5522 BAUM BOULEVARD ("PROJECT SITE")

LERTA REQUEST TO THE CITY OF PITTSBURGH PUBLIC SCHOOLS

SEPTEMBER 8, 2015

5522 BAUM BLVD. MIXED-USE DEVELOPMENT

BAUM BLVD. AND S. GRAHAM STREET

AERIAL LOCATION OF PROJECT SITE



CURRENT PROJECT SITE PERSPECTIVES:



PROPOSED PROJECT SITE DEVELOPMENT ELEVATIONS



BAUM ELEVATIONAL PERSPECTIVE



RESIDENTIAL LOBBY VIEW



DAPPER ELEVATIONAL PERSPECTIVE



NW AERIAL PERSPECTIVE



SW AERIAL VIEW



5500 BAUM BLVD. – PROJECT FACTS

PROJECT FACTS	ESTIMATED VALUES/UNITS/SQUARE FOOTAGE
1. PROJECT DEVELOPMENT COSTS [PROJECTED]	$30,063,139.00
2. APARTMENT UNITS	103
3. RETAIL/COMMERCIAL SPACE	5,500 SQ. FT.
4.ABOVE-GRADE	7 STORIES
5. BELOW-GRADE (PARKING)	2 SUBSURFACE PARKING LEVELS
6. GROSS SQUARE FEET (INCL. 2 SUBSURFACE PARKING AREAS)	170,000 SQ. FT. [APPROX.]

PROJECT BUDGET

	DEVELOPMENT COSTS
LAND ACQUISITION	$ 2,200,000.00
CONSTRUCTION COSTS	$23,161,371.00
SOFT COSTS	$ 3,198,611.00
TOTAL CONTINGENCY	$ 2,365,430.00
TOTAL DEVELOPMENT COSTS	**$30,063,139.00**

Project Will Not Proceed Without LERTA Program

The Project has received all City of Pittsburgh approvals with unanimous community support, including support from Baum Centre Initiative and Friendship Community Group. Subject only to obtaining financing, the Project is ready to proceed. The Project has not been financed, will not be financed and will not be constructed without the District's participation in the LERTA program. The projected cash flow without LERTA is simply insufficient to obtain financing for the Project. Following are the projected 10 year cash flows for the Project without LERTA and with LERTA.

Projected Cash Flow Without LERTA vs. With LERTA

Baumhaus - 5522 Baum Blvd
After Debt Service Cash Flow

Without LERTA

November 2016	FY - 1	FY - 2	FY - 3	FY - 4	FY - 5	FY - 6	FY - 7	FY - 8	FY - 9	FY - 10
Net Cash Flow Before Debt Service	$1,839,975	$1,973,400	$2,008,212	$2,043,571	$2,079,485	$2,115,959	$2,153,001	$2,190,617	$2,228,814	$2,267,597
Debt Service	$1,898,452	$1,898,452	$1,898,452	$1,898,452	$1,898,452	$1,898,452	$1,898,452	$1,898,452	$1,898,452	$1,898,452
NCF after Debt Service	**-$58,477**	**$74,948**	**$109,760**	**$145,119**	**$181,033**	**$217,507**	**$254,549**	**$292,165**	**$330,362**	**$369,145**

Baumhaus - 5522 Baum Blvd
After Debt Service Cash Flow

With LERTA

November 2016	FY - 1	FY - 2	FY - 3	FY - 4	FY - 5	FY - 6	FY - 7	FY - 8	FY - 9	FY - 10
Net Cash Flow Before Debt Service	$1,898,667	$2,235,445	$2,248,128	$2,290,685	$2,302,196	$2,345,352	$2,355,522	$2,399,214	$2,407,859	$2,452,014
Debt Service	$1,898,452	$1,898,452	$1,898,452	$1,898,452	$1,898,452	$1,898,452	$1,898,452	$1,898,452	$1,898,452	$1,898,452
NCF after Debt Service	**$215**	**$336,993**	**$349,676**	**$392,233**	**$403,744**	**$446,900**	**$457,070**	**$500,762**	**$509,407**	**$553,562**

Due to extraordinary site conditions and the related construction costs described below, the District's participation in the LERTA program is essential for the Project to proceed.

LERTA RATIONALE

1. ***EXTRAORDINARY PARKING REQUIREMENT.*** The Project obtained all required approvals from the City of Pittsburgh. As a condition of approval, and as required by the numerous community groups that have supported the Project, Vitmore is required to 30% more parking spaces than required under the Pittsburgh Zoning Code. In order to meet that requirement, Vitmore must construct two levels of subsurface parking. The increased parking requirement raised the total development costs my more than $2.2 Million.

2. ***UNION LABOR.*** The projected development costs include estimates and bids that include high participation of Union Labor. The District's participation in the LERTA program will allow Vitmore to proceed with its strong desire to maximize Union Labor.

3. ***FOUNDATIONS; HARD ROCK.*** The Geotechnical Report prepared by ACA Engineering, dated October 17, 2014, reflects a high bedrock table resulting in substantial additional expenses of approximately $3,895,000.00 required to satisfy the extraordinary parking requirement described above.

4. ***SUB-SURFACE/ENVIRONMENTAL CONDITIONS.*** Obstacles that will need to be removed such as approximately 1450 tons of contaminated soil and building foundations which are estimated to add approximately $133,000.00 to the project.

5. ***BLIGHTED SITE.*** The site was most recently used as a motor vehicle service and repair station with underground petroleum tanks. While the subject property is located in the path of substantial redevelopment, the adverse site conditions have precluded redevelopment resulting in a blighted site that can only be reversed through participation in the LERTA program.

6. ***THE PROJECT WILL GENERATE SUBSTANTIAL ADDITIONAL REVENUE TO THE DISTRICT*.**

Based on the current assessments of the three parcels that comprise the Project Site, the District will receive a total of $79,000.00 or in total real estate tax revenue during the 10 year LERTA period. The projected District real estate tax revenue for the Project during the 10 year LERTA program is $249,775.00. Additionally, the District's estimated earned income tax benefit during 10-year LERTA period is $1,003,823. The District's projected annual real estate tax revenue after the LERTA period is $135,571.

PROJECTED REAL ESTATE AND EIT TAX BENEFIT TO THE DISTRICT*

Year	Current assessed value	Projected assessed value	Proposed abatement	School district tax rate	Taxes based on proposed abatement	Taxes based on current assessed value	Additional taxes post-completion	(1) EIT tax benefit	Total tax benefit
2015	$ 819,000	$ 12,875,000	100%	0.9700%	$ 7,944	$ 7,944	$ -	$ 89,600	$ 89,600
2016	$ 819,000	$ 12,875,000	100%	0.9700%	$ 7,944	$ 7,944	$ -	$ 91,840	$ 91,840
2017	$ 819,000	$ 12,875,000	90%	0.9700%	$ 20,433	$ 7,944	$ 12,489	$ 94,136	$ 106,625
2018	$ 819,000	$ 12,875,000	90%	0.9700%	$ 20,433	$ 7,944	$ 12,489	$ 96,489	$ 108,978
2019	$ 819,000	$ 12,875,000	80%	0.9700%	$ 32,922	$ 7,944	$ 24,978	$ 98,902	$ 123,879
2020	$ 819,000	$ 12,875,000	80%	0.9700%	$ 32,922	$ 7,944	$ 24,978	$ 101,374	$ 126,352
2021	$ 819,000	$ 12,875,000	70%	0.9700%	$ 45,411	$ 7,944	$ 37,466	$ 103,909	$ 141,375
2022	$ 819,000	$ 12,875,000	70%	0.9700%	$ 45,411	$ 7,944	$ 37,466	$ 106,506	$ 143,972
2023	$ 819,000	$ 12,875,000	60%	0.9700%	$ 57,899	$ 7,944	$ 49,955	$ 109,169	$ 159,124
2024	$ 819,000	$ 12,875,000	60%	0.9700%	$ 57,899	$ 7,944	$ 49,955	$ 111,898	$ 161,853
Total					**$ 329,218**	**$ 79,443**	**$ 249,775**	**$ 1,003,823**	**$ 1,253,598**
Post-abatement	$ 819,000	$ 12,875,000	0%	0.9900%	$ 135,571	$ 8,108	$ 127,463	$ 114,696	$ 242,158

(1) Assumptions for EIT tax benefit are as follows:

Total residential units	103
Units with new residents	32
Average annual salary	$ 80,000
EIT tax rate	3.50%
Annual salary increase	2.50%

7. ***THE PROJECT WILL PROVIDE ADDITIONAL BENEFITS TO THE DISTRICT*.**

A. The Project will attract new residents to the District. It is projected that approximately 35-40% of the units will be leased to residents who are not currently residents of the City of Pittsburgh.

B. The Project will attract families with school age children. In contrast to other apartment projects recently approved by the District for participation in the LERTA program, the Project will have no efficiency apartments and the majority of the units will be two or three bedroom units. The unit mix for the Project is as follows:

47 One bedroom, one bath units

52 Two bedroom, two bath units

4 Three bedroom, two bath units

C. The Project will generate approximately 300 construction related jobs, among other related jobs.

D. The Project will use local consultants and contractors, including union trades and women/minority owned businesses.

E. Vitmore will promote Pittsburgh City Schools in marketing materials.