Arsenal 201 - LERTA Request to Pittsburgh Public School Board

Multifamily Development
Arsenal 201
3925 Butler St
Pittsburgh, PA 15201

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Executive Summary

The Arsenal 201 investment opportunity is a planned 343-unit multi-family project located in the desirable historic neighborhood of Lawrenceville in Pittsburgh, PA. The project is a block away from the popular Butler Street, 5 minutes from the Strip District and 8 minutes from the central business district.

OVERALL DEVELOPMENT SUMMARY

• The project is located in the heart of Lawrenceville, “America’s Coolest Neighborhood” according to Time Magazine

• Leasing on Phase 2 is slated for Summer 2021 - three months before opening in the Fall of 2021

SITE AND LOCATION HIGHLIGHTS

• Greenspace and Dog Park Open to Public
• 30 Parking Spaces Available to school district
• 35 Affordable Units
• Willow Street will be connected through the site
• Arsenal Officer Quarters renovated
• Public Parking Spaces Created
Arsenal 201- Phase 2 Site Plan
Total Development Cost: $75,000,000
Construction Jobs: 250
Median Wages: $60,000
Floors: 5
Residential Units: 343
Parking Spaces: 343

Current Tax Revenue (First 10 Years): $219,973.20
Total School Tax Revenue (First 10 Years): $2,513,656.25
Difference: $2,293,683.05
Arsenal 201 Site Plan
The project is a proposed 343-unit multi-family market rate housing project located at 3922 Foster Street, Pittsburgh, PA.

The building consists of:

- 325,233 sf of residential apartments/amenities
- 152,062 sf of parking

The development will have a parking garage implemented into the design of the site.
Justification for LERTA

- The Project offers affordable housing for 10% of units (35 units)
  - This was not in place when we originally purchased the land
- Cost of Arsenal Cannonball Remediation
- Costs of loan, construction and expenses have risen tremendously
- Cost of Greenspace and Dog Park
- Finishing and Connecting Willow Street to provide to the city
- Adding Parking Garage to accommodate Parking (30 School Parking Spaces)
Inclusionary Zoning / Affordable Housing

- Milhaus is committed to developing 35 affordable housing units
  - 60% of the Area Median Income
- These 35 units are broken down by the following unit types:
  - Micro: 4
  - Studio: 8
  - 1 BR: 16
  - 2 BR: 7
- As a result of providing these affordable units, Milhaus has committed to a reduction in gross revenue of an estimated $455,676 annually.
MBE/WBE/ Union Goals

- Milhaus’ goal is to have at least 8% MBE/ WBE/ Union Contractor Construction Participation.

- Arsenal Phase 1 currently employs 5 minorities out of a total staff of 7 people. Our company will continue to strive for diversity in our hiring practices.
Public Green Space

- The park and dog park are privately held greenspaces that will be open for the enjoyment of the public.
- Will be privately owned by Milhaus, it will be maintained as any other Arsenal amenity with expenses being covered in full by Milhaus.
Arsenal Staff Parking Spaces

- Milhaus is committed to providing up to 30 garage parking spaces, at no cost, for the teachers and staff at Arsenal Middle School during the hours of 7am-5pm Monday through Friday.

- In addition, Milhaus is creating 40 public parking spaces that can be utilized by the neighborhood.
Justification for LERTA

- The Project is not economically feasible and cannot proceed without this tax abatement:
  - Project Costs are: $75,000,000
  - The gap of $3,000,000 will be bridged by:
    - A LERTA Tax Benefit
    - A City LERTA Tax Benefit
Justification for LERTA

- The Project site is currently vacant warehouse buildings
- The School District will receive $2,513,656.25 in real estate tax revenue during the ten-year LERTA Abatement Period
- School District will receive $607,836.76 per year at Abatement End
Residential Annual School Tax Generation

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<th>School Projected</th>
<th>Year</th>
<th>Total Assessed Value</th>
<th>Gross Property Taxes</th>
<th>LERTA</th>
<th>Net Property Taxes w/LERTA</th>
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Question and Answers