Hot Metal Flats

LERTA Request to the Pittsburgh Public Schools Board of Education
# Hot Metal Flats

**Total Development Cost:** $38,350,000  
**FTE Jobs Created:** 12  
**Median Wages:** $31,200  
**Construction Jobs:** 130  

**City Tax Revenue:** $1,634,774  
**County Tax Revenue:** $521,794  
**School Tax Revenue:** $3,010,716

*Estimated first 11 years of operation: Real Estate, Sales, and Earned Income Taxes*

- **Floors:** 6  
- **GSF:** 220,000 SF  
- **Residential Units:** 173  
- **Parking Spaces:** 173

**Minimum LEED Silver**
Hot Metal Flats
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Justification for LERTA

• The Project site is currently in a TIF District and is not generating any tax revenue. The site has been vacant for 30 years.

• The URA has indicated, through its board action of July 10, 2013, support to remove the site from the TIF and utilize the LERTA program.

• With an approval of the LERTA by the school district, the project will commence November 1, 2013.
Justification for LERTA

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

  ▫ Project hard costs are $22,750,000.
  ▫ The assessed value is $15,750,000.
  ▫ The gap of $7,000,000 is bridged by:
    • A $2,500,000 Pittsburgh Development Fund loan
    • A $200,000 CITF grant, and
    • LERTA Tax Benefit
Justification for LERTA

• The site has not been improved under the existing TIF and has been vacant for 30 years.

• The project could generate improvements on adjacent vacant sites that would generate additional revenue to the taxing bodies.

• The School District will receive $304,416 in real estate tax revenue during the ten-year LERTA Abatement period, and

• Thereafter $152,208 per year (subject to valuation and millage rate adjustments).
Justification for LERTA

• Estimated earned income tax (EIT) benefit of $414,000 in the first two years for the Pittsburgh School District, and

• $2,292,000 in projected EIT benefits during the LERTA abatement period of the Project’s operation.

• This project will create an estimated 130 construction jobs and approximately 12 full-time positions upon opening.

• The Project will provide an urban style environment with secure parking, bicycle storage, and an option for new couples and their children to experience the Southside and all its amenities.
## Projected Real Estate and Earned Income Tax Benefit

**Hot Metal**  
**Pittsburgh Public Schools**

<table>
<thead>
<tr>
<th>Operating Period</th>
<th>LERTA %</th>
<th>Property Tax Benefit</th>
<th>EIT Tax Benefit</th>
<th>Total Tax Benefit</th>
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</thead>
<tbody>
<tr>
<td>Year-1</td>
<td>100.0%</td>
<td>0</td>
<td>204,598</td>
<td>204,598</td>
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<tr>
<td>Year-2</td>
<td>100.0%</td>
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<td>209,713</td>
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<td>Year-3</td>
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<td>15,221</td>
<td>214,956</td>
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<td>Year-4</td>
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<td>15,221</td>
<td>220,330</td>
<td>235,550</td>
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<td>Year-5</td>
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<td>30,442</td>
<td>225,838</td>
<td>256,279</td>
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<tr>
<td>Year-6</td>
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<td>231,484</td>
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<td>Year-7</td>
<td>70.0%</td>
<td>45,662</td>
<td>237,271</td>
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<td>Year-8</td>
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<td>243,203</td>
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<td>249,283</td>
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<td>Year-10</td>
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<td>255,515</td>
<td>316,398</td>
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</table>

**LERTA Abatement Period**  
$304,416 \quad $2,292,189 \quad $2,596,605$

**Year 11 and on-going after abatement ends**  
Annually $152,208 \quad $261,903 \quad $414,111$

1) The project is anticipated to include a Local Economic Revitalization Tax Act (LERTA) real estate tax abatement; therefore, the property tax benefit will  
2) EIT tax Inflation of 2.5% is assumed.
Questions and Answers