

## Lower Hill Phase I - Community Reinvestment Summary Term Sheet

	Public Benefit	Reinvestment Projection			Hill CDC (Consolidated with EMC, DRP and DAM Comments)		
		Block G1 – FNB Tower	Block G4 - Green Open Space	Total	Comments on Original Proposal	Additional Proposals	
						Development Team	Government
<b>LERTA (50% Share of Tax Abatement)</b>	The Greater Hill Reinvestment Fund (GHRF) will receive 50% of the LERTA generated over a 10- year abatement period. FNB Bank has committed to monetize the future 10 years of payments for Block G so a payment to the Reinvestment Fund can be made at financing closing.	\$7,500,000 (estimated)			The LERTA Commitment was secured by the Hill CDC's settlement agreement in 2015. The upfront capitalization, while a benefit, will be repaid with tax dollars and should be removed from the total investment as this is misleading. In addition, it appears the LERTA has been reduced by \$500K. It was originally presented as \$16 million (\$8 million to Greater Reinvestment Fund and \$8 million to infrastructure on development site). The term sheet now lists \$7,500,000.		
	Development team to pay closing costs for the LERTA (legal, title, etc.)	\$250,000			The developer chose to capitalize the loans upfront. Previously, the development team wanted the community to cover the loan costs and reduce their LERTA.		
<b>Parking Tax Diversion (PTD)</b>	The Greater Hill Housing Stabilization Fund will receive 25% of parking taxes (i.e. Parking Tax Diversion) generated over a period of 20 years from and after the opening of each structured parking garage. FNB Bank has committed to monetize the future 20 years of payments so a payment can be made at financing closing.	\$3,000,000 (estimated)			The community only receives 25% of the parking taxes, the developer will receive 75% to support their redevelopment costs. Parking Taxes are public dollars and should be more equitably reinvested. Parking Taxes fund the City's pensions. As with the LERTA this is guaranteed to be repaid with tax dollars. In addition, the fund this references will be held and administered by the Urban Redevelopment Authority, where there is currently no community control.	Developer reduces their share of Parking Tax Diversion Revenue from 75% to 50%	City Council passes the ordinance requiring that the Parking Tax Diversion is shared 50/50 as is the LERTA  PTD funds are administered by the same Greater Hill District Development Growth Fund Advisory Board held at the URA.
	Participating in the Centre Ave YMCA project with \$2.2 million HTCs, construction loan and \$750k	\$3,000,000 (estimated)		\$3,000,000 (estimated)	This is a previous commitment from a project that was made prior to FNB announcing relocating their headquarters to the Lower Hill site. See <a href="https://triblive.com/local/pittsburgh-alleggheny/officials-planning-7-4-million-renovation-of-historic-pittsburgh-ymca-building/">https://triblive.com/local/pittsburgh-alleggheny/officials-planning-7-4-million-renovation-of-historic-pittsburgh-ymca-building/</a>		

<b>FNB Community Investments</b>	FNB is evaluating projects in the Hill to fund housing and mixed-use initiatives with minority developers in the form of loans, equity and tax credit investments. In the past few months, FNB has issued 8 senior loan term sheets (additional pending) for a total of \$8.8 million in the Greater Hill.	\$8,800,000		\$8,800,000	These are unclosed loans. Please note, FNB's primary business is that of providing loans. This reinvestment begs the question of what is unique about these loans which are largely a part of their standard business operation without special interest rates which wealthier communities often enjoy. FNB has indicated that they are pushing underwriting limits and experience req., and will extend repayment when appropriate and possible. FNB must also comply with the Community Reinvestment Act regulations, which requires that they provide loans to LMI communities, like the Hill, and to minority groups and low-moderate income persons. A motivation for increased commitment is because a recent study indicates that many financial institutions are failing the African American community in the Pittsburgh area. FNB ranked 8th among lenders both to the African American Community and in Minority Neighborhoods in Pittsburgh. See <a href="https://cdn.website-editor.net/9058dd8bd18f47dba65799e9a1c1541b/files/uploaded/FederalReserve_FINAL3.pdf">https://cdn.website-editor.net/9058dd8bd18f47dba65799e9a1c1541b/files/uploaded/FederalReserve_FINAL3.pdf</a> . Additionally, we are concerned that the new office tower will be counted as community reinvestment since the Lower Hill's census tract was adjoined to a low income Middle Hill census tract. FNB	Investments from FNB should be 50% loans and 50% grants to assure project viability and support to low-wealth organizations, businesses and persons. Other owners can contribute to the grant funding, as FNB is doing more investment than the other private partners.	
	Proposals pending for over \$5 million in tax credit investments	\$5,000,000 (estimated)		\$5,000,000 (estimated)	These are standard deals for banks. The tax credit is a benefit to the bank in that they can meet their CRA obligations while securing a new deal for their bottom line. Terms are what matter here. FNB could provide a higher percentage commitment to every dollar on tax credit deals and could couple their investments with ideal loan terms and gap grants. Counting these investments as driven by the Lower Hill project when this is a very competitive environment for bank investors in general requires re-evaluation of this a specific reinvestment.	Investments from FNB should be 50% loans and 50% grants to assure project viability	
<b>Developer Gap Financing</b>	Development team will provide up to \$400,000 of gap equity required to close first phase of projects that FNB / URA are underwriting in the Greater Hill.	\$400,000		\$400,000	Excellent, but additional funding is necessary. This would only be sufficient for one deal on Centre Ave.	See above. Note that Development Partners beyond FNB need to pitch in.	
<b>Open Space</b>	Development team is building 3.5 acres of open space		\$2,500,000	\$2,500,000	According to the term sheet this open space will be privately owned. While this amount of space exceeds their requirements under the PLDP, developing open space that is privately owned is not community reinvestment.	Since the Development Team has expressed interest in gifting the land, work with the Hill CDC, Pittsburgh Downtown Partnership, and Ujamaa Collective to own and operate the Green Space.	

<b>Opportunity Zones (Category Added by Hill CDC)</b>							Local Government Pass legislation that protects Opportunity Zones from the impacts of Gentrification and Displacement
						Percentage of Total amount raised for Opportunity Zone Fund designated to qualifying investments above Crawford Street	
						Opportunity Zone Investment Fund should have 50% Community Board that makes investment decisions for qualifying investments.	Local Government Pass legislation that requires shared decision making with communities for Opportunity Zone investments. Community is defined by those who live and or work in the qualified Opportunity Zone census tract.
							Work with the Hill CDC to do Inclusionary Zoning Overlay for the Hill District to ensure long term affordable residential and commercial opportunities in an accelerated market.
<b>CCIP</b>							
<i>Focus Area 1 / M/WBE Inclusion</i>	Developer has built and will implement the attached MWBE plan	\$2,100,000		\$2,100,000			
	Targeting 30% MBE and 15% WBE participation in project						
	Developer has achieved the 30%/15% target on first \$5 million of pre-development contracts that have been executed						
	Developer hired eHoldings, a qualified 3rd party MWBE consultant, to maximize MWBE plans/contracts/participation for the Project						
	Vet and hire local and regional MWBE certified contractors and consultants within growing database built and managed by Developer						
						Provide new hire commitments (including first source) anticipated for FNB and other tenants. Hiring commitments should be made for lower, mid and executive level hires.	

<i>Focus Area 2 / Local Inclusion / Workforce Development</i>	Developer/PAR has an agreement with Partners4Work to establish a jobs training program to better connect Hill District residents to Project employment opportunities including Intro to the Trades pre-apprenticeship classes aligned with the construction schedule and job training programs connecting applicants to future building service and hospitality jobs	\$150,000		\$150,000	The CCIP speaks to low, mid, and upper tier jobs. Construction, hospitality, and building service jobs do not meet the requirements of the CCIP.	Tenants should engage in a first source hiring goal of 10%. This goal should be met over a period of five years and retained or exceeded thereafter.	
						Fully fund a Lower Hill District Job Center in the Hill House building to assure access and availability of jobs by Hill District residents	
<i>Focus Area 3 / Inclusionary Housing</i>	Residential is being developed by another developer (Intergen)						
	FNB monetizing the Parking Tax Diversion for the Housing Stabilization Fund – see above						
<i>Focus Area 4 / Communication and Tracking</i>	Commitments as per CCIP compliance and communication requirements						
	Development team will continue using multiple channels for outreach and regular reporting including website updates, regular public meetings, newsletters, social media, etc.						
	Clay Cove Capital, a minority owned business, has made a multi-million-dollar investment in the Project	TBD			We are unable to evaluate whether this level of investment meets the CCIP minimum requirement of 25% MBE ownership due to the actual dollar amount not being disclosed. In addition, Clay Cove Capital is an investment fund with undisclosed investors. We are not sure how the firm's minority ownership satisfies the spirit of this CCIP provision, as it was intended to generate wealth building opportunities locally first and foremost.	Establish a Crowdsourcing option for low-mod income persons to invest in a holding company that will syndicate sufficient capital to invest in the overall project. Minimum investment should be \$100 with a goal of get 10,000 investors for holding company to meet \$1,000,000 investment threshold for Clay Cove Capital.	
	Developer hired Bomani Howze, Hill District resident, as VP of Development for the Project						

Focus Area 5 / Wealth Building

<p>FNB will assist with overall wealth-building goals by offering financial literacy programs throughout the Greater Hill District and expanding its programs with the Hill District Federal Credit Union (HDFCU) as per the FNB Community Impact Plan that is part of the Take Down submission</p>				<p>FNB has been the holder of the Hill District Federal Credit Union accounts since 2017 when another financial institution ended their business relationship with the credit union. Their work with them could be considered a usual practice. See here: <a href="https://www.post-gazette.com/business/money/2017/07/26/Hill-District-credit-union-PNC-closes-accounts/stories/201707250025">https://www.post-gazette.com/business/money/2017/07/26/Hill-District-credit-union-PNC-closes-accounts/stories/201707250025</a>.</p>		
<p>FNB has invested \$100,000 in the Hill District Federal Credit Union</p>	<p>\$100,000</p>		<p>\$100,000</p>	<p>FNB has been the holder of the Hill District Federal Credit Union accounts since 2017 when another financial institution ended their business relationship with the credit union. Their work with them could be considered a usual practice. See here: <a href="https://www.post-gazette.com/business/money/2017/07/26/Hill-District-credit-union-PNC-closes-accounts/stories/201707250025">https://www.post-gazette.com/business/money/2017/07/26/Hill-District-credit-union-PNC-closes-accounts/stories/201707250025</a>. In addition, the terms of investment are unclear.</p>		
<p>Development team will collaborate with non-profits like the Riverside Center for Innovation (RCI) to offer programs to help growing M/WBE firms build critical capacity for contracting and expansion. FNB has funded Back Office Support through RCI for Hill Businesses</p>	<p>\$50,000</p>		<p>\$50,000</p>			
<p>Developer secured \$500,000 for small business kiosks in the open space to be operated by minority and women owned small business in concert with entrepreneur incubation initiatives</p>		<p>\$500,000</p>	<p>\$500,000</p>	<p>Based on the language "secured" it is unclear as to the source of this \$500,000 commitment. Based on the language "operated" these small spaces will not be owned by the small businesses, which limits the opportunity here. These kiosks, which are temporary structures, can be removed. What is the sustainability of these? What do operations look like down the road to guarantee that they won't be removed from the site?</p>		
					<p>Three floors of tower should be made available for ownership by the Hill District Community Land Trust, Non Profits and/or MBE owners with a specific focus on Black owned businesses. This can be achieved through a commercial condo model. This space should be focused on attracting, developing and retaining Black professional services firms who would otherwise would take decades to secure sufficient wealth to make such an investment towards ownership.</p>	

							URA to work with Ujamaa Collective to relocate to a location of their choice. Provide funding for technical assistance and subsidize space or grant funding to support their ongoing presence and growth in the Hill District.
						Baby Bonds for every Hill District child under the age of 5 - terms to be negotiated.	
Focus Area 6 / Culture and Legacy	Developer hired local historian (Dr. Kimberly C. Ellis) to inform landscape architects, design firms and art curators of the African American history and culture of the Lower and Greater Hill District				Other than hiring Dr. Ellis, it is unclear the specific plan to meet the CCIP here on BOTH Block G1 and Block G4. Right now the plan has sidelined the community to greenspace with limited opportunities.	Develop Curtain Call in this phase of the project with community input on final location. Penguins and development team to close the financial gap as commitment in prior phases.	
						Reduce rent in FNB Tower for existing Hill District businesses to \$16 per sq ft for lease versus the current projected rate of \$30 per square foot. Especially first floor retail space.	
	LERTA monetization and Developer Gap Financing – see above				See comments above		
	FNB is evaluating a series of investments in critical development projects in the Middle and Upper Hill, subject to FNB regulatory and lending approvals – see above				See comments above		
	FNB has made \$525,000 in recent philanthropic donations to organizations dedicated to the advancement of the Middle and Upper Hill (\$200,000 addressed above with HDFCU, etc.) - Ammon Community Recreation Center (\$50,000), HDFCU (\$100,000), Hill CDC (\$100,000), Poise Foundation (\$50,000), Neighborhood Allies Centralized Real Estate Accelerator (\$50,000), Neighborhood Allies Real Estate Co-Powerment Series (\$25,000), Rebuilding Together Pittsburgh (\$50,000), Riverside Center for Innovation (\$50,000), Point Park University (\$50,000)				\$225,000 of the \$525,000 went to organizations that are not based in the Hill District and serve the entire region. An additional \$50,000 to Riverside Center for Innovation was already counted above in Focus Area Five (wealth building). This item is misplaced in that category, but is the result of the development team's failure to align their commitments with the specific action items of the CCIP. The investment in the Hill District Federal Credit Union was also already counted above, however it is listed at only \$100,000 not \$200,000. So, the new Hill District related investment is \$100,000 to the Hill CDC to support affordable commercial space on the first floor of the New Granada Apartments. Much like the credit union, the Hill CDC has a longstanding relationship with First National Bank and has been engaged in discussions about our developments prior to FNB announcing the relocation of their headquarters to the Lower Hill.		

*Focus Area 7 /  
Coordinated  
Development  
Strategies*

Developer is funding (for a period up to one year from the effective date) grant writing services to pursue possible infrastructure grants for improvements along the Centre Avenue Corridor and related infrastructure projects			\$25,000	Hill CDC is grateful for the offer, but the CCIP requires joint applications for government applications. This is especially promising with the new focus on infrastructure investments from the current administration. They are also focused on equity in redevelopment. <a href="https://www.washingtonpost.com/us-policy/2021/03/31/biden-pittsburgh-infrastructure/">https://www.washingtonpost.com/us-policy/2021/03/31/biden-pittsburgh-infrastructure/</a>	Stick with the CCIP standard.	
The G4 parcel will be developed as part of a destination public open space that benefits the entire community, complementing the overall open space master plan that exceeds PLDP requirements Community Development Strategies. – see above						
					FNB to work in partnership with the Hill CDC to establish a Guaranty Fund to increase minority led organization and business ownership in real estate development.	
						City to relocate or rehouse Zone Two police station by including its relocation in the City of Pittsburgh 2022 capital budget. Work with Hill CDC on <del>redevelopment of the site</del>
						City and State support full RACP funding to Hill District based non-profits and MBEs over additional investment in Lower Hill District site
						City to partner with Hill CDC to apply for HUD Section 108 program for structured parking and infrastructure for Centre Avenue, and other commercial development needs.
						URA to work with Bethel AME, which was displaced from the Lower Hill site, and provide direct relief and investment into their needs and initiatives

<i>Greater Hill Reinvestment Fund Recurring Revenue Streams (Category Added by Hill CDC - in CCIP)</i>						Invest 5% annually from ticket sales of owner establishments on or off the site and parking revenue from the site into Middle and Upper Hill Commercial Corridor redevelopment efforts, especially Centre and Herron Avenues.	
	<b>Total:</b>	\$30,675,000	\$3,000,000	\$33,675,000		<b>TBD</b>	<b>TBD</b>