

Allegheny County Council

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Meeting Minutes

Tuesday, September 6, 2016

4:00 PM

Conference Room 1

Committee on Economic Development & Housing

Dewitt Walton, Chair

Members; Tom Baker, Sam DeMarco, Mike Finnerty, Nick Futules, Ed Kress, Bob Macey, John Palmiere

I. Call to Order

The meeting was called to order at 4:00.

Invited Guests:

William D. McKain, CPA, Allegheny County Manager, or designee(s)
Robert Hurley, Director, Allegheny County Department of Economic Development

Mr. McKain was present from the Office of the County Manager.

Mr. Hurley, Mr. Earley and Mr. Strul were present from the Department of Economic Development.

Mr. Barker and Mr. Szymanski were present from the Office of County Council.

II. Roll Call

Members Present: 3 - Walton, Sam DeMarco and Michael Finnerty

Members Absent: 3 - Nick Futules, Ed Kress and Bob Macey

Members Phone: 2 - Tom Baker and John Palmiere

Members 1 - Sue Means

Non-Members:

III. Approval of Minutes

[9810-16](#) Motion to approve the minutes of the July 14, 2016 meeting of the Committee on Economic Development and Housing.

A motion was made by Baker, seconded by Walton, that this matter be Passed. The motion carried by a unanimous vote.

IV. Agenda Items

Appointments

Ordinances

[9802-16](#) Ordinance of the County of Allegheny approving the *Bingo Lots Redevelopment Area Plan and Proposal* pursuant to the Commonwealth's Urban Redevelopment Law.

Sponsors: Chief Executive

The Chair provided a brief overview of the bill's history.

Mr. Hurley made a PowerPoint presentation regarding the evolution of the bingo lots

properties, noting that the properties were awarded as prized in bingo games back in the 1930s, but that the lots were arranged in such a fashion as to be undevelopable. As a result, the individuals who won the lots eventually opted to quit paying taxes on them, and the current situation is that there is a large number of relatively small lots that are vacant, undeveloped and tax-delinquent. Mr. Hurley noted that the public hearings, actions to quiet title, certifications, etc. that are required by the Urban Redevelopment Law have been undertaken.

Mr. Hurley noted that the ultimate result of ratification of the redevelopment plan would be taking the affected parcels and returning something on the order of 230 acres of vacant property to the tax rolls when adjacent property that is currently vacant is developed. Mr. Hurley noted that the cost of the title and other work that has been done is roughly \$750,000, and that putting the parcels on the market should realize at least that amount.

In response to a question from the Chair, Mr. Hurley noted that the only parcels that would be taken are those for which owners could not be located and/or who had no objection to the proceedings.

Mr. DeMarco referenced the recently enacted land banking ordinance, and Mr. Hurley described how the Urban Redevelopment Law functions as essentially another tool of the same type.

In response to a question from Mr. DeMarco, Mr. Rubash noted that the appraised value of the lots to be taken is on the order of \$400,000.

In response to a question from Mr. DeMarco, Mr. Hurley noted that the County expects to recover its out of pocket expense, or perhaps slightly more.

In response to a question from Mr. Finnerty, Mr. Hurley discussed the factors that impacted the appraised value.

In response to a question from Mr. Finnerty, Mr. Hurley noted that other developments in the same area would render this particular development desirable to the community, and that this can be accomplished without obligating the County to undertake any particular action.

In response to questions from Ms. Means, Mr. Hurley and Mr. Rubash discussed the layout and orientation of the properties in question, and Mr. Hurley emphasized that only willing or unavailable property owners were being included in the taking.

A motion was made by Finnerty, seconded by DeMarco, that this matter be Affirmatively Recommended. The motion carried by a unanimous vote.

Resolutions

[9738-16](#)

A Resolution of the Council of Allegheny County, Pennsylvania, made pursuant to the Local Economic Revitalization Tax Assistance Act ("LERTA"), Pa. Stat. Ann. tit. 72, § 4722 *et seq.* (1995), as amended, providing for: a program of temporary exemption from increases in Allegheny County Real Property Taxes, for specified time periods, resulting from improvements made by an owner of property located within the Ninth Ward of the City of Pittsburgh, County of Allegheny, Commonwealth of Pennsylvania, generally known as the Central Lawrenceville neighborhood,

previously determined to be a deteriorated area; establishing a schedule for exempting increases in Allegheny County property taxes resulting from such improvements; and prescribing the requirements and procedures by which an owner of property located within the deteriorated area can secure the temporary exemption resulting from such improvements.

Sponsors: Chief Executive

At the request of the Chair, the clerk read the title of the bill and the Chair provided a brief recap of the bill's provisions.

Mr. Hurley noted that the previous hearing on the bill had resulted in some questions that could not be answered or fully addressed at the time, but that any outstanding issues had been resolved so far as he knew.

Mr. Semakis described the trade unions that would be involved in the project, and noted that Walnut Capital had provided a listing of its employees and subcontractors delineated by M/W/DBE status.

Mr. Hurley recapped the involvement of the City and community and their support for the project.

In response to a question from Mr. Finnerty, Mr. Semakis noted that the property lies near the river, with only one property between the two. Mr. Hurley noted that a rail line also lies between the property and the river.

In response to a question from Ms. Means, Mr. Semakis noted that the school district had not yet approved the LERTA, and Mr. Hurley indicated that the ordinance contains language that renders the County approval null if the City and/or school district do not approve it.

In response to a question from Ms. Means, Mr. Hurley described the permitting process which Mr. Semakis had navigated.

In response to a question from Ms. Means, Mr. Hurley noted that traffic on the railroad that is adjacent to the property is extremely light.

In response to a question from Ms. Means, Mr. Semakis noted that the property was subdivided, which accounts for an apparent decrease in one of the parcel's assessed value from 2015 to 2016.

A motion was made by DeMarco , seconded by Finnerty, that this matter be Affirmatively Recommended. The motion carried by a unanimous vote.

[9790-16](#)

A Resolution of the Council of Allegheny County, Pennsylvania, made pursuant to the Local Economic Revitalization Tax Assistance Act ("LERTA"), Pa. Stat. Ann. tit. 72, § 4722 *et seq.* (1995), as amended, providing for: a program of temporary exemption from increases in Allegheny County Real Property Taxes, for specified time periods, resulting from improvements made by an owner of property located within the Fourth Ward of the City of Pittsburgh, County of Allegheny,

Commonwealth of Pennsylvania, generally known as the Central Oakland neighborhood, previously determined to be a deteriorated area; establishing a schedule for exempting increases in Allegheny County property taxes resulting from such improvements; and prescribing the requirements and procedures by which an owner of property located within the deteriorated area can secure the temporary exemption resulting from such improvements.

Sponsors: Chief Executive

At the request of the Chair, the clerk read the title of the bill and Mr. Hurley provided a brief overview of the project at issue, noting that the property is adjacent to the County's health clinic on Forbes Avenue. Mr. Hurley noted that the proposed project is for about 197 units of student housing with some retail space on 10 floors, with a 13% M/W/DBE participation and upwards of 75% union participation during the construction phase.

In response to a question from Mr. Finnerty, Ms. Kirk and Mr. Majewski discussed other developments in the same general area.

Mr. Hurley noted that the overall project is estimated to be valued at about \$62 million. Ms. Kirk discussed the project in additional detail, noting that the incorporation of an existing Arby's restaurant made the project far more feasible. Ms. Kirk noted that the building code requires extensive parking for developments of this nature, and that this together with some utility relocations created some logistical issues. Ms. Kirk noted that Massaro would be the primary contractor.

Mr. Massaro noted that final costs are being firmed up currently and reiterated the M/W/DBE estimates made by Mr. Hurley. Mr. Massaro also noted that Massaro has established a program through which minorities are provided access into the trades and employed on projects.

Ms. Kirk noted that the project's financing is contingent on the LERTA, which had already been approved by the school district.

Ms. Kirk noted that 245 construction jobs would be created, with 18 full time jobs and 28 part time jobs on-site after construction.

In response to a question from the Chair, Mr. Majewski discussed his company's M/W/DBE commitment, and noted that some of the post-construction jobs would be filled by the respective retail tenants.

In response to a question from the Chair, Mr. Massaro noted that site development, demolition, elevator installation, electrical and HVAC are among the functions which are presenting difficulties in locating unionized workers.

In response to questions from Mr. DeMarco, Ms. Kirk noted that there are existing buildings that must be demolished in order to proceed with the development, and that this will impact assessed values within the development area as those are taken down. Mr. Hurley provided a spreadsheet delineating the base County tax amount and the taxes expected to be realized through the improvements made to the property through the course of the abatement's 10 year term, noting that the ultimate effect would be an increase of about \$130,000 in annual tax revenues for the County once the abatement

expires.

In response to a question from Mr. Finnerty, Mr. Hurley pointed out the location of the Health Department's clinic.

In response to a question from Ms. Means, Mr. Majewski discussed the LEED environmental sustainability certifications.

In response to questions from Ms. Means, Mr. Majewski noted that the rental amount for the units would run from \$750 up to about \$1300 per month, with an adequate market for those units.

A motion was made by DeMarco , seconded by Finnerty, that this matter be Affirmatively Recommended. The motion carried by a unanimous vote.

[9791-16](#)

A Resolution of the Council of Allegheny County, Pennsylvania, made pursuant to the Local Economic Revitalization Tax Assistance Act ("LERTA"), Pa. Stat. Ann. tit. 72, § 4722 *et seq.* (1995), as amended, providing for: a program of temporary exemption from increases in Allegheny County Real Property Taxes, for specified time periods, resulting from improvements made by an owner of property located within the Fourth Ward of the City of Pittsburgh, County of Allegheny, Commonwealth of Pennsylvania, generally known as the North Oakland neighborhood, previously determined to be a deteriorated area; establishing a schedule for exempting increases in Allegheny County property taxes resulting from such improvements; and prescribing the requirements and procedures by which an owner of property located within the deteriorated area can secure the temporary exemption resulting from such improvements.

Sponsors: Chief Executive

At the request of the Chair, the clerk read the title of the bill and Mr. Hurley summarized its provisions, noting that the proposed project would entail a hotel constructed behind the Pittsburgh Athletic Association. Mr. Hurley noted that the project also incorporates some retail space on the ground floor of the proposed hotel, and indicated that the project would benefit the Athletic Association and that the University of Pittsburgh is in support of the project. Mr. Hurley noted that the project is currently in the bid process, so union and M/W/DBE rates are not currently known.

Mr. Lavoritz noted that the property is being leased from the Athletic Association, which should aid the Association in maintaining its fiscal viability, while resulting in the development of much-needed hotel space in close proximity to the University's administrative offices together with a number of retail and restaurant spaces which are regarded as beneficial to the community. Mr. Lavoritz noted that his company attempts to get as close to 100% union labor as possible and endeavors to meet applicable M/W/DBE standards while retaining financial feasibility. Mr. Lavoritz indicated that the management company that would be responsible for the development's hotel maintains over 50% female and 45% minority employment, and pays living wages. Mr. Lavoritz noted that the development must provide adequate parking, while simultaneously meeting standards for construction of a hotel with over 160 rooms and roughly 140 parking space in a historic district. Mr. Lavoritz also noted that the school district had already approved

the abatement, and provided architect's renderings of the contemplated design in-context. Mr. Lavoritz indicated that the project investment would be over \$30 million, with annual County property tax revenues of about \$100,000 after the abatement expires with another \$700,000 or so in annual hotel/motel tax revenues.

The Chair expressed a desire to hold the bill until the bidding process is finalized and the union and M/W/DBE rates are known with more specificity, but also expressed support for the project as summarized.

[9792-16](#)

A Resolution of the Council of Allegheny County, Pennsylvania, made pursuant to the Local Economic Revitalization Tax Assistance Act ("LERTA"), Pa. Stat. Ann. tit. 72, § 4722 *et seq.* (1995), as amended, providing for: a program of temporary exemption from increases in Allegheny County Real Property Taxes, for specified time periods, resulting from improvements made by an owner of property located within the Twenty-Third Ward of the City of Pittsburgh, County of Allegheny, Commonwealth of Pennsylvania, generally known as the Troy Hill neighborhood, previously determined to be a deteriorated area; establishing a schedule for exempting increases in Allegheny County property taxes resulting from such improvements; and prescribing the requirements and procedures by which an owner of property located within the deteriorated area can secure the temporary exemption resulting from such improvements.

Sponsors: Chief Executive

At the request of the Chair, the clerk read the title of the bill and Mr. Hurley summarized the proposed project, noting that development of this site has proven to be challenging due to the physical characteristics of the site. Mr. Hurley noted an overall project cost of about \$37 million, with demolition and general construction costing about \$28 million and a total of over \$6 million going to MBE firms and about \$1 million going to WBEs and 100% union participation in the construction phase.

Ms. Furchill noted that the property involved in the development is the second administration building on the site, and that a portion of the building used to be an auditorium that was converted to locker room space, so there were no outside windows in that section of the building, which had to be altered for the contemplated residential development by the construction of a "light well" through the center of the building. Ms. Furchill noted that the price points in residential units in Pittsburgh are increasing in cost, and that these units are created as slightly smaller units than a typical one bedroom unit with an eye to making them affordable to young professionals, with a size of approximately 400-500 square feet and a monthly rental of about \$1100. Ms. Furchill noted that the concept had been well-received to date, but that construction costs are comparatively high due to the challenges of construction and that this has impacted financing. Ms. Furchill indicated that about 180 units would be in the building, with about half of them being the more affordable micro units (which include parking spots in the rental amount).

Mr. Hurley indicated that the project would allow the preservation of a historically significant structure.

The Chair noted that it appears that about 1 in 5 dollars being spent on the project is

being paid to M/W/DBE entities, which far exceeds the County's general M/W/DBE requirement, and expressed support for the project concept.

In response to a question from Mr. DeMarco, Ms. Furchill described the results of a study that had been done on the light well, noting that more natural light will propagate into those units that does for the units with more traditional windows.

In response to a question from Mr. Finnerty, Ms. Furchill noted that the current assessed value of the property is about \$160,000, and Mr. Hurley and Mr. Strul discussed the anticipated tax revenue increase from the project.

In response to a question from Ms. Means, Ms. Furchill noted that each unit will include a parking space.

In response to a question from Ms. Means, Ms. Furchill discussed the design features of the windows in those units that look into the light well.

In response to a question from Ms. Means, Ms. Furchill noted that the City and school district had already approved the abatement.

A motion was made by Finnerty, seconded by Palmiere, that this matter be Affirmatively Recommended. The motion carried by a unanimous vote.

Motions

Discussion Topic

V. Adjournment

The meeting was adjourned at 5:15.