

OVERVIEW

The selection of the Borough's Third Ward as the site of a major redevelopment project is the result of both public comment as well as observations conducted by the consultant. The extent of the deterioration and the compact area in which it is located lends itself to traditional redevelopment efforts. This Redevelopment Plan is considered a key component of the Borough's updated Comprehensive Plan. This report is not intended to replace the more detailed redevelopment plan which must be prepared by the Redevelopment Authority of Allegheny County; but rather, to serve as a preliminary determination of the extent of blight and the ability to utilize the power of eminent domain as well as to generate a budget that will allow for a determination of project feasibility. This document should also serve as preparation for the Tax Increment Financing Plan required for the use of this incentive. While the project fits the new criteria for blight, its feasibility depends in large measure on an end to the current economic uncertainty and the availability of adequate funding to cover costs that are not supported by the market.

The Redevelopment Plan has been designed to meet a number of objectives, which include but are not limited to the following:

- *Elimination of blight in the lower Third Ward from West Seventh Avenue to the Allegheny River*
- *Creation of a site for the construction of the Borough's new municipal building - including police and fire stations*
- *Prepare a site for the relocation of expanding businesses or those who need to relocate as the result of development elsewhere in the Borough*

- *Create a buffer between a number of different land uses and the Norfolk Southern trackage*
- *Allow for the development of a new residential community*

Create an area of mixed-use development blending renovation of existing structures with new construction along West Seventh Avenue

The decision at this time to limit the boundaries of the Redevelopment Area and blight designation to the Third Ward area of the Borough does not preclude extension of the boundaries to other areas of Tarentum in the future or to the acquisition of property through Allegheny County's Vacant Property Review Committee or even the Borough's own eminent domain powers as permitted.

INTRODUCTION

When Pennsylvania’s Urban Renewal Law was passed in 1945, it was envisioned as a tool to help local governments condemn, acquire and redevelop properties that were not only failing to produce their fair share of taxes; but also, more than likely requiring an inordinate share of public services. While local governments previously possessed the power of eminent domain for specialized purposes, the ability to acquire property for some as yet to be determined purpose was not available until the enactment of this legislation. These two types of takings are, in fact, delineated by this feature. The first type of taking is called an antecedent taking because it is based on acquisition for a predetermined public reuse, such as constructing roads, water or sewer lines, or schools. Public use could also include the taking of land to build a school, municipal building or a public park. With the passage of the Urban Renewal Law, locally created “redevelopment authorities” could now acquire properties that were declared “blighted,” or in need of redevelopment. Both the process and the criteria for determining the need for redevelopment were specifically defined in the legislation.

The second type is known as a “precedent” taking, as it is acquisition based on existing conditions. This type of taking requires a declaration of “blight” in the absence of a defined public use. The law saw a number of challenges over the years that helped to further define its scope, but not its purpose or underlying rationale. Issues included whether or not properties that did not individually meet the blight criteria could be labeled as in need of redevelopment to create a workable redevelopment area. The issue was ultimately accepted, as acquisition of only parts of city blocks was deemed to be an ineffective development process. This issue actually led to some of the first lawsuits that required properties to be taken even though they were not blighted or located in the area, but were

considered to be economically injured because of “inverse condemnation.”

An additional concern with declarations of blight arose when new economic development financial incentives were tied to the declaration as a criterion of eligibility. The first Tax Increment Financing District was created in California in 1952 and was established on the basis that it was a financial tool for eliminating blight and was thus limited to those areas which met the appropriate criteria. While Pennsylvania’s own TIF legislation did not receive support until 1990, the Local Economic Revitalization Tax Act and subsequent related legislation for commercial and industrial development were tied to an area’s need for redevelopment even if all properties were not required to be located in the area if there was a benefit from the extension of tax abatement. It would appear that the combination of tying economic development incentives to a declaration of blight, as well as the local redevelopment authorities’ eagerness to reduce the risk of the property remaining undeveloped after acquisition by having a developer already “in hand”; led to the current issues surrounding reuse for private economic development purposes.

In 2003, the City of Lakewood desired to exercise eminent domain over the residential West End neighborhood so that an upscale condominium development could be built on that land. In order to advance that goal, they defined any home within the neighborhood as “blighted” if it did not have three bedrooms, two bathrooms, an attached two car garage, and central air conditioning. The homeowners challenged the definition in court, and were ultimately successful in fighting the municipality’s efforts to take their homes. The Lakewood residents overwhelmingly voted to remove the West End’s blight designation.

In the landmark case of *Kelo v. City of New London*, the Supreme Court of the United States was asked to rule on the use of eminent domain to transfer land from one private owner to another in the interest of economic development. The case arose from the condemnation of privately owned real property so that it could be used as part of a comprehensive redevelopment plan. The Court held in a 5-4 decision that the general benefits a community enjoyed from economic growth qualified such redevelopment plans as a permissible "public use" under the Takings Clause of the Fifth Amendment. The decision was widely criticized and the outcome was viewed as a gross violation of property rights. Subsequent to this decision, there was widespread outrage across the US. A California developer, Logan Darrow Clements scooped a similar proposal to seize Supreme Court Justice Souter's 'blighted' home in New Hampshire by eminent domain in order to build a "Lost Liberty Hotel" that would feature a "Just Desserts Cafe".

For its part, the federal government made an as yet unsuccessful attempt at limiting the use of eminent domain. The proposed federal legislation would prohibit the federal government from exercising eminent domain power if the only justifying "public use" is economic development; and would impose the same limit on state and local government exercise of eminent domain power by making them ineligible for federal funding. The prohibition would not apply where the conveyance of property included future public ownership, such as for a road, hospital, airport, or military base; availability to the general public as of right, such as a railroad or public facility; use as a road or other right of way or means, open to the public for transportation, whether free or by toll; for use as an aqueduct, flood control facility, pipeline, or similar use; removing harmful uses of land provided such uses constitute an immediate threat to public health and safety; leasing property to a private person or entity that occupies an incidental part

of public property or a public facility, such as a retail establishment on the ground floor of a public building; acquiring abandoned property; clearing defective chains of title; taking private property for use by a public utility; and redevelopment of brownfield sites.

Allegheny County has experienced some of this backlash, but more in its use as a requirement for using Tax Increment Financing than for the actual taking issue itself. The Pittsburgh Mills Project, Mt. Nebo Project, and the proposed Deer Creek Crossing Project in Harmar Township have met opposition due to the use of TIF monies to support new businesses at the expense of existing establishments.

In 2006, the Commonwealth of Pennsylvania amended the Urban Redevelopment Law through the passage of Senate Bill 881, and House Bill 2054 in order to refine the conditions under which a property could be declared "blighted" and thus eligible for acquisition through eminent domain proceedings and the use of certain incentives associated with this designation. The Redevelopment of the Third Ward will need to be undertaken under these new defining characteristics of blight.

REDEVELOPMENT AREA

The proposed Redevelopment Area is located in the Third Ward of the Borough and, more specifically, in the area bounded by Heuser on the north, the Allegheny River on the south, East Deer Township on the west, and Bull Creek on the east. The Redevelopment Area is mixed in character with residential, commercial and industrial land uses intermixed throughout the area. The area is zoned for the following uses;

<u>DISTRICT</u>	<u>PERMITTED USES</u>
C-1	Commercial Primarily retail uses, but also professional offices, clubs, recreation, public buildings and parking

- C-2** Commercial
Primarily office uses, but also wholesale, vehicular related, public buildings and parking
- M-1** Manufacturing
Light manufacturing, warehouses, wholesale distribution, and business and professional offices
- RD** Riverfront Development
Existing dwellings, public recreation, and nature or wildlife preserves

There are 165 parcels of land in the entire Redevelopment Area comprising a total of 69.7 acres and fall into the following usage categories:.

<u>Number</u>	<u>%</u>
Residential	
94	57.7
Commercial	
30	18.4
Industrial/Manufacturing	
6	3.7
Warehouse	
4	2.5
Churches/Non-profit/Associations	
5	3.1
Private R.O.W	
1	0.6
Utility	
1	0.6
Vacant	
15	9.2
Boarded	
3	1.8
<u>Other</u>	
4	<u>2.4</u>
Total	
163	100.0%

The Community Technical Assistance Center conducted a property survey to gain information on property uses, conditions, architectural details, etc. The condition of the property was rated on a scale of one to five with one representing a property in the best condition. The surveys of the structures in the Redevelopment Area indicate that following conditions:

<u>NUMBER</u>	<u>% of TOTAL</u>	<u>TOTAL</u>
1	18.8%	31
2	13.3%	22
3	61.8%	102
4	5.5%	9
5	0.6%	1
TOTAL		165

DETERMINATION OF AN AREA IN NEED OF REDEVELOPMENT (BLIGHT)

A preliminary investigation for a Determination of an Area in Need of Redevelopment indicates that the section of the Third Ward so designated will not be entirely coterminous with the overall Redevelopment Area. As the primary focus of the Third Ward revitalization is the redevelopment of the area between 7th and 6th Avenues, efforts were focused on certifying this area as blighted. After a number of scenarios were examined, it was determined that this area will qualify as an Area in Need of Redevelopment under Section 205(c)(1)(i) of the Commonwealth’s amended Eminent Domain Code wherein “a majority of the units of property meet any of the requirements under subsection (b) and represent a majority of the geographical area”. This area includes 103 properties containing 881,471 sq ft of land. Of this, the properties that meet the definition of blight contain 468,943 sq ft or 53.2%, or a majority of the area. It appears that at least 52 properties meet at least one of the requirements under subsection (b) and

therefore allow this area to be certified as blighted. Once the Comprehensive Plan is approved, the Redevelopment Authority of Allegheny County will need to undertake the actual certification process.

BUDGET

The budget for the Redevelopment Plan can be broken down onto three phases:

- *Pre-development*
- *Site improvement*
- *Development*

The predevelopment activity must, of necessity, be undertaken by the Redevelopment Authority of Allegheny County. The other phases may be conducted by other organizations in conjunction with RAAC if there are financial or technical benefits. The costs included in the predevelopment phase include the following activities:

Property Appraisals

<i>Single family residential</i>	\$1,000
<i>2-unit residential</i>	\$1,000
<i>4-unit residential</i>	\$2,500
<i>Small commercial mixed-use</i>	\$3,500
<i>Larger light industrial property</i>	\$7,500
<i>Machinery and equipment appraisal</i>	\$1,500-\$7,500

Based on the makeup of the 103 properties in the certified area, the estimated cost of conducting appraisals is \$186,000 ≈ \$200,000.

Environmental Assessments

Primarily phase 1 and 2 environmental audits although the industrial properties may require additional investigation work.

Given the proximity of the structures, history and design, there should be a savings due to the economy of scale in this project. Projected cost is \$117,000 ≈ \$120,000

Environmental Remediation

Some asbestos removal is expected in the residential and mixed-use structures with more extensive remediation expected in the industrial area between 4th Avenue and the Allegheny River. Given the age of the structures, a limited range of environmental problems are expected.

A greater uncertainty is expected in remediating the larger commercial and industrial properties as well as the land along the riverfront. Expected cost is \$785,000 ≈ \$800,000

Acquisition

Cost of acquisition of properties consisting of land with structures and vacant land. Based upon the market value indicated on the County’s Real estate website, the acquisition of all 165 blighted properties at \$5,885,590 ≈ \$6,000,000.

Relocation

The cost of relocation and discontinuation of business requires compensation under the Uniform Relocation Act and Pennsylvania Law. The cost for relocating residents is estimated at \$1,300,000

Demolition

Cost of demolition of properties as required for new development. Because of the large

number of smaller residential structures the demolition cost is estimated at \$2,100,000.

Site Improvements

Grading and utilities	\$275,000.00
Street and sidewalk installation	\$1,350,000.00

Development

Renovation of mixed-use structures (20)	\$2,000,000.00
Construction of new mixed-use structures (20)	\$3,000,000.00
Construction of new residential units(100)	\$1,200,000.00
Construction of municipal complex including fire station	\$4,250,000.00

Total Development	\$12,075,000.00
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The cost of the entire Third Ward Redevelopment Project is estimated at \$13,200,000 including a 10% contingency.

The Third Ward Redevelopment Area is divided into three subareas for the purpose of future development :

Redevelopment Area A – Seventh Street Commercial

This area will serve as a continuation of the commercial district being revitalized on East 7th Avenue.

Redevelopment Area A1 – Mixed-use/Municipal Center

This area will predominantly be new construction built around a new municipal center. The area will include a continuation of the commercial uses along West 7th Avenue and feature mixed-use commercial/residential structures along this thoroughfare and a combination of residential for sale and rental housing in the area between 7th Avenue and 6th Avenues.

Redevelopment Area B – Riverfront Light Industrial

The area between 4th Avenue and the Allegheny River will be acquired in order to serve as the site of a light industrial park. This area is expected to serve as the site for the relocation of two local businesses seeking to expand or relocate as the result of the Allegheny Together Program. The Redevelopment Area is also further delineated for related incentive implementation.

Tax Increment Financing District

The TIF District will include only the properties certified as blighted and include all of Area A1, B, and a portion of A. The proceeds from the tax increment will help defray the cost of the municipal building and the public infrastructure.

LERTA District

The TIF District will include only those properties in the Redevelopment Area that lie outside of the TIF District. The District will include a portion of Area A. A map showing all districts is inserted as MAP 3.

DESIGN STANDARDS

The creation of a Redevelopment Plan requires design controls to guide rehabilitation and new construction activities. These design controls are the best opportunity to incorporate sustainable and smart growth concepts into the Borough’s comprehensive plan. There are a number of scenarios that can be gleaned to create a sense of place for Tarentum’s Third Ward.

These scenarios include, but are not limited to:

- *Transit Oriented Development*
- *New Urbanism or Traditional Neighborhood Development*
- *Green Design*

Transit Oriented Development

This type of development is represented by the following characteristics:

- *Walkable design with pedestrian as the highest priority*
- *Train station as prominent feature of town center*
- *A regional node containing a mixture of uses in close proximity including office, residential, retail, and civic uses*
- *High density, high-quality development within 10-minute walk circle surrounding train station*
- *Collector support transit systems including trolleys, streetcars, light rail, and buses, etc*
- *Designed to include the easy use of bicycles, scooters, and rollerblades as daily support transportation systems*
- *Reduced and managed parking inside 10-minute walk circle around town center/train station*

While the Borough is currently split by Norfolk Southern Railroad tracks, there appears to be little opportunity for utilization of the right-of-way for commuter rail service to the city of Pittsburgh. There has been previous discussion of this prospect, but recent efforts have supported this service on the Allegheny Valley Railroad on the opposite side of the Allegheny River. The inability to use the Norfolk Southern track became apparent as the Pennsylvania Department of Transportation attempted to negotiate with the Norfolk Southern for a portion of its right-of-way to allow the widening of Route 28. The railroad objected on the basis that it needed the right-of-way to expand its

trackage to accommodate its growing freight traffic.

The use of a Transit Oriented Development scenario will therefore be limited to reliance on Bus Rapid Transit that will utilize Route 28 for express service to Pittsburgh. While the use of vacant land for park-n-ride lots is not always seen as desirable, the land under the Tarentum Bridge that is currently utilized in this manner has been seen in a positive light. A number of local merchants have reported increased sales to shoppers who noticed the stores when waiting for public transit.

New Urbanism or Traditional Neighborhood Development

- *The New Urbanism movement advocates planning that is based on design standards from the heyday of urban development. It supports neighborhoods that are diverse in use and population and communities that are designed for pedestrian, transit and automobile transportation. This school of design has the following thirteen elements:*
- *The neighborhood has a discernible center, which can be a square or a green. A transit stop would be located at this center.*
- *Most of the dwellings are within a five-minute walk of the center or an average of roughly 1/4 mile.*
- *There are a variety of dwelling types .*
- *At the edge of the neighborhood there are a variety of shops and offices.*
- *A small ancillary building or garage apartment is permitted within the backyard of each house.*

- *An elementary school is close enough so that most children can walk from their home.*
- *There are playgrounds accessible to every dwelling.*
- *Streets within the neighborhood form a connected network, which provide a variety of pedestrian and vehicular routes to any destination.*
- *The streets are relatively narrow and shaded by rows of trees in order to “calm” traffic.*
- *Buildings in the neighborhood center are placed close to the street*
- *Parking lots and garage doors rarely front the street. Parking is relegated to the rear of buildings, usually accessed by alleys.*

- *Prominent sites at the termination of street vistas or in the neighborhood center are reserved for civic buildings.*
- *The neighborhood is organized to be self-governing.*

Smart Growth and Green Design

The US Department of Environmental Protection and the Green Building Alliance are still in the process of formalizing their guidelines to support development at the community level. Both organizations support sustainable approaches to development and focus on the reduction of energy usage as well as the demand for limited natural resources. While community level guidelines are not available, LEED certification for the design of the proposed municipal building will help reduce the cost of heating, cooling and lighting. The use of a green roof similar to the Chicago municipal building can reduce water runoff and help the Borough comply with the EPA Consent Decree relative to the Upper Allegheny Valley Sanitary Authority.



Photo courtesy of the City of Chicago

The City of Chicago City Hall features a green roof with rooftop gardens. While the Tarentum municipal building will obviously not be as large as the facility in Chicago either in area or in height, a facility designed to the local scale can provide more public access and serve as a signature facility for the Borough.

REDEVELOPMENT DESIGN STANDARDS

Because of the need to provide for a mix of different land uses and design standards it is recommended that the Borough amend its Zoning Ordinance to change the zoning classification of the Redevelopment Area or create a special overlay district. While the SP – Special Planned District allows for a mix of uses, its coverage and setback requirements are not consistent with New Urbanism and Smart Growth principles.

Rather than prepare specific design guidelines, we would propose the establishment of a set of criteria that potential developers must balance with the economic feasibility of the project to produce the optimum development for all parties that are involved. These criteria include, but are not limited to:

- *Housing costs – both sale and rent*
- *Rental cost for commercial space*
- *Tax revenue*
- *Energy consumption*
- *Water consumption*
- *Variances required from applicable regulations*
- *Impact on municipality and school district*
- *Incentives required*
- *Percent of green space to total project area*
- *Percent of parking to total project area*
- *Per cent of permeable surface to total project area*
- *Carbon footprint*
- *Project ownership/management*

A sample site plan showing a possible development scenario is included as Attachment 4.

While the selected developer(s) will ultimately bear the responsibility for financing the project, the initial predevelopment activity will be the responsibility of the Redevelopment Authority of Allegheny County, Tarentum Borough, and the Redcat Redevelopment and Revitalization Corporation. Actual financing packages will be developed in consultation with the appropriate funding agencies. Potential funding sources are shown for informational purposes and include:

- *American Recovery and Reinvestment Act of 2009*
- *Community Development Block Grant (CDBG)*
- *Department of Housing and Urban Development (HUD)*
- *Rural Community Assistance Partnership (RCAP)*
- *DCED Urban Development Program*
- *DCED Community Revitalization Program*
- *DCED Community Infrastructure & Tourism Fund (CITF)*
- *Allegheny County Tax Increment Financing (TIF)*
- *Allegheny County*
- *Highlands School District*
- *Tarentum Borough*
- *Local Economic Revitalization Tax Act (LERTA)*
- *Allegheny County*
- *Highlands School District*
- *Tarentum Borough Business Improvement District*
- *Tarentum Businesses*

