Tax Increment Financing:
Smallman Street, Strip District – Initial Request

Pittsburgh Public Schools
Business/Finance Committee
June 6, 2017
1. Tax Increment Financing (TIF) & TIF Process

2. Produce Terminal – Private Development

3. Smallman Street – Public Safety Concerns / Design Solutions

4. Request for School District: Initial Request to Study TIF for Smallman Street, Strip District & Engage a School District Representative in the TIF Process

5. School District TIF Scorecard
0 Property values stagnate or decline ("base")
1 Project infused with public and private investment
2 Completed improvements generate real estate tax increment ("increment")
3 Entire tax increment accrues to taxing bodies in perpetuity.
Tax increment can fund construction and soft costs including but not limited to:

- Site Preparation
- Sanitary Sewer and Water
- Roadway Improvements
- Sidewalks
- Lighting
- Public Use Facilities
- Parks & Recreation Facilities
- Parking Facilities
- Transit/other Transportation Infrastructure
- Architectural, Engineering, Planning, or Legal Fees
- Environmental Impact Studies
- Operation and Administration of the TIF District

What is Tax Increment Financing (TIF)?
23 TIF Districts have been authorized in the City of Pittsburgh since 1993.

Of the 23 approved TIF Districts, 8 have been completed, returning $12 million in real estate and parking tax increment annually to the 3TBs.

15 current active TIF Districts are generating $5.3 million in unpledged real estate and parking tax increment to 3TBs.

Upon completion, these 15 active TIF Districts are projected to generate a total of $35.6 million in real estate and parking tax increment annually to 3TBs.
TIF Process – Generally 9-12 Months

1. Receive TIF Application by Developer or Initiated by URA
2. Define Project
3. Determine Project Eligibility & Funding Gap – “...BUT FOR...”
4. Estimate Post-Development Taxes
5. Obtain 3TB Initial Approvals to Study TIF as Financing Tool
6. Draft TIF Plan; work with TIF Committee
7. Commission 3rd party Reports
8. Obtain County & School District Final Approvals
9. Public Hearing
10. Obtain City Council Final Approval
11. Arrange for Project Funding
12. Apply TIF Funds to the Project
**Smallman Street TIF**

**INITIAL INDUCEMENT RESOLUTIONS**

Estimated Schedule – for discussion

**Legislative Action:** Intent to explore TIF & request taxing body participation

### URA Board
- Draft Taxing Body Resolutions with TIF Counsel: August 2016
- Brief Taxing Body Reps: August – September 2016
- Inducement Resolution: Thurs., September 8, 2016 2:00PM

### County Council
- Pre-meeting: Mid-May
- First Reading: Tues., June 20, 2017 5:00PM
- Economic Development & Housing Committee: Tues. July 5, 2017 4 or 5PM
- Second Reading: Tues., June 11, 2017 5:00PM

### School Board
- Pre-meeting #1 w/Business/Finance Committee: Tues., September 13, 2016 3:00PM
- Pre-meeting #2 w/Business/Finance Committee: Mon. June 6, 2017 5:30PM
- Business Committee: For discussion
- Agenda Review: For discussion
- Hearing: For discussion
- Legislative Session: For discussion

### City Council
- Introduce Legislation: Tue., March 14, 2017
- Committee Discussion #1 – HELD for public hearing: Wed. March 22, 2017 10:00AM
- Hearing Advertisement for Zoning (21-day notice): Week of March 27, 2017
- Public Hearing for Zoning: April 25
- Committee Discussion #2: Wed. April 26, 2017 10:00AM
- Vote (for Initial TIF, Zoning, Lease, Coop): Tues., May 2, 2017 10:00AM
- ZBA for Produce Terminal: Thursday, June 15, 2017

### Circulate Draft TIF Plan
- TIF Committee Meeting: August/September 2017
- Send final TIF plan to TIF Committee: September 2017
- along with draft resolutions for URA & 3TB: Late September/Early October 2017
## TIF Process – Generally 12 Months

**Smallman Street TIF**  
**FINAL RESOLUTIONS**  
Estimated Schedule – for discussion

### Legislative Actions: Adopt TIF Plan & Authorize TIF Cooperation Agreement & Related TIF Note details/documents

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>URA Board (with any related TIF Note agreements)</td>
<td>Thurs, August 10, 2017 2:00PM</td>
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<td>County Council</td>
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<tr>
<td>First Reading</td>
<td>Tues, September 12, 2017 5:00PM For discussion</td>
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<tr>
<td>Economic Dev. Committee #1</td>
<td>For discussion</td>
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<td>Economic Dev. Committee #2</td>
<td>For discussion</td>
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<td>Second Reading and Vote</td>
<td>Tues, October 24, 2017 5:00PM</td>
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<td>School Board</td>
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<tr>
<td>Pre-meeting w/Business/Finance Committee</td>
<td>For discussion</td>
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<tr>
<td>Business Committee</td>
<td>For discussion</td>
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<td>Agenda Review</td>
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<td>Hearing</td>
<td>For discussion</td>
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<td>Legislative Session</td>
<td>For discussion</td>
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<tr>
<td>City Council</td>
<td>After County &amp; SD Adopt</td>
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<td>Send Legislation</td>
<td>TBD</td>
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<td>Introduce Legislation (referred to Public Hearing)</td>
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<tr>
<td>Committee Discussion #1</td>
<td>TBD</td>
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<td>Public Hearing Advertisement</td>
<td>TBD</td>
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<td>Public Hearing</td>
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<td>Committee Discussion #2</td>
<td>TBD</td>
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<tr>
<td>Final Vote</td>
<td>January or February 2018 (Vote cannot occur sooner than 3 weeks after hearing)</td>
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### Cooperation Agreement

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>TIF Counsel drafts Cooperation Agreement</td>
<td>October 2017</td>
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<tr>
<td>Circulate Draft Cooperation Agreement for Comment</td>
<td>October 2017 2017</td>
</tr>
<tr>
<td>Circulate Final Cooperation Agreement for Signature</td>
<td>November 2017</td>
</tr>
<tr>
<td>Execution of Cooperation Agreement</td>
<td>February 2018</td>
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</tbody>
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Proposed Smallman Street TIF District

Potential TIF Uses
- Smallman Street and Related Public Space Improvements
  - Roadway Improvements
  - Utility Upgrades, including Stormwater/Sewer
  - Sidewalks, Ramps, Lighting

Pittsburgh Produce Terminal
- 150,000 square feet office/retail

1600 Smallman Street
- 131,000 square feet office/retail

Tax increment uses
Produce Terminal – Private Development Summary

• Producers Terminal:
  • 73,850 SF retail space including food-centric commercial space
  • 74,600 SF office space

• 1600 Smallman Street:
  • 131,000 square feet - first level retail with offices above
  • 79 new parking space
1. URA will retain ownership of the Produce Terminal building and enter into a long-term lease with McCaffery Interests, Inc.
   a. Ninety-nine (99) year Lease Agreement
   b. Developer would maintain entire premises
   c. LEED Silver will be pursued
   d. Historic Tax Credits will be pursued
   e. M/WBE Goals of 18% / 7%
   f. URA has the right of first offer if McCaffery wishes to convey any interest in the leasehold
2. Up to four phases of the Produce Terminal project will be undertaken by the Developer, based on reasonable market demand:
   a. Phase 1 will include a “food centric” Public Market of at least 20,000 gross square feet
   b. Subsequent phases allocating, no less than 40K square feet, may be allocated to local businesses
   c. Extend the lease term for Society for Contemporary Craft (SCC), until the phase redevelopment reaches SCC and negotiation will commence to try and accommodate them in the Producer Terminal property
   d. URA Establishment of the Strip District Loan Fund for Small Businesses
      i. To stimulate the growth of new and existing businesses
      ii. To create new jobs, encourage new business start-up and expansion by assisting entrepreneurs and stimulating business growth
   e. URA staff and Board approve each phase
Real estate tax revenue stagnates at $16,000 annually ("base")

Project infused with $4 million in TIF investment that leverages $130 million in public and private improvements

Completed improvements are reassessed, generating $364,110 annually in real estate tax increment – $86,528 of which is realized by the School District (during the TIF)

Entire $364,110 tax increment accrues to School District in perpetuity (after the TIF)
Strip District: Smallman Street

- Regional destination with retail and warehouse users; density creates greater impact on public infrastructure
- To date, the City / URA have secured:
  - $4M RACP State Grant
  - $1M DCED Multimodal State Grant
Smallman Street Today: Public Safety Issues
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Smallman Street Conceptual Design: Proposed Public Improvements

Daily Use Plan
Smallman Street Conceptual Design: Proposed Public Improvements

Pedestrian Crosswalks
Pedestrian Circulation
Travel Lanes, Pedestrian Ways – Cross Section
Smallman Street Conceptual Design

Saint Stanislaus Square Section
Smallman Street TIF District: School District Fiscal Impact Projections

$1.7 million tax increment investment yields:
- $556,000 in new tax revenue annually during TIF
- $816,000 in new tax revenue annually upon completion
School District TIF Scorecard

- “But for” TIF, the Smallman Street improvements, adjacent redevelopment would not occur
- Public infrastructure investment
- Elimination of blight
- Increased property tax revenue
- Increased sales tax revenue
- Creation of new permanent jobs
- Creation of construction jobs
- Taxing bodies will receive current base taxes in addition to unpledged (25%) incremental tax revenues
- Catalyst for new private investment
- Re-occupancy of vacant building
- Attracts residents into City with additional high-wage jobs & affordable housing
- TIF funds include Real Estate Taxes