

SUMMARY OF LEGISLATION  
CCA CBD PITTSBURGH LLC  
SUBMITTED FOR COUNCIL MEETING MAY 9, 2023

CCA CBD Pittsburgh LLC, as the applicant and agent operating the proposed City Club Apartment Development, has requested that the County provide a temporary exemption of real estate taxes based on assessment attributable to new construction, reconstruction or improvement(s) to property within a deteriorated area of the City. This deteriorated area is described in Attachment “A” to the Resolution. CCA CBD Pittsburgh LLC is developing an income-restricted, mixed-use multifamily housing project in the existing YWCA building located at 305 Wood Street in the city’s Central Business District neighborhood. The development will consist of 8,300 SF of retail space and 24,900 SF office space, as well as a complete renovation of a new 20-story apartment tower to contain approximately 300 apartments. The total project cost is estimated at \$65 million.

The Department of Economic Development requests that the Council of the County of Allegheny:

- (a) determine and designate that a certain geographic area within the City of Pittsburgh, the boundaries of which are more specifically set forth in Attachment “A” hereto, constitutes a deteriorated area under LERTA; and
- (b) approve a resolution to participate in the implementation of the LERTA for the deteriorated area located within the City of Pittsburgh; and
- (c) direct the appropriate public officials of the County to take such additional actions in cooperation with the City of Pittsburgh and the School District to implement the LERTA, including without limitation, the execution and delivery of a Cooperation Agreement by and among the participants.

The Exemption shall be contingent upon number of affordable housing units available to, and number of units leased by, income-qualified tenants. The Project is committed to lease ten percent 10% of the 300 units, or 30 affordable units at 50% of the Area Median Income (“AMI”). (AMI is set by HUD and updated approximately annually).

If it is discovered, through mandated annual reporting and periodic audits, that, in any given year, the affordability guidelines are not being met, the County may provide notice to Owner via certified mail of Owner’s failure to comply (an “Initial Default Notice”). Owner will have opportunity to provide detail to substantiate Owner’s position and either cure or dispute the default. If default process outlined in Exhibit A does not result in a cure or agreement, and Owner is ultimately found to be in default, Owner shall forgo the next County LERTA tax abatement benefit that it would have received.

In the eleventh (11<sup>th</sup>) year and all succeeding years, the exemption shall end and the entire property (land and building) shall be fully taxable.

<b>Exemption Year</b>	<b>Percentage of Assessed Valuation of Improvement Exempted from Taxation</b>
<i>1<sup>st</sup></i>	<i>100%</i>
<i>2<sup>nd</sup></i>	<i>100%</i>
<i>3<sup>rd</sup></i>	<i>90%</i>
<i>4<sup>th</sup></i>	<i>90%</i>
<i>5<sup>th</sup></i>	<i>80%</i>
<i>6<sup>th</sup></i>	<i>80%</i>
<i>7<sup>th</sup></i>	<i>70%</i>
<i>8<sup>th</sup></i>	<i>70%</i>
<i>9<sup>th</sup></i>	<i>60%</i>
<i>10<sup>th</sup></i>	<i>60%</i>

Upon the completion of the Exemption Term set forth above, the Exemption shall end and the entire property (land and building) shall be fully subject to Allegheny County property taxes.



## **Attachment “B”**

### **Affordable Housing Requirements City Club Apartments LERTA CCA CBD Pittsburgh, LLC**

#### Definitions:

- Affordable units: The Project will have no less than 10% of units available to households that fall at or below 50% AMI levels.
- Area Median Income (“AMI”): The most recently published or updated Median Family Income reported by the United States Department of Housing and Urban Development (HUD) for the “Pittsburgh, PA HUD Metro Fair Market Rent (FMR) Area” adjusted for the household sizes identified by unit type above. HUD publishes this information online, approximately annually.
- Qualified Affordable Tenants: Tenants who fulfill the affordable housing requirement as further defined above.
- Initial lease-up: The time any household first applies to live in an affordable unit at the subject property.

#### 30 Affordable Units:

As part of the Project, the Property Owner shall construct and maintain approximately 30 units, or 10% of the total number of units, of Affordable Housing within the Deteriorated Area in accordance with the following requirements:

- 30 units (10%) shall be available to households at or below 50% AMI,
- A studio’s rental rate shall be based upon household size of one (1) person.
- A 1-bedroom’s rental rate shall be based upon household size of two (2) persons.
- Rental rates as reflected in each tenant’s lease will be calculated based upon the most current HUD publication of AMI and will remain in effect for the term of the lease (1 year) regardless of if the HUD AMI rates change. At the annual lease renewal, if HUD AMI rates have changed, the lease will be revised to reflect the new rental rate.
- The affordable housing requirements shall be mandatory for ten (10) years, commencing when the project has been issued a certificate of occupancy (not temporary) in accordance with Section 6 of the Resolution.

#### Post lease-up, annual re-certification flexibility:

Existing tenants will be allowed limited flexibility to go above their initial lease-up limits. Qualified Affordable Tenants will be allowed to increase their income up to the following re-certification limits:

- Initial lease-up: 50% AMI
- Re-certification cap: 70% AMI

Tenants will be allowed to lease their units while earning above their initial income qualification cap for a period of not more than one additional year.

#### Unit Limitations:

- 90% of the Project's units (currently estimated at 270 of the 300 units) in the Development will not be available to the affordable tenants.
- 10% of the Project's units (currently estimated at 30 of the 300 units) will be available to the affordable tenants. The units available to tenants fulfilling the affordable housing requirement will be no different with respect to quality of finishes or access to building amenities from the market-rate units and post-construction the Property Owner is allowed to designate certain units as affordable units. The Property Owner will always have 30 units available as affordable unless written approval from the Allegheny County Department of Economic Development ("ACED") Director is provided. To request written authorization to have below 30 affordable units, the Property Owner must have documented a good-faith effort to attract affordable tenants, up to and including working with the Housing Authority City of Pittsburgh's Tenant Based Rental Assistance Program, and/or an extenuating circumstance with documentation provided.

#### Income Qualification:

- The Property Owner or Property Owner's designee is responsible for undertaking a full and thorough income review process. Income will be calculated using the methodologies as described in the Pennsylvania Housing Finance Agency's Low Income Housing Tax Credit Manual, Chapter 3, which relies substantially on HUD 4350.3 REV 1, chapter 5. The elements that will be used from these documents during the income review process shall include:
  - Income inclusions and exclusions
  - Acceptable income documentation and the verification thereof
  - Tenant income certification
  - The calculation and projection of tenant income for the purposes of determining whether a tenant is a Qualified Affordable Tenant.
  - Tenants will be determined to be income eligible prior to signing their lease.
  - The Property Owner or Property Owner's designee will undertake a full income review process with each tenant household annually upon the anniversary of their lease.

Record Retention: Property Owner will maintain affordable housing records for the term of the LERTA plus 2 years. Digital records are acceptable.

#### Owner reporting of Affordability to ACED & ACED Monitoring

- Annually, due November 1<sup>st</sup>, for the 12-month period ending on the preceding September 30<sup>th</sup>, the Property Owner will submit a summary spreadsheet to ACED with data pertaining to the project's Qualified Affordable Tenants including but not limited to tenant name, unit number, household size, gross household income, source of income, rental rate, utility credit & overage, etc. The Property Owner will also provide a report to document and justify the utility charges and rates. Lastly the Property Owner will

provide a report to document that there were 30 affordable units during the reporting time period.

- ACED will conduct on-site monitoring to verify the information contained in the summary spreadsheet and other items as necessary at its discretion but not more than on an annual basis assuming there are no concerns or previous compliance issues. If there are compliance problems, then the monitoring could be more frequent and more rigorous. ACED will provide advance notice of the on-site monitoring engagements and will provide a list in advance of documents to be made available during the on-site monitoring visit. A report will be written to document the outcomes of the on-site monitoring, and the Property Owner will be given the opportunity to cure any deficiencies that are curable.
- Such reports should be submitted to:

LERTA Officer  
Allegheny County Economic Department  
436 7<sup>th</sup> Ave Suite 500  
Pittsburgh PA 15219

Default:

If ACED determines that Property Owner is in default of the terms of this Attachment, Section 5(f) of the Resolution shall apply.