

Allegheny County Council

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Meeting Minutes - Approved

Tuesday, February 24, 2015

4:00 PM

Conference Room 1

Committee on Economic Development & Housing

Amanda Green Hawkins, Chair

Members:

Tom Baker

Barbara Daly Danko

Michael Finnerty

Nick Futules

Ed Kress

Bob Macey

John Palmiere

Jan Rea

I. Call to Order

The meeting was called ot order at 4:04.

Invited Guests:

William D. McKain, CPA-County Manager or Designee

Robert D. Hurley-Director, Economic Development

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

Mr. Struhl was present from the Department of Economic Development.

Mr. Rubenstein, Ms. Davis Buss and Mr. Cummings were present from the Urban Redevelopment Authority.

Ms. Kirk was present as counsel fo rthe Pittsburgh Penguins.

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

II. Roll Call

Members Present: 5 - Green Hawkins,Barbara Danko,Michael Finnerty,Ed Kress andBob Macey

Members Absent: 2 - John Palmiere andJan Rea

Members Phone: 2 - Tom Baker andNick Futules

Members 1 - Sue Means

Non-Members:

III. Approval of Minutes

[8805-15](#)

Motion to approve the minutes of the Economic Development and Housing Committee meeting of Allegheny County Council held on January 27, 2015
Passed

IV. Agenda Items

Resolutions

[8775-15](#)

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 a specific geographic area within the City Of Pittsburgh, County Of Allegheny, Commonwealth of Pennsylvania, 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. Struhl provided a brief overview of the project's general parameters.

Mr. Rubenstein provided a more detailed overview of the project, discussing planned site uses, onsite infrastructure needs, the proposed LERTA district, the general parameters of a community collaboration and implementation plan, the process for owner payment and administration, and projected real estate tax revenue generation from the proposed project. Mr. Rubenstein noted that approximately 4,231 construction jobs and 2,948 permanent jobs would be created according to current project estimates, and that significant gaps in infrastructure funding needs exist. Mr. Rubenstein provided the Committee with a delineation of existing infrastructure funding sources, noting that approximately \$70 million in infrastructure costs are expected to generate greater than \$400 million in private investment. Mr. Rubenstein explained how the LERTA is envisioned to be a potential tool for generating investment in development in a much wider area within the Hill District in keeping with the CCIP.

Mr. Rubenstein indicated that the proposal would be for a 25 year LERTA district, but with no parcel receiving an abatement for more than 10 years, in order to accommodate the agreed-upon schedule for the Penguins' demolition of existing structures on some of the parcels, which may take up to 12 years from the present.

The Chair and Mr. Rubenstein suggested that the resolution be amended to clarify the duration of the LERTA district, because Mr. Rubenstein indicated a 25 year term, while the bill reflects a 24 year term. A consensus was reached with regard to drafting an amendment to be offered to the Committee, and the Chair called a 10 minute recess to allow for the amendment to be drafted.

Mr. Finnerty moved to amend the bill to reflect a 25 year LERTA district duration, the Chair seconded, and the motion passed unanimously.

Mr. Finnerty expressed support for the project generally, but noted that he has several questions.

In response to a question from Mr. Finnerty, Mr. Rubenstein suggested that it may not be possible to restrict the right of a property owner within the district to appeal their assessed value, and Ms. Davis Buss noted that Pennsylvania law specifically prohibits the restriction of the right to appeal property valuations in future tax years. Ms. Davis Buss indicated that covenants would be included within the property sale agreements that would require payments at some minimum level, but that this would not be established as a taxation matter. In response to a question from the Chair, Ms. Davis Buss indicated that these covenants would bind successors in interest, as well.

In response to a question from Mr. Finnerty, Mr. Rubenstein noted that the Penguins were granted development rights for these parcels as part of the agreement that kept the team in the City of Pittsburgh. Mr. Finnerty expressed a desire to know at some point what the benefit to the Penguins might be.

Mr. Finnerty, Ms. Davis Buss, Mr. Rubenstein and Mr. Struhl discussed the benefit to the developer in paying essentially the full amount of their abated taxes into various

community development funds, with Mr. Struhl noting that, from a cashflow standpoint, it would make little or no difference to the developers whether they pay the same amount to the County or to the community development fund, and Ms. Davis Buss suggesting that there would be a significant benefit to the developer in the form of increased property values in the surrounding area.

In response to a question from Ms. Danko, Mr. Rubenstein discussed similar community investment funding mechanisms in other areas of the country.

Ms. Danko asked about the composition of the contemplated advisory committee for the CCIP funding decisions, and Mr. Rubenstein suggested that the County does have representation on that advisory committee, as do other community stakeholders.

In response to a question from Ms. Danko, Mr. Rubenstein discussed potential uses to which the community improvement revenues may be put in accordance with the CCIP.

In response to a question from Mr. Macey, Mr. Rubenstein noted that the City of Pittsburgh has approved the proposed LERTA district, but that neither the County nor the school district have done so as of yet.

Mr. Macey and Mr. Rubenstein discussed the need for additional parking to be created to offset the parking that would be lost through the development of parcels on which open air lots are currently located.

In response to a question from Mr. Macey, Mr. Rubenstein described existing transit service to the LERTA district area, and noted that the proposed bus rapid transit line would also be in close proximity.

In response to a question from Mr. Macey, Mr. Cummings noted that the CCIP requires that the developers make at least 20% of the housing units affordable to households with incomes at 80% of the regional median, with the balance of the units being at current market rates.

Mr. Macey and Mr. Rubenstein discussed the mix of retail development that is contemplated for the district.

Mr. Macey asked when the first development would commence, and Mr. Rubenstein noted that it could be as early as July of 2015, with street construction and utility work to begin in April 2015.

In response to a question from the Chair, Mr. Cummings described the calculation of median household income for the region, noting that the U.S. Department of Housing and Urban Development performs the calculation, with the current median likely being in the \$30,000 to \$50,000 range.

The Chair and Mr. Rubenstein discussed the distribution of permanent jobs anticipated for the district.

In response to a question from Mr. Finnerty, Ms. Davis Buss and Mr. Struhl explained the potential for different properties within the district to begin their 10 year exemptions at different times during the 25 year LERTA period.

Ms. Means and Mr. Rubenstein discussed the practical implications of the community

reinvestment fund payments, noting that different developers may pay different percentages of their tax amount, depending upon the year in which they purchase their property.

In response to questions from Ms. Means, Ms. Kirk discussed the mechanics of the agreement that kept the Penguins in Pittsburgh in greater detail, noting that the Penguins are aggressively pursuing potential developers for the sites within the district, and with Mr. Struhl providing a hypothetical example of how the team would be able to recoup the money that they have already spent on property acquisition.

Mr. Strul explained the abated value of the tax to the improvement fund in response to Mr. Kress's question. Mr. Strul explained that most land in the city of Pittsburgh is currently in a LERTA district and subject to a tax abatement currently. That most developments can avail themselves of an abatement whether in this site or another site within the city.

Mr. Kress and Ms. Davis Buss discussed the mechanics of how the community investment funds would be spent, with Mr. Kress suggesting that he may have more questions after reviewing the CCIP.

The Chair expressed a desire to hold the bill in committee, her support for the project notwithstanding, because she is aware that there are a number of questions that the Members will have relating to the CCIP, and because Mr. Robinson, who represents the district in which the LERTA district would be placed, was unable to attend today's session. The Chair noted that an additional committee meeting would be scheduled prior to the next regular meeting of the full council.

Ms. Kirk noted that there is at least some degree of time sensitivity with regard to securing the presence of U.S. Steel in the projected development.

The Chair indicated that her belief is that affirmative votes would likely be easier to secure with some additional time to digest the development characteristics, and that the final vote would not be affected by scheduling another committee session for next week.

Amended & Held in Committee

Enactment No: 7-15-RE

V. Adjournment

The meeting was adjourned at 5:26.