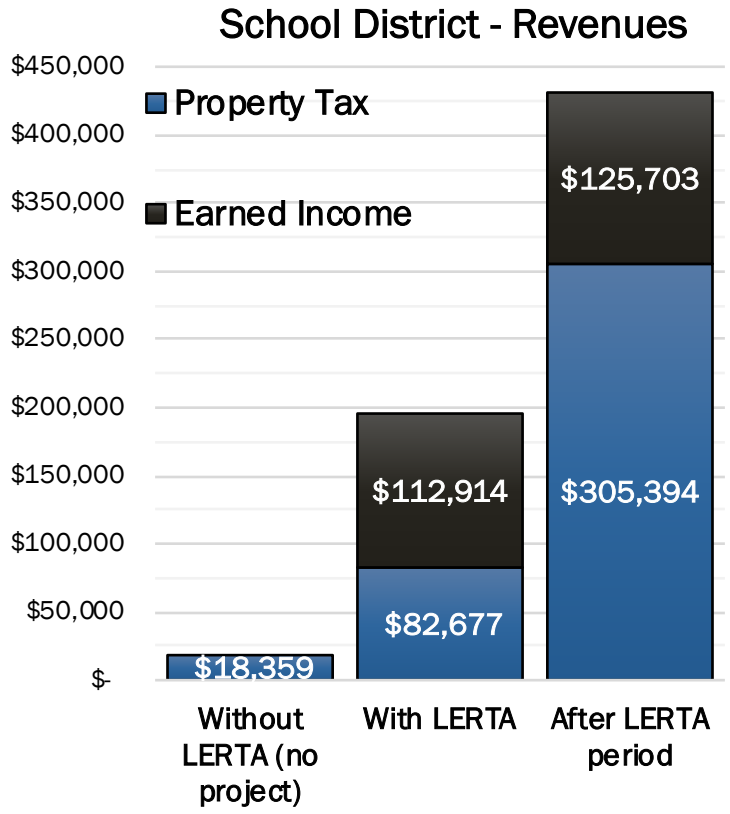
- Escalator to Success
  - By dividing the Units into Two Pools at Different Income Levels, Residents can grow into a Higher Income Segment without Losing their Housing
  - **Segment 1: 11 Units** (5%)
    - 65% AMI
    - 30% Cost Burden
  - **Segment 2: 22 Units** (10%)
    - 85% AMI
    - 30% Cost Burden
- Avg. Income-Restricted Rent: **$1,136**[1]
- Avg. Market-Rate Rent: **$1,646**

[1]Based on 2018 Pittsburgh MSA HUD Income Limits

JUSTIFICATION FOR LERTA

REVENUE ANALYSIS

- Without LERTA, the Project Cannot Move Forward and the School District Will Receive Property Tax Revenue[2] of:
  - Years 1-10[1]: **$ 18,359 Avg. Per Year**
  - Year 11+: **$ 19,354 Per Year**
- With LERTA, the Project can move Forward and the School District will receive Property Tax Revenue[3] of:
  - LERTA Abatement Period[1]: **$ 82,677 Avg. Per Year**
  - Post-LERTA: **$305,394 Per Year**
- Additionally during the LERTA Abatement Period the School District is projected to receive **$1,129,141** in Earned Income Tax Revenue[4]
- The Owners commit to Payment of Transfer Taxes upon Sale of Property



[1]: Based on current millage rates and a 3% increase every 3 years thereafter.
[2]: Assumed assessment of $1.8 MM.
[3]: Assumed assessment of $28.8 MM.
[4]: Assumed 2.0% annual wage growth.

SCHOOL DISTRICT REVENUE IMPACT

LERTA Comparison	Projected	Existing†	Net Benefit
Year	Net Property Taxes	Net Property Taxes	School Benefit
1	$ 33,589	$ 17,712	**$ 15,877**
2	33,589	17,712	**15,877**
3	44,300	17,712	**26,588**
4	51,389	18,243	**33,146**
5	77,977	18,243	**59,734**
6	77,977	18,243	**59,734**
7	111,832	18,791	**93,041**
8	111,832	18,791	**93,041**
9	138,419	18,791	**119,629**
10	145,868	19,354	**126,514**
10-Year Total	$ 826,772	$ 183,592	**$ 643,179**
Year 11	$ 305,394	$ 19,354	**$ 286,040**
Years 11-20	$ 3,222,177	$ 204,206	**$ 3,017,971**

† Assumes reassessment of land to purchase price.

OPEN DISCUSSION

