

Tax Increment Financing:

Smallman Street, Strip District – Initial Request

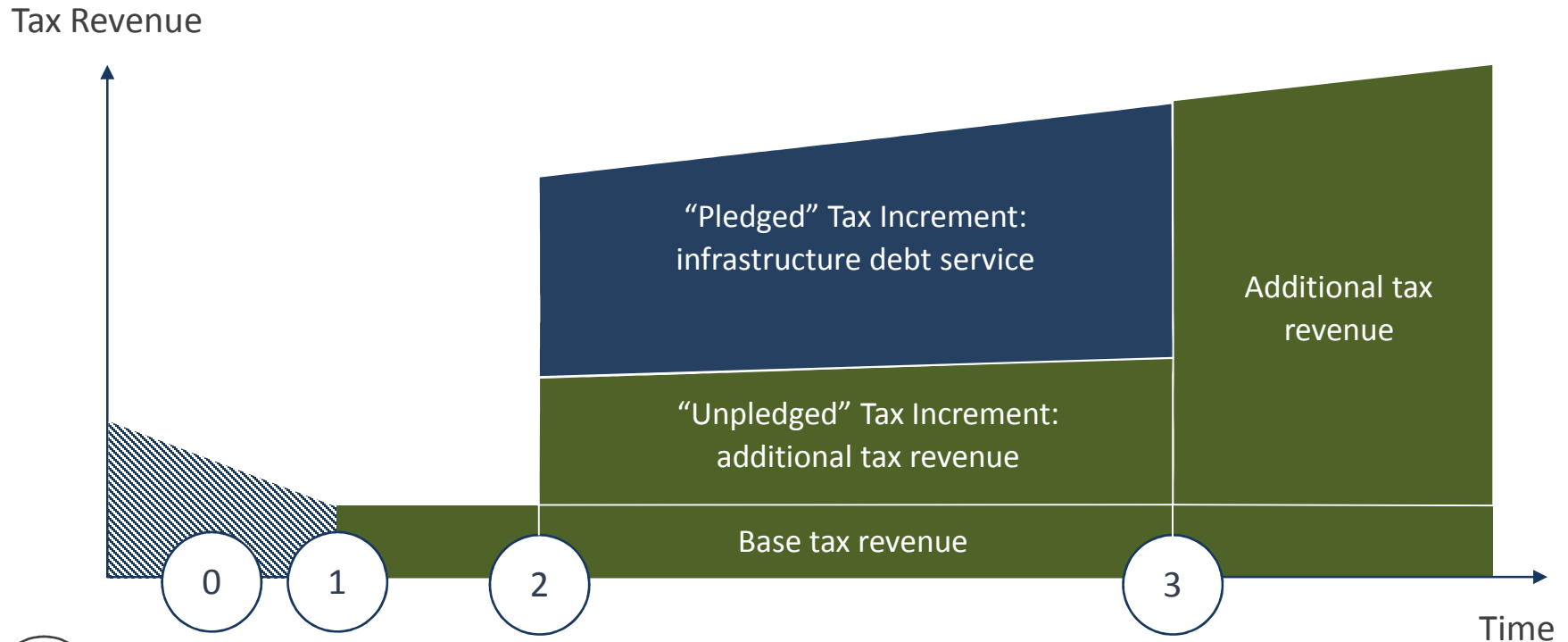
Pittsburgh Public Schools
Business/Finance Committee
June 6, 2017



Agenda

1. Tax Increment Financing (TIF) & TIF Process
2. Produce Terminal – Private Development
3. Smallman Street – Public Safety Concerns / Design Solutions
4. Request for School District: Initial Request to Study TIF for Smallman Street, Strip District & Engage a School District Representative in the TIF Process
5. School District TIF Scorecard

TIF Concept



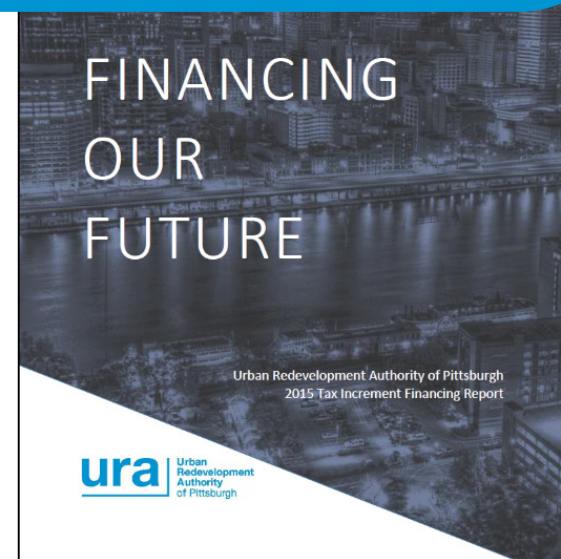
- 0 Property values stagnate or decline (“base”)
- 1 Project infused with public and private investment
- 2 Completed improvements generate real estate tax increment (“increment”)
- 3 Entire tax increment accrues to taxing bodies in perpetuity.

What is Tax Increment Financing (TIF)?

- Tax increment can fund construction and soft costs including but not limited to:
 - Site Preparation
 - Sanitary Sewer and Water
 - Roadway Improvements
 - Sidewalks
 - Lighting
 - Public Use Facilities
 - Parks & Recreation Facilities
 - Parking Facilities
 - Transit/other Transportation Infrastructure
 - Architectural, Engineering, Planning, or Legal Fees
 - Environmental Impact Studies
 - Operation and Administration of the TIF District

TIF Districts in the City of Pittsburgh – the “But For”

- 23 TIF Districts have been authorized in the City of Pittsburgh since 1993.
- Of the 23 approved TIF Districts, 8 have been completed, returning \$12 million in real estate and parking tax increment annually to the 3TBs.
- 15 current active TIF Districts are generating \$5.3 million in unpledged real estate and parking tax increment to 3TBs.
- Upon completion, these 15 active TIF Districts are projected to generate a total of \$35.6 million in real estate and parking tax increment annually to 3TBs.



TIF Process – Generally 9-12 Months

Receive TIF Application by Developer or Initiated by URA



Define Project



Determine Project Eligibility & Funding Gap – “...BUT FOR...”



Estimate Post-Development Taxes



Obtain 3TB Initial Approvals to Study TIF as Financing Tool



Draft TIF Plan; work with TIF Committee



Commission 3rd party Reports



Obtain County & School District Final Approvals



Public Hearing



Obtain City Council Final Approval



Arrange for Project Funding



Apply TIF Funds to the Project

TIF Process – Generally 12 Months

DRAFT 6-5-2017

Smallman Street TIF INITIAL INDUCEMENT RESOLUTIONS Estimated Schedule – for discussion

Legislative Action: Intent to explore TIF & request taxing body participation

URA Board

Draft Taxing Body Resolutions with TIF Counsel	August 2016
Brief Taxing Body Reps	August – September 2016
Inducement Resolution	Thurs, September 8, 2016 2:00PM

County Council

Pre-meeting	Mid-May
First Reading	Tues, June 20, 2017 5:00PM
Economic Development & Housing Committee	Tues, July 5, 2017 4 or 5PM
Second Reading	Tues, June 11, 2017 5:00PM

School Board

Pre-meeting #1 w/Business/Finance Committee	Tues, September 13, 2016 3:00PM
Pre-meeting #2 w/Business/Finance Committee	Tues, May 9, 2016 11AM
Business Committee	Mon, June 6, 2017 5:30PM
Agenda Review	For discussion
Hearing	For discussion
Legislative Session	For discussion

City Council

Introduce Legislation	Tue, March 14, 2017
Committee Discussion #1 – HELD for public hearing	Wed, March 22, 2017 10:00AM
Hearing Advertisement for Zoning (21-day notice)	Week of March 27, 2017
Public Hearing for Zoning	April 25
Committee Discussion #2	Wed, April 26, 2017 10:00AM
Vote (for Initial TIF, Zoning, Lease, Coop)	Tues, May 2, 2017 10:00AM
ZBA for Produce Terminal	Thursday, June 15, 2017

Circulate Draft TIF Plan

August/September 2017

TIF Committee Meeting

September 2017

Send final TIF plan to TIF Committee
along with draft resolutions for URA & 3TB

Late September/Early October 2017

TIF Process – Generally 12 Months

DRAFT 6-5-2017

Smallman Street TIF FINAL RESOLUTIONS

Estimated Schedule – for discussion

Legislative Actions: Adopt TIF Plan & Authorize TIF Cooperation Agreement & Related TIF Note details/documents

URA Board (with any related TIF Note agreements)

Board Approval of TIF Plan

Thurs, August 10, 2017 2:00PM

County Council

First Reading

Tues, September 12, 2017 5:00PM

Economic Dev. Committee #1

For discussion

Economic Dev. Committee #2

For discussion

Second Reading and Vote

Tues, October 24, 2017 5:00PM

School Board

Pre-meeting w/Business/Finance Committee

For discussion

Business Committee

For discussion

Agenda Review

For discussion

Hearing

For discussion

Legislative Session

For discussion

City Council

Send Legislation

After County & SD Adopt

Introduce Legislation (referred to Public Hearing)

TBD

Committee Discussion #1

TBD

Public Hearing Advertisement

TBD

Public Hearing

TBD

Committee Discussion #2

TBD

Final Vote

January or February 2018

(Vote cannot occur sooner than 3 weeks after hearing)

Cooperation Agreement

TIF Counsel drafts Cooperation Agreement

October 2017

Circulate Draft Cooperation Agreement for Comment

October 2017 2017

Circulate Final Cooperation Agreement for Signature

November 2017

Execution of Cooperation Agreement

February 2018

Proposed Smallman Street TIF District

Potential TIF Uses

- Smallman Street and Related Public Space Improvements
 - Roadway Improvements
 - Utility Upgrades, including Stormwater/Sewer
 - Sidewalks, Ramps, Lighting

Pittsburgh Produce Terminal

- 150,000 square feet office/retail

1600 Smallman Street

- 131,000 square feet office/retail

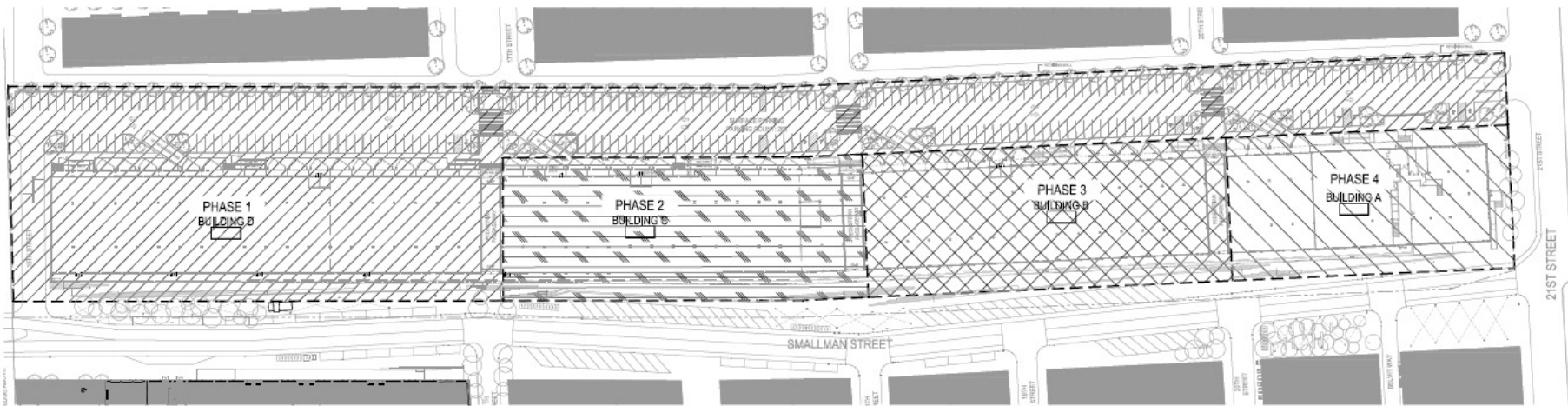
Tax increment sources

Tax increment uses

Produce Terminal – Private Development Summary



- Produce Terminal:
 - 73,850 SF retail space including food-centric commercial space
 - 74,600 SF office space
- 1600 Smallman Street:
 - 131,000 square feet - first level retail with offices above
 - 79 new parking space



Pittsburgh Produce Terminal Redevelopment
Pittsburgh, Pennsylvania

PROJECT PHASING PLAN
OVERALL FIRST FLOOR PLAN

N
SCALE: 1" = 100'-0"
04.18.17

Antunovich Associates - ARCHITECT
224 West Huron Street
Chicago, IL 60654
Phone: 312-396-1126 Fax: 312-396-7123

McCauley Interiors - DEVELOPER
2020 Smallman Street, Suite 300
Pittsburgh, IL 15222
Phone: 412-315-7084 Fax: 312-784-0753

THE INFORMATION PROVIDED ON THIS DRAWING IS FROM DOCUMENTATION AVAILABLE AND MAY NOT REFLECT ACTUAL FIELD CONDITIONS. SERVICE CHARGES AND UTILITIES PROVIDED BY THE LANDLORD FOR THE BASE BUILDING MAY EXIST WITHIN THE TENANTS' DESIGNED PREMISES. IT SHALL BE THE RESPONSIBILITY OF THE TENANT TO VERIFY ALL INFORMATION SHOWN. THE DEVELOPER AND ARCHITECT MAKE NO REPRESENTATIONS AS TO THE ACCURACY AND CORRECTNESS OF ANY DIMENSIONS OR SQUARE FOOTAGES. ALL DIMENSIONS AND SQUARE FOOTAGES SHALL BE FIELD-VERIFIED BY THE TENANT IN THE FIELD. SMALLMAN STREET AND EXTENDED DOCK CONCEPTUAL DESIGN IS SHOWN FOR REFERENCE ONLY.

Produce Terminal – Private Development Summary



1. URA will retain ownership of the Produce Terminal building and enter into a long-term lease with McCaffery Interests, Inc.
 - a. Ninety-nine (99) year Lease Agreement
 - b. Developer would maintain entire premises
 - c. LEED Silver will be pursued
 - d. Historic Tax Credits will be pursued
 - e. M/WBE Goals of 18% / 7%
 - f. URA has the right of first offer if McCaffery wishes to convey any interest in the leasehold

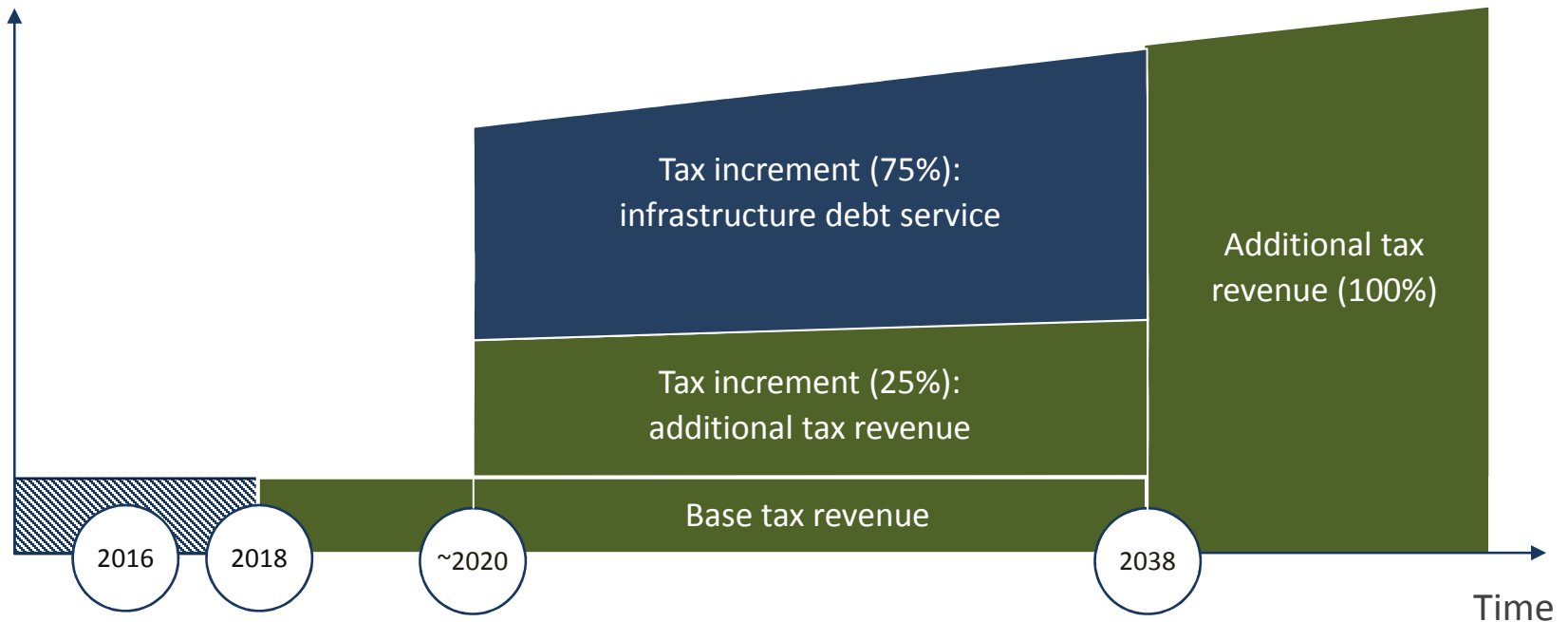
Produce Terminal – Private Development Summary



2. Up to four phases of the Produce Terminal project will be undertaken by the Developer, based on reasonable market demand:
 - a. Phase 1 will include a “food centric” Public Market of at least 20,000 gross square feet
 - b. Subsequent phases allocating, no less than 40K square feet, may be allocated to local businesses
 - c. Extend the lease term for Society for Contemporary Craft (SCC), until the phase redevelopment reaches SCC and negotiation will commence to try and accommodate them in the Producer Terminal property
 - d. URA Establishment of the Strip District Loan Fund for Small Businesses
 - i. To stimulate the growth of new and existing businesses
 - ii. To create new jobs, encourage new business start-up and expansion by assisting entrepreneurs and stimulating business growth
 - e. URA staff and Board approve each phase

TIF Concept: Smallman Street

Tax Revenue



2016

Real estate tax revenue stagnates at **\$16,000** annually (“base”)

2018

Project infused with **\$4 million** in TIF investment that leverages **\$130 million** in public and private improvements

~2020

Completed improvements are reassessed, generating **\$364,110** annually in real estate tax increment – **\$86,528** of which is realized by the School District (during the TIF)

2038

Entire **\$364,110** tax increment accrues to School District in perpetuity (after the TIF)

Strip District: Smallman Street



- Regional destination with retail and warehouse users; density creates greater impact on public infrastructure
- To date, the City / URA have secured:
 - ✓ \$4M RACP State Grant
 - ✓ \$1M DCED Multimodal State Grant

Strip District: Smallman Street



Smallman Street Today: Public Safety Issues



Smallman Street Today: Public Safety Issues

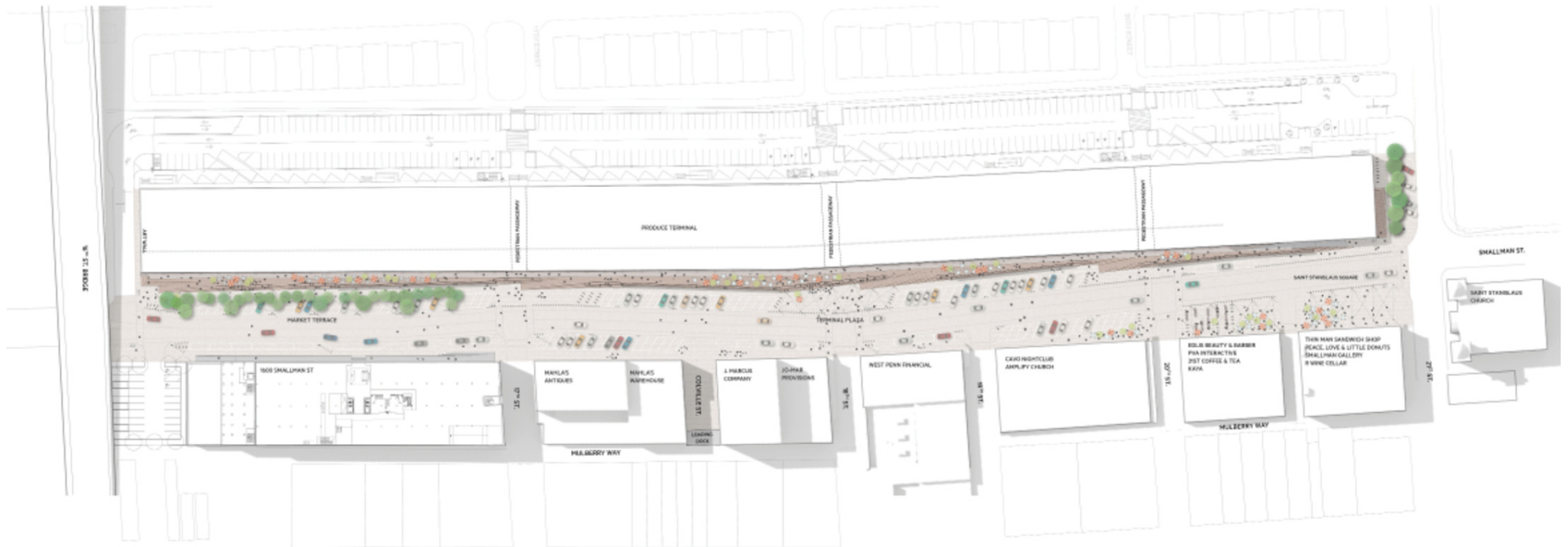


Smallman Street Today: Public Safety Issues



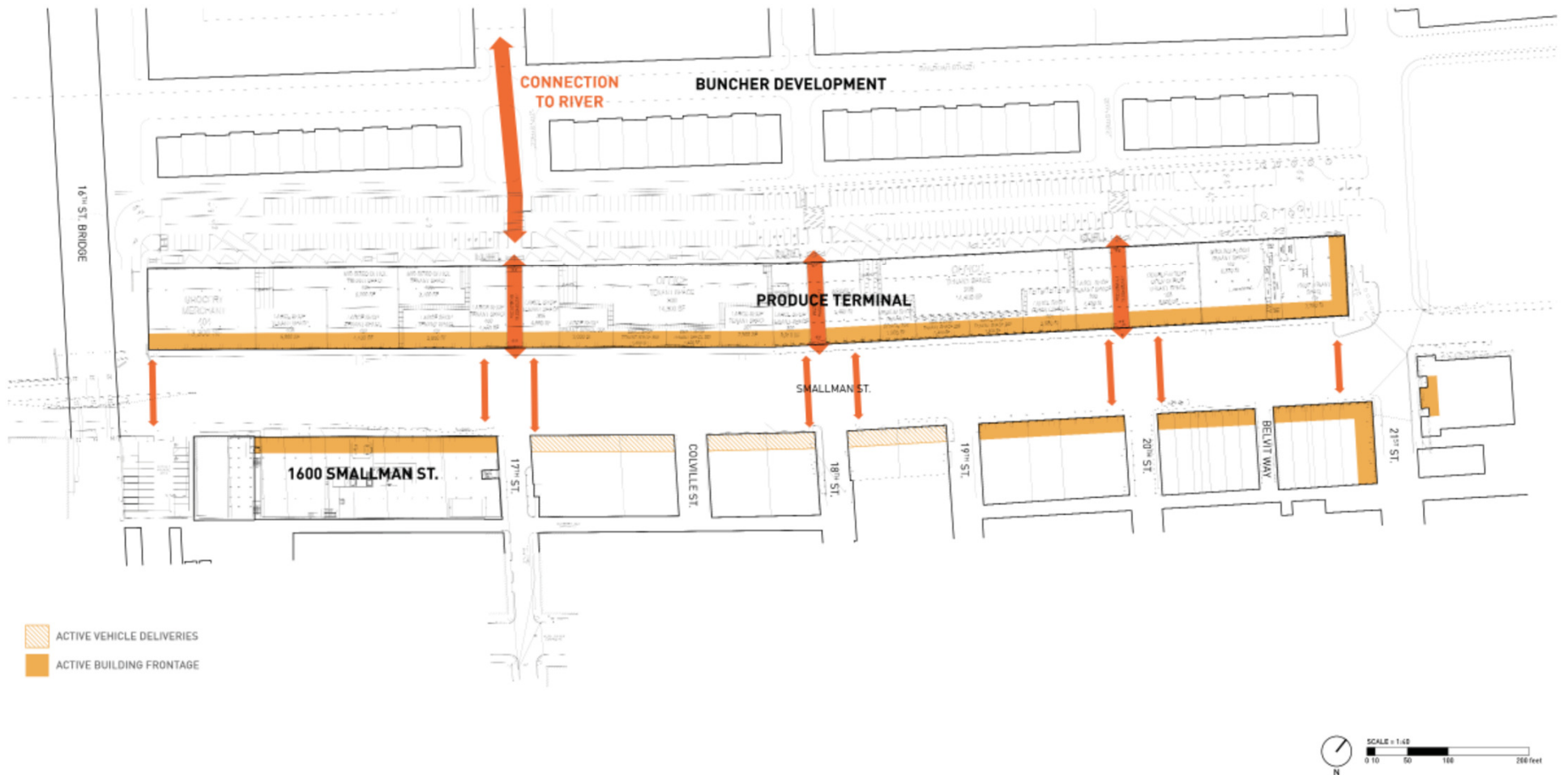
Smallman Street Conceptual Design: Proposed Public Improvements

Daily Use Plan



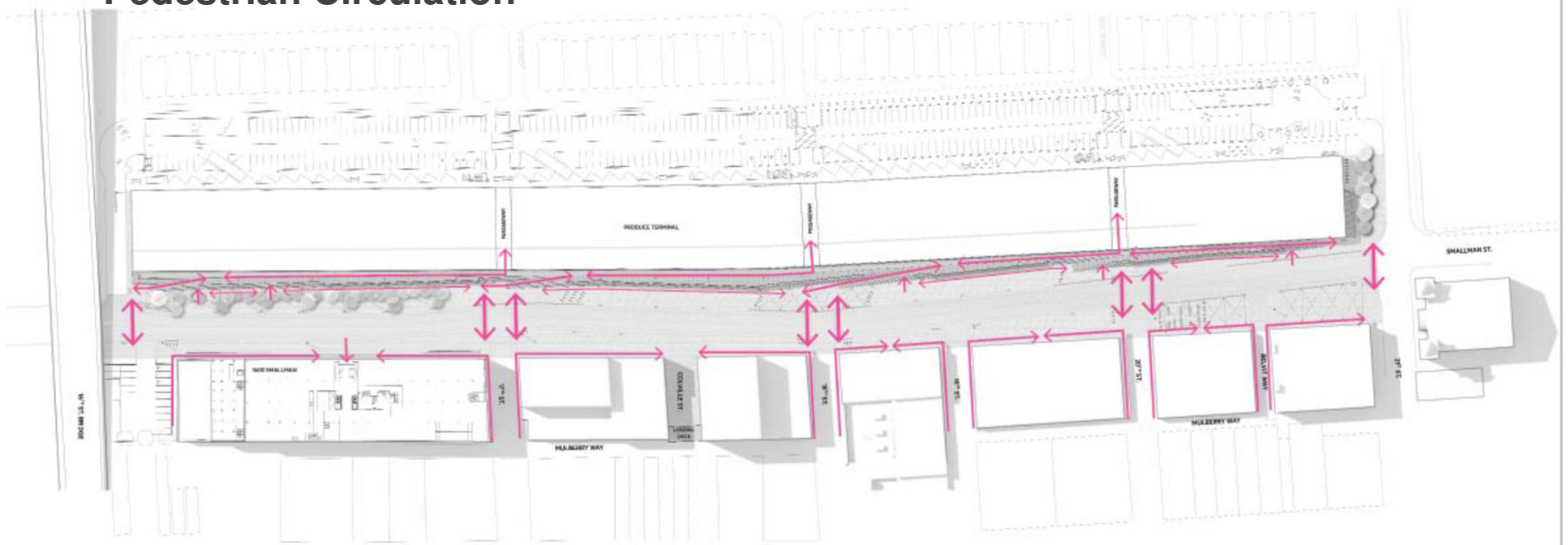
Smallman Street Conceptual Design: Proposed Public Improvements

Pedestrian Crosswalks



Smallman Street Conceptual Design: Proposed Public Improvements

Pedestrian Circulation



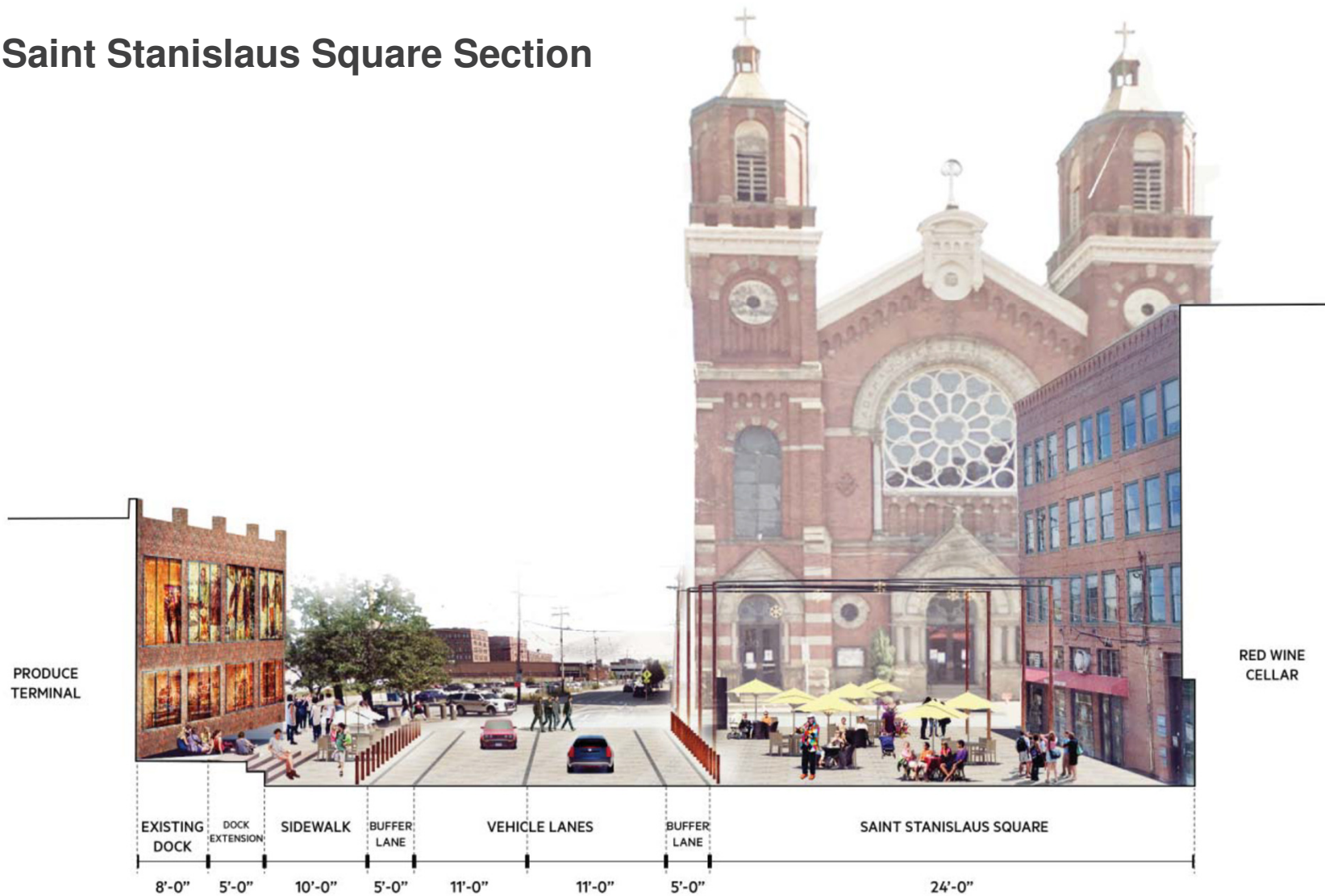
Smallman Street Conceptual Design: Proposed Public Improvements

Travel Lanes, Pedestrian Ways – Cross Section



Smallman Street Conceptual Design

Saint Stanislaus Square Section



Smallman Street Conceptual Design: Proposed Public Improvements



Smallman Street TIF District: School District Fiscal Impact Projections

\$900,000

\$800,000

\$700,000

\$600,000

\$500,000

\$400,000

\$300,000

\$200,000

\$100,000

\$0

\$1.7 million tax increment investment yields:

- **\$556,000** in new tax revenue annually during TIF
- **\$816,000** in new tax revenue annually upon completion

2016
before

2017

2018

during

2019

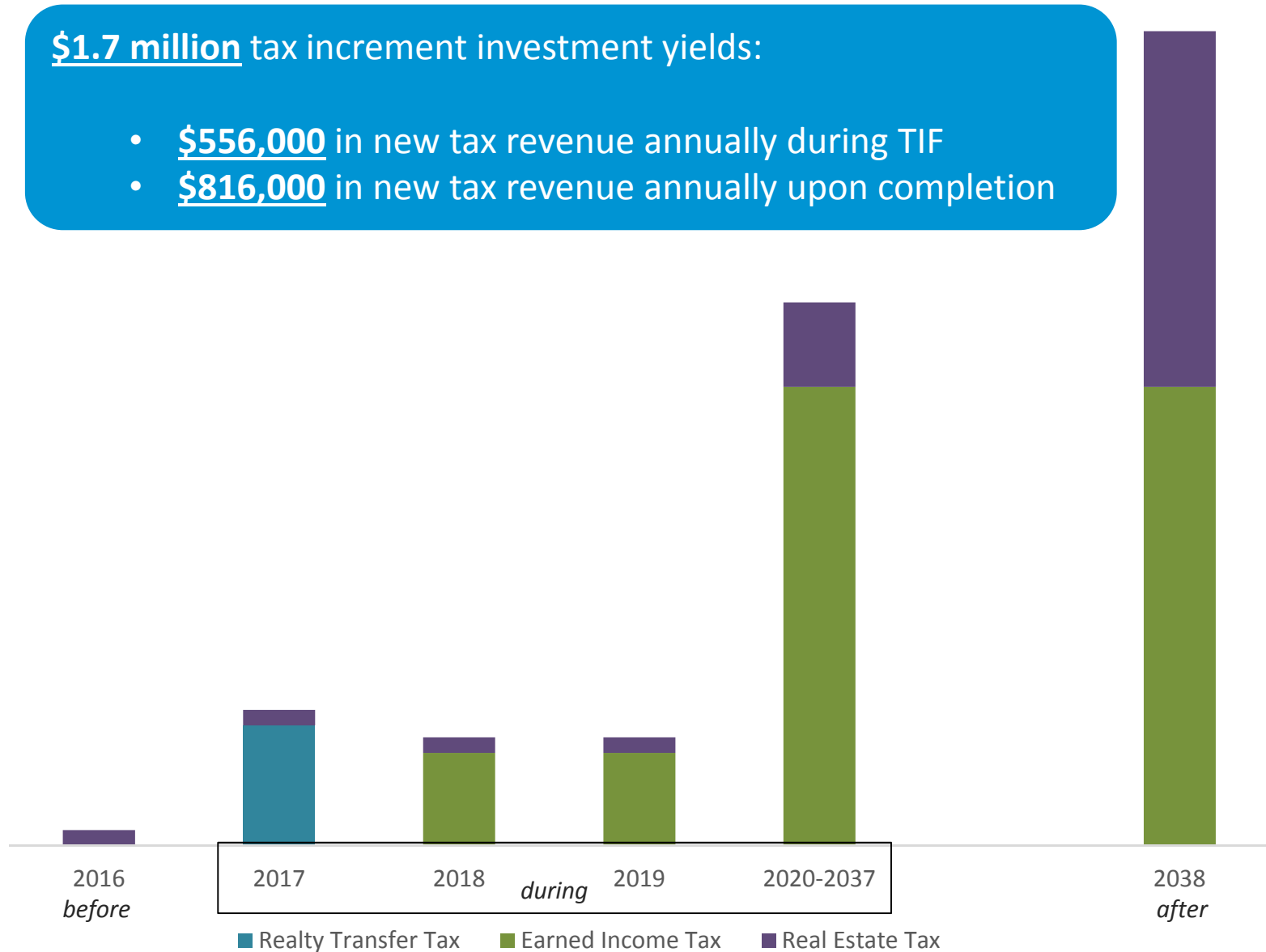
2020-2037

2038
after

■ Realty Transfer Tax

■ Earned Income Tax

■ Real Estate Tax



School District TIF Scorecard

- ☑ “But for” TIF, the Smallman Street improvements, adjacent redevelopment would not occur
- ☑ Public infrastructure investment
- ☑ Elimination of blight
- ☑ Increased property tax revenue
- ☑ Increased sales tax revenue
- ☑ Creation of new permanent jobs
- ☑ Creation of construction jobs
- ☑ Taxing bodies will receive current base taxes in addition to unpledged (25%) incremental tax revenues
- ☑ Catalyst for new private investment
- ☑ Re-occupancy of vacant building
- ☑ Attracts residents into City with additional high-wage jobs & affordable housing
- ☑ TIF funds include Real Estate Taxes