

32 39th St
Pittsburgh, PA

LERTA Request to Pittsburgh Public School Board



About **Dalian Development**

BUILD FOR LONG TERM

Dalian is a long-term holder of all its real estate, and we are constantly reinvesting in the communities in which we build.

BEST-IN-CLASS

Dalian's completed projects represent best-in-class across service, design, style and quality.

CELEBRATE LOCAL

We listen to civic needs and desires to bring out the best in our communities. We're inspired by the context and culture of the local community.

DALIAN ON THE PARK,
Philadelphia



DALIAN 151
San Antonio



DALIANDEVELOPMENT

32 39th Street

- Project Costs: **\$97,900,000**
- Construction Jobs: **250**
- Floors: 6

- RSF: 359,000 SF
- Residential Units: 334
- Parking Spaces: 300

- NGBS Certified

- Current City Tax Revenue: \$16,871
- Current County Tax Revenue: \$9,058
- Current School Tax Revenue: \$19,629



32 39th Street

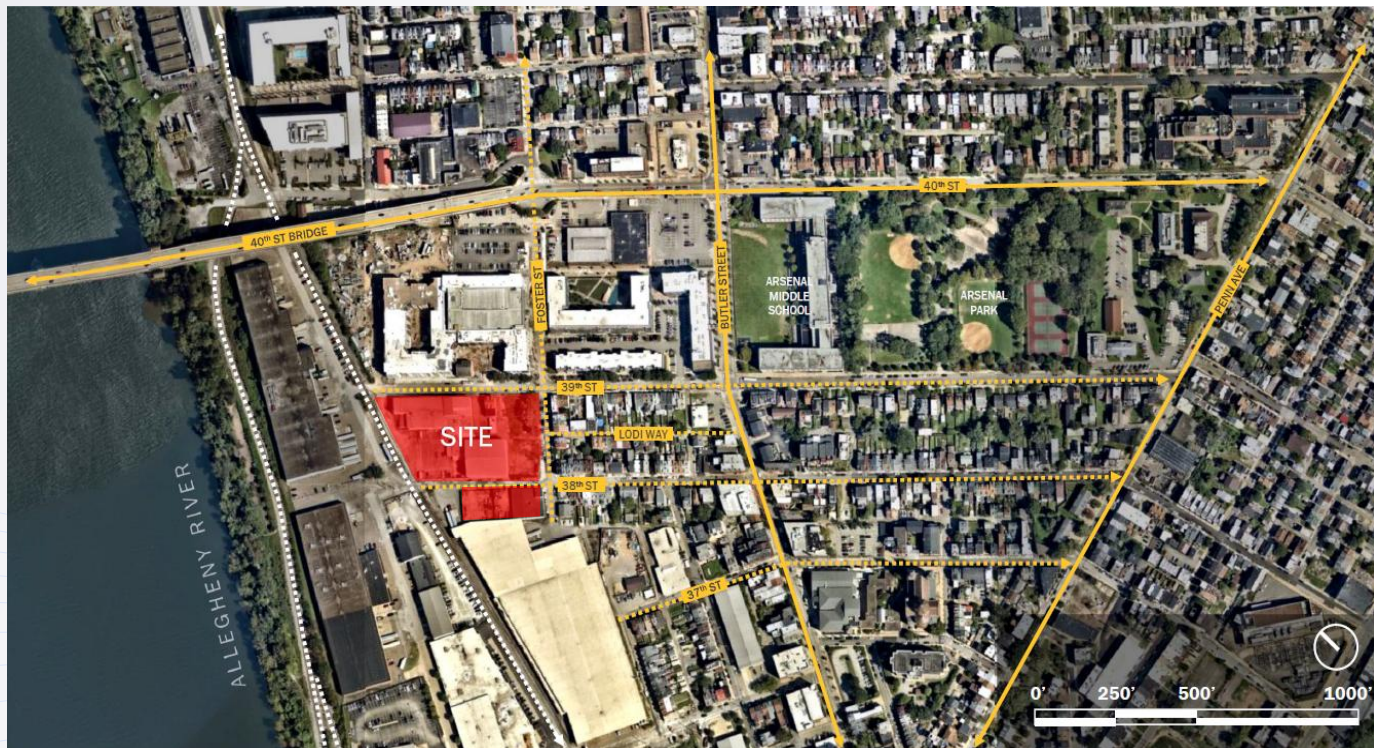


View from 38th St & Foster Street



View from 39th St & Foster Street

Neighborhood Map



Existing Conditions

32 39th St

- 2.3-acre site
- On the corners of 38th and 39th street
- Two vacant warehouse buildings

Foster Street Adjacent Site

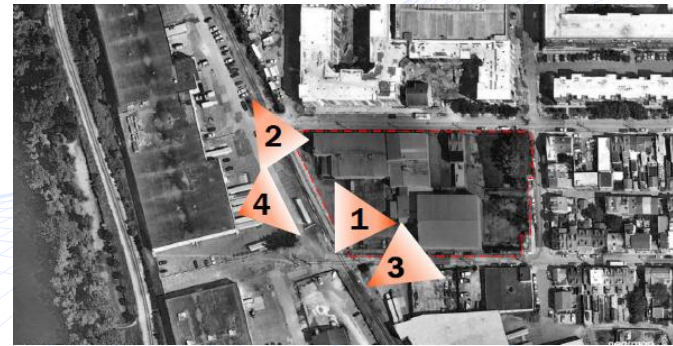
- .76 acres
- Existing warehouse with lot for parking

Current Tax Revenue

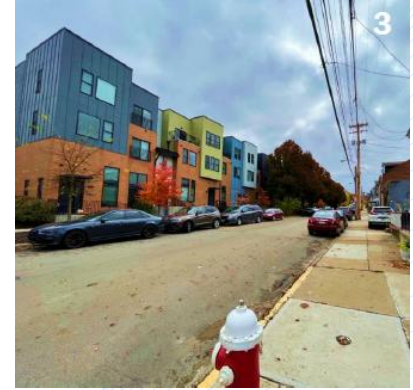
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Existing Conditions



Existing Conditions



Project Description

The project will be a 6-story rental apartment building, comprising **334 units**, including **34 affordable units at 50% AMI**.

- The development will feature:
 - **300** dedicated partially below grade parking spaces
 - 91,460 SF of parking
 - 341,040 Sf of residential space
 - 15,000 Sf of first **floor activation space** such as **double height co-working space**, **fitness center**, **leasing center**, and a self-serve grab-and-go **food offering** for residents.
 - Building-wide managed Wi-Fi system
 - NGBS Certified
 - Green Design: This project will feature the first hybrid mass timber structural system in Pittsburgh
- The development will feature the following **Community Benefits**:
 - Extend local community trail by approximately **270 linear feet** (consistent with the Allegheny Riverfront Green Boulevard Plan)
 - **Underground utility lines** on Foster, 38th, and 39th Streets
 - Construct a new **combined sewer main** on Foster Street
- As part of the redevelopment, the site is also undergoing remediation under the **Act 2 Land Recycling Program** to address and remediate soil contamination.

Justification for LERTA

Affordable Housing: Dalian will adhere to IZ regulations and develop 34 affordable housing units at 50% of the Area Median Income.

- These 34 units include 23 one-bedroom units and 11 two-bedroom units
- As a result of providing these affordable units, Dalian will experience a reduction in NOI estimated at \$496,000 annually
- Revenue reduction is directly correlated with a reduction in building value which in this case is estimated at **\$8,279,000.**

Justification for LERTA

Sustainable Development:

- This Project is being built with sustainability top of mind by incorporating energy efficient building systems to achieve the National Green Building Standard Certification of bronze or higher.
- Project will feature the first hybrid mass timber structural system in Pittsburgh.
- These components will produce a healthier environment while reducing the carbon footprint, but the upfront costs are substantial. The total budgeted hard and soft costs of sustainable development is **\$700,000**.



View from Main Entrance



Justification for LERTA

Significant Infrastructure Upgrades:

- PWSA combined sewer main currently runs through the middle of the site and will be relocated to Foster and 38th Street by constructing a new sewer main that connects to existing manholes on Foster and 39th Street.
- The Redevelopment will remove or undergrounding many of the overhead utility lines around the site at a significant cost to Dalian Development. The removal of these lines, heavily supported by the local community, represents a significant enhancement to the current streetscape.
- The project will extend a local community trail by approximately 270 linear feet. This trail aligns with the Allegheny Riverfront Green Boulevard Plan, which repurposes existing Allegheny Valley Railroad infrastructure as a mixed-mobility path, providing broader transportation options and improved access.
- Total budgeted cost for infrastructure upgrades is **\$530,000**.



Justification for LERTA

Environmental Contamination

- Site testing discovered concentrations of volatile organic compounds (VOCs), polycyclic aromatic hydrocarbons (PAHs), and metals in the soil and groundwater
- Leveraging Pennsylvania's Act 2 Land Recycling Program, Dalian Development received approval from the Pennsylvania Department of Environmental Protection (PADEP) for a comprehensive remediation plan.
- Remediation will be implemented during construction and includes capping the entire site with clean soil as an engineering control, and institutional controls such as a deed notice/environmental covenant to maintain these engineering measures and prohibit on-site groundwater use.
- The budgeted cost of remediation is **\$1,154,000.**

Justification for LERTA

The Project is not economically feasible and cannot proceed without this tax abatement:

- Project Costs are: **\$97,900,000**
- The project is burdened by extra ordinary costs totaling **\$11,263,000**. These cost will be offset by:
 - PPS LERTA Tax Benefit
 - City LERTA Tax Benefit
 - County LERTA Tax Benefit

Justification for LERTA

- The Project site is currently vacant warehouse buildings
- The School District will receive **\$155,942** per year in real estate tax revenue during the ten-year LERTA Abatement Period
- School District will receive **\$405,942** per year at Abatement End

Residential Annual School Tax Generation

School District Projected Taxes						
Date	Year of Abatement	Property Value	LERTA	Net Property Taxes w/LERTA	Property Taxes w/o Redevelopment	School Benefit
2024		\$1,915,000	\$0	\$19,629	\$19,629	
2025		\$1,915,000	\$0	\$19,629	\$19,629	
2026		\$247,400	\$0	\$2,536	\$19,629	
2027	1	\$75,150,000	(\$250,000)	\$155,942	\$19,629	\$136,313
2028	2	\$75,150,000	(\$250,000)	\$155,942	\$19,629	\$136,313
2029	3	\$75,150,000	(\$250,000)	\$155,942	\$19,629	\$136,313
2030	4	\$75,150,000	(\$250,000)	\$155,942	\$19,629	\$136,313
2031	5	\$75,150,000	(\$250,000)	\$155,942	\$19,629	\$136,313
2032	6	\$75,150,000	(\$250,000)	\$155,942	\$19,629	\$136,313
2033	7	\$75,150,000	(\$250,000)	\$155,942	\$19,629	\$136,313
2034	8	\$75,150,000	(\$250,000)	\$155,942	\$19,629	\$136,313
2035	9	\$75,150,000	(\$250,000)	\$155,942	\$19,629	\$136,313
2036	10	\$75,150,000	(\$250,000)	\$155,942	\$19,629	\$136,313
10 Year Total			(\$2,500,000)	\$1,559,415	\$196,288	\$1,363,128
Year 11 and Forward		\$75,150,000	\$0	\$405,942		

Additional Impact: Earned Income Tax

Annual Earned Income Tax Generation		
1 - BR Units		230
2 - Br Units		104
Total Unit		334
Total BR		438
Tenants Per BR		1.15
% Occupancy		95%
Number of Tenants		479
% from Outside the City of Pittsburgh		40%
Number of Tenants New to the City of Pittsburgh		191
Average Income (Nonfamily households)*		\$50,676
Total Earned Income		\$9,699,690
Earned Income Tax	2%	\$193,994

- **Economic Growth & New Residents:** The project will bring tax-paying residents to Pittsburgh, supporting the city's economic growth. Surveys by Greystar show that 40% of residents in similar properties are new migrants
- **Increased Tax Revenue:** With new residents expected to earn at least the average Pittsburgh non-family household income of \$50,676, the development is projected to generate approximately \$193,994 in earned income tax annually for the District.

Questions & Answers



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