

Downtown Advisory Board 5th Street Recommendation

Background

1. The structure formerly located at 113 West 5th Street was determined to be a safety hazard to the community at large, necessitating closure of a throughway for more than a month. No remediation plan was created or anticipated that would have restored the building to usable condition. The city attempted to work with the property owner and exhausted all options before being willing to take this course of action.
2. On April 23, the Economic Development Advisory Committee passed a motion aimed at recommending the allocation of Revolving Loan Fund (RLF) monies to assist in this effort, and to create an attractive economic development opportunity, expanding the City's economic base by creating new jobs, generating additional sales tax revenue and increasing property valuation.
3. The property was deeded over to the City, facilitating the removal of the structure.
4. Property owners immediately adjacent to the lot were given the opportunity to buy the property prior to the City's acquisition and chose not to at that time, leaving the City to execute on it.
5. Following removal of the structure, a request for proposals was sent out for the lot, which returned two submissions: 5th Street Bar & Grill and Rise Redevelopment.

Recommendation Rationale

- Economic development funds were utilized for the demolition of the former structure. These dollars were put into play in order to maximize the economic impact of the property, increase property values and generate tax revenue. The City has a responsibility to recoup the cost of the demolition and look for the greatest return on their investment of taxpayer dollars.
- The Rise Redevelopment proposal does not request any additional City funds for the completion of their project. The 5th Street proposal requests additional funding from the City's RLF fund, as well as the use of the neighborhood revitalization program. The City has already invested more than \$188,000 in RLF funds to demolish the former structure and does not desire to use more taxpayer dollars to redevelop this property.
- We currently have three outdoor event spaces in the downtown district that can be utilized for outdoor concerts, etc. These spaces are currently underutilized.
 - Pritchett Pavilion
 - Europe Park
 - Farmers Market Pavillion
 - Additionally, with consideration of the common consumption area rules for the downtown overlay district (a project in the works), the area bars would be able to facilitate events in those venues with alcohol.

- Despite the common belief, downtown housing is not abundant. Much of our current housing in the district is directed towards lower income families (e.g. The Bess, Knights of Columbus). Other locations lack availability. This creates housing options for a group that currently isn't served, and is a group highly likely to spend money with downtown businesses. According to a commuter study done by PSU's Kelce College of Business, the majority of non-residents working in Pittsburg do not live inside the city limits due to lack of housing options.
- The more people we put in residential proximity to downtown, the better served our local small businesses will be, and the better prepared we are to set up our downtown district for long-term success. It increases patronage at businesses, brings more out-of-town business to Broadway, improves the performance of downtown events and much more.
- In review of the proposals, Rise Redevelopment presented a superior redevelopment plan that reflected their strength in returning property to active use. The plan was thorough and reflected a sensitivity to adding long-term value to our community.
- Encouraging the growth of buildings in downtown in accordance with the presented downtown design standards ensures the City is working in the interests of downtown property owners, adding value to the district and protecting property values.
- The recommendation to proceed with Rise's plan is reflective of the anticipated long-term value this creates for the community, and signals the City as a location ready for increased investment and revitalization.
- Recommending a plan that builds infrastructure creates valuable real estate that will benefit downtown for decades to come.

What's Next

- While the Downtown Advisory Board has put forth a recommendation, that recommendation is not binding to the city commission, who may still decide to accept a different proposal (or select none of them).
- The City Commission will vote on which proposal to accept at the upcoming meeting on Tuesday, June 12, 2018.
- The public is encouraged to attend that meeting if they feel there is additional consideration to be given for or against the board's recommendation. Public input periods are afforded at the start of every meeting.

Q&A

1. **Who is expected to rent "luxury apartments?"**
While Rise's proposal includes "luxury condos," these apartments are intended to be market rate. They recognize the demand for this style of living in the downtown district, and it is in their business interests to create something for which there is a market.
2. **Isn't there already enough empty office space downtown?**
Since the start of Block22, there has been a quick increase in demand for business space in the district. Much of the available space is not turnkey, and requires investment

from property owners to be made ready for use. Rise's plan is for whiteboxed "business" space, not necessarily ephemeral "offices." This space will be ready for immediate use for a business, and will be in close proximity to the rest of Block22 development.

3. **Does recommending the Rise proposal go against the principle supporting local business?**

Rise has a significant interest in becoming part of the local business scene in Pittsburg. Their proposal includes the opening of a local arm of their company – one that itself is small and family owned – which will continue to execute on projects in town beyond the lot on 5th Street. In addition to the jobs they will create, and businesses they will bring money to, employees are already looking at relocating to town, and a plan to donate to area non-profits is a component of their proposal. These people will be members of this community and will be focused on helping it grow and be successful. Supporting this plan is part of a process looking at bigger picture outcomes for the community as a whole and is entirely focused on supporting local business.

Additionally, the decision between the two proposals was not made easily or without due consideration. The Board understands the implications this has for 5th Street, and a great deal of discussion and review took place. Both choices have risks and rewards associated with them. When considering proposals such as this, *much more goes into the decision-making process besides whether or not one of them is local*. Of course, that is considered, but *it is only one factor among many*. A proposal can't simply be selected based on local preference alone.

4. **Does Rise's proposal interfere with pursuing affordable housing for the city?**

The activities planned by Rise Redevelopment in the future are aimed at helping to rejuvenate housing in Pittsburg. This is a core component of their business plan to date. Their activities do not begin and end with the lot on 5th Street. It is their choice as to what sort of apartments they want to construct on that particular lot. Getting a dedicated redevelopment firm in town is, however, specifically designed to help address housing needs of all types in the community.

The City is actively working on addressing housing needs in the area, unfortunately the solution isn't as easy as having a faucet we can turn on and off at will. However, Rise's interest in coming to Pittsburg is the direct fruit of the work being done in the city to address housing needs. Supporting the Rise plan is seen as a way to lift up housing across the board and encourage existing landlords to invest in their property as well. Competition in the market is good for everyone in this equation. We can't just focus on building cheap houses. That only results in having cheap houses that don't help us solve underlying economic issues that are improved by creating opportunities to lift up our local economy on the whole.

5. **Why does the recommendation feel rushed? (also: Were things vetted properly? What about other options? Was a plan already decided on in advance?)**

While a recommendation was made shortly after the removal of the structure, a quick decision doesn't mean a bad or uninformed decision was made. Nor does it imply a

course of action was decided upon prior to the removal of the structure. The City of Pittsburg is not trying to be in the real estate business, and competing offers were prepared and available for a lot in its possession. It is in the interests of the city and its residents to return property to productive use as quickly and reasonably as possible.

Additionally, there are other lots and buildings in town for sale. Based on the comparatively low interest levels of those locations, it was determined unlikely that additional time would produce additional requests or suggestions.

6. **Why didn't the board ask for community input?**

The board exists to function as a proxy for the community at large in helping city government make decisions. While it may take input on issues, the expectation is that they serve as representatives of the general population, which includes a huge segment of the population not represented just in Facebook threads.

In addition, community input is accepted at every city commission meeting, and board members are listed on the city website if community members want to ever discuss an issue with them. Community members are always encouraged to take advantage of these opportunities.

7. **Why isn't the city using the lot to add to parking downtown**

Unfortunately, demolition of the structure previously on the lot came at a high cost. It would be irresponsible for the city to not work to recoup that cost, which a parking lot won't do. By selling the lot with plans for construction on it, the city is able to return part of the demolition costs immediately, as well as create important property tax revenue.

A parking study recently done by students at the Kelce College of Business reveals that there are more than 300 public parking spaces within a two-block radius of this area. Many of these spaces are underutilized during peak hours of the day.

8. **Doesn't this hurt 5th Street Bar & Grill's options for the future?**

While 5th Street is "landlocked," property-wise, this is not particularly different from any other business downtown, including the other bars and eating establishments. 5th Street's plans included some components that they can still execute on if they choose to do so, absent the acquisition of the property adjacent to them.

Additionally, they control other property nearby in the district that would also give them opportunities to expand their business in ways that are materially similar to what they had proposed in a number of ways. This might lack the convenience of proximity, but still provides them opportunities to expand their business in ways described in their proposal, should they choose to do so.

9. **Why doesn't Rise focus on another location instead?**

The short answer is: they are. The Board isn't in a position to second guess the business strategy of a company interested in investing millions of dollars in our community over the coming years. Their decision in the matter represents the first step in a larger strategy they have developed, and this is the choice that they have decided to make.

10. Was removal of the building part of a bigger plan designed to benefit Rise from the beginning?

Absolutely not. The city had been working with the property owner for the structure formerly on the lot for months, attempting to work out an agreement that would have kept the structure intact and prevented both its removal and ownership by the City. The owner was not committed to this, which created a significant safety hazard that posed an immediate risk to the public. The structure had become so unstable as to require blocking off of the street.

During this process, Rise had already been in and out of the city several times, and was researching all available property downtown. They were not given access to any information that wasn't available to anyone that asked, and they followed the same process as anyone else for proposing use of the lot. Both adjacent owners of the lot were given opportunity to buy the property before it became city property, and both declined.

The idea that the building was torn down specifically with Rise in mind is unequivocally false, and would run contrary to proper execution of the property under city guidelines. Also, none of the members of the Board responsible for recommending a project proposal were involved in any other part of the process prior to this.