

# New Granada Square

Case for Support  
September 2019

*Where Commerce, Culture, Collaboration and Community Converge*



The Hill CDC works in partnership with residents and stakeholders to create, promote, and implement strategies and programs that connect plans, policies and people to drive compelling community development opportunities in the Greater Hill District.

Led by President & CEO Marimba Milliones since 2011, the Hill CDC has expanded its board and staff, convened community leaders and advisory councils, and coalesced an all-star team of project developers and advisors for the organization. Recent successes include:

- Completion of the Centre Avenue Redevelopment and Design Plan;
- Public-private community agreement for the redevelopment of the Lower Hill District;
- A collaborative, community-level development review committee;
- Hill District 100 home ownership initiative;
- Business acceleration and incubation programs; and
- Pre-development for New Granada Square.

**The organization's current strategic plan is focused on three goals.**

- 1) Build sufficient capacity to address the extensive redevelopment efforts of the Centre Avenue business district.
- 2) Change the outdated and false narrative of the Hill District as a non-collaborative neighborhood.
- 3) Complete New Granada Square.



**The Hill CDC will redevelop the 2000 block of Centre Avenue as a "Gateway" to the historic Hill District and a new cultural corridor by launching a private fundraising campaign to raise \$6 million in philanthropic support and \$500,000 from the**

The restoration of the New Granada Building will be the jewel where the music returns and the culture never left! The food, the arts, and the people of this iconic neighborhood will be on a national stage as they transform this special place in one of America's top cities.

The Hill CDC is uniquely positioned to continue the sustained rejuvenation of Pittsburgh. This is much more than an effort to restore an old theater in a neglected part of our city. This is a comprehensive, extremely well-researched plan to create the catalyst for the restoration of an entire neighborhood.

The completion of New Granada Square will ignite the cultural arts, create exciting new venues, establish attractive retail and commercial activity, and continue the creation of new apartment living for new and existing residents.

**The Hill District will become the most attractive neighborhood to LIVE, WORK and PLAY in Pittsburgh.**

**The Hill District** is an historic collection of African American neighborhoods in Pittsburgh. It was called "Little Haiti" in the early 1800s and was populated by middle-class, free blacks and eastern European immigrants. Later, the Hill attracted migrants from the rural American South and abroad creating a vibrant and diverse social landscape. In the years leading up to World War I, "The Hill" was the cultural center of African American life in the city and a major jazz center. Despite its cultural and economic vibrancy, in the mid-1950s a substantial area of the neighborhood, the "Lower Hill District", was slated for redevelopment as a cultural district. This eliminated 400 businesses and displaced 8,000 residents leading to the neighborhood's dramatic economic decline. Poverty and social unrest furthered the decline in the decades that followed.



*Hill District neighborhoods are the original extension of downtown and strategically located to launch Pittsburgh's most sustainable growth and spur economic vibrancy for the entire city.*

## New Granada Square: Heart of the Hill District

The New Granada Building is an icon representing the rich cultural heritage of Pittsburgh. Originally constructed in 1928 as the Pythian Temple, the four-story masonry structure with Art-Deco detailing was designed by one of America's early African American architects, Louis Bellinger (1891-1946).

During its most celebrated days, the theater and its famous second floor, the **New Savoy Ballroom**, were fixtures in the jazz cultural scene. Some of the world's most important musicians like Count Basie, Cab

Calloway, Ella Fitzgerald, Charlie Parker and many other jazz icons played the New Granada Theater. In fact, Duke Ellington was proclaimed the "King of Jazz" during a national radio broadcast from the theater.

The theater closed permanently in the late 70s. Concern that the architectural and cultural asset would fall victim to the wrecking ball spurred the **Hill CDC to purchase the building in 1995.**

The 2000 block of Centre Avenue - bordered by Wylie Avenue and Devilliers and Erin Streets - is identified as New

Granada Square. The theater building will anchor the development site. The Hill CDC owns the theater building, 2015-17 Centre Avenue, and three vacant lots in the Square and has an option agreement with private owners on three additional parcels. The Urban Redevelopment Authority of Pittsburgh owns 17 parcels, for which the Hill CDC holds exclusive negotiating rights. **The Hill CDC and URA are partnering in a public request for development proposals to identify project partners who will honor the community's legacy while building for the future.**



The theater's rich history is an emotional touchstone for Hill District residents and an important reminder of past architectural and cultural achievements to rebuild the neighborhood's pride in what was once a thriving community. There is no other site that has the historic and cultural draw to the people and its neighborhood as the New Granada.

**New Granada Square will reconnect people of differing classes, generations, cultures, and races in a way the city has not seen in many generations.**

**New Granada Square will be a mixed-use, cultural, community, and commercial space that will anchor coordinated development on adjacent parcels.**

The New Granada Square redevelopment process has been diligent and carefully created on best practices for the current market. For example, many other communities have been studied to identify successes and failures in the redevelopment of cultural icons in predominately African American neighborhoods. Project planners quickly understood that mixed-use space was an optimal goal and that a comprehensive development was needed to ignite natural economic growth and a vibrant and sustainable economic base.

Project planners have carefully considered the future role of the New Granada within the Pittsburgh "arts and cultural" market. There will be two spaces, a multi-purpose performance and event space and a smaller black box theater.

New Granada has received a \$3 million award from the PA Redevelopment Assistance Capital Program (RACP) for the construction of the New Granada Building. Additionally, the Community Infrastructure and Tourism Fund (CITF) provided a grant of \$200,000 to update plumbing tap-ins. The first floor incubator space, Hill Works at New Granada is nearing completion and will open in late 2019 or early 2020. Work on the third floor, which will house the University of Pittsburgh Community Engagement Center and Department of African American Poetry and Poetics is slated to begin in early 2020. Finally, the PA Housing Finance Agency (PHFA) awarded the project a 9% allocation in July of 2019 that provides support for the artist-preference housing. An early 2020 ground breaking is planned.

## **Transforming an Urban Core** **Preserving History. Empowering People.**

There is natural and growing interest in development of Hill District neighborhoods, including the Lower Hill, which includes the redevelopment of the former Civic Arena site. This plan calls for a mixed-use development with new jobs and housing. A \$19 million federal grant for construction of a brilliant park to cap Crosstown Boulevard and reconnect the neighborhood to downtown was awarded in June 2016, and construction is now underway. Another \$500,000 federal grant for planning new housing in the heart of the Middle Hill District neighborhood was awarded the same month. Both grants require intense and sustained community involvement, and will support the Hill District's evolving commercial core.

**New Granada Square** is a mixed-use development encompassing the entire block bound by Erin Street, Devilliers Street, Wiley Avenue and the 2000 block of Centre Avenue.

The development features the restoration and revitalization of the New Granada Building, an historic structure listed on the National Register of Historic Places, at least 40 units of affordable housing units, 25,000 square feet of Class A office spaces, and a minimum of 6,500 square feet of retail space fronting Centre Avenue. The theater has 40,000 gross square feet of cultural, event, and commercial space for development.



View from Centre Avenue



View from Wylie Avenue



The Centre Avenue Redevelopment and Design Plan launched in June 2015, creates a sustainable vision for the revitalization of **the** Hill District's business district, but it needs a catalyst...

**New Granada Square is that catalyst!**

### Features and Amenities of New Granada Square

- ◆ 40 units of artist-preference housing
- ◆ 926-seat flexible performance and event space
- ◆ 100-seat black box theater and community space
- ◆ Food hall and retail space
- ◆ 1,000 square feet of commercial space in the New Granada Building with access to small business and digital services
- ◆ Additional 25,000 square feet of Class A, newly constructed office space
- ◆ Café/Coffee Shop
- ◆ 6,500 square feet of prime retail space fronting Centre Avenue
- ◆ Fully functional bar on the first floor of the New Granada Building
- ◆ Ticket facilities and entrance on first floor; back-of-house space for events including dressing rooms and staging areas
- ◆ Rooftop green venue for events and gardening
- ◆ A mix of integrated and off-site parking
- ◆ A large common area for entertainment and social programming
- ◆ Green roofs with community garden space
- ◆ Community Plaza on the intersection of Centre Avenue and Devilliers Street
- ◆ Ambient safety lighting
- ◆ Commercial kitchen space
- ◆ Onsite parking for residents and lease holders
- ◆ Community Wi-Fi Hot Spots/Wireless Information Network

**New Granada Square will create a destination** site in the Hill District, bringing audiences and markets to the "Center of it All", a place to live, work, and play for the Greater Pittsburgh area and Western Pennsylvania, paying tribute to the neighborhood's history while serving the residents of today and tomorrow.

## Development Budget for New Granada Square

### Thematic Budget Summary

<b>New Granada Theater</b>	\$31,612,749
<b>New Granada Square Apartments</b>	\$14,761,043
<b>Total Budget</b>	<b><u>\$46,373,792</u></b>

### Specific Development Budget

<b>Acquisition</b> <i>(Including: acquisition of New Granada Theater and other vacant lots.)</i>	<b>\$1,525,000</b>
<b>Pre-Development Costs</b> <i>(Including: property inspection, title search, applicable permits, environmental land cost, packaging financing, studies, drawings and renderings.)</i>	<b>\$1,837,210</b>
<b>Hard Construction Costs</b> <i>(Including: on-site improvements, housing, parking, commercial, demolition and renewable energy, rehabilitation and restoration, furniture, fixtures and equipment, contractor's overhead and fees.)</i>	<b>\$30,987,930</b>
<b>Soft Project Costs</b> <i>(Including: architect, preservation, retail and space development, engineering, legal, construction management, local permits, real estate taxes, construction loan interest, construction loan fee, appraisal, insurance surveys, tax credit fees, closing costs, etc.)</i>	<b>\$5,185,192</b>
<b>Contingencies</b>	<b>\$2,522,656</b>
<b>Developer's Fee</b>	<b>\$4,315,804</b>
<b>Total Budget</b>	<b><u>\$46,373,792</u></b>

## Potential Sources of Funding:

*Funds received, awarded, or commitment secured.*

*Application in process or commitment secured.*

### Tax Credit Investments

State Historic	\$500,000
<b>Federal Historic</b>	<b>\$2,597,216</b>
<b>New Markets</b>	<b>\$9,894,300</b>
<b>Low-Income Housing</b>	<b>\$11,079,900</b>
Renewable Energy	\$75,000
<b>Total Tax Credits (Gross)</b>	<b>\$24,146,416</b>

URA & City of Pittsburgh	\$2,611,306
<b>City Housing Authority</b>	<b>\$1,000,000</b>
<b>State of Pennsylvania</b>	<b>\$3,500,000</b>
<b>Allegheny County</b>	<b>\$200,000</b>
<b>Foundations</b>	<b>\$6,000,000</b>
Community	\$500,000
<b>Permanent Loan</b>	<b>\$3,700,000</b>
Federal (HHS-OCS)	\$800,000
<b>Tax Increment Financing (TIF)</b>	<b>\$717,900</b>
<b>LERTA</b>	<b>\$2,000,000</b>
<b>Developer's Equity</b>	<b>\$500,000</b>
<b>Deferred Developer's Fee</b>	<b>\$698,170</b>

**Total Potential Funding: \$46,373,792**

**Through a successful Capital Campaign of \$6.5 million, including foundation and community support, New Granada Square will require no permanent debt, greatly enhancing potential for long-term success. The leverage of the public investment, the tax credits, and the sponsor's equity will generate a fiscally sound and sustainable catalytic project for the Hill District.**

## Long-term Success is based on a Diversified Operating Plan...

Unlike other historic theater restoration projects, New Granada Square will generate operating revenue from a comprehensive business model, including lease revenue from 35,000 sq. ft. of commercial office space at \$15 per sq. ft., 6,500 sq. ft. of retail space at \$15 per sq. ft., 40 one- and two-bedroom apartments at low-income subsidized rates and full market rates, and conservative projected revenue from the theater. Assuming 20 shows/month, and average 50% occupancy in the first year increasing to 70% occupancy from third year forward, the theater will generate more than \$1.8 million annually from the first year. Projecting reasonable retail, commercial and residential occupancy rates, New Granada Square can potentially generate close to \$6.2 million annually in gross revenue.

Current and careful estimates of operating costs for New Granada Square Enterprises including adequate replacement reserves, repairs, event management, utilities, marketing, legal and accounting services, janitorial and grounds keeping, communications, and salaries and benefits totals \$5 million per year.

**The future operating model for New Granada Square is comprehensive and diversified and provides sufficient cash flow to allow this development to function as a catalyst for additional transformation and responsible growth in the Hill District.**



#NEWGRANADASTEAM

STEAM  
TASKFORCE

THE CENTRE OF CONNECTEDNESS

A task force including experts and professionals in science, technology, engineering, entertainment, arts, media and math was formed to support the Hill CDC in development plans for New Granada Square. Knowing that a successful redevelopment of The Hill District will require much more than building new space, the city's best leaders and innovators must also be actively invited and engaged to create new programming and to drive demand for future occupancy.

This work has begun with great energy and excitement and will continue in the many months ahead while the physical transformation begins through a successful capital campaign and many months of construction.

Project planners envision multiple exciting uses for New Granada Square, encouraging a thriving cultural community where artists will live and work and inviting other Pittsburgh residents to come out and play.

New collaborators will also fulfill the vision for this catalytic project and may include new partnerships in innovation and technology, universities, financial institutions, and healthcare providers.

**The Hill District will become the most attractive area to LIVE, WORK and PLAY in Pittsburgh, and YOUR support will make the difference.**



*The Hill CDC has carefully researched, and planned for New Granada Square arranging for most of the project funding through various tax credit programs.*

**The Pittsburgh philanthropic community can make New Granada Square a transformational catalyst for the future of the Hill District and all of Pittsburgh by supporting a \$6.5 million capital campaign.**



# HILL CDC

## Hill CDC Leadership

- Marimba Milliones, President & CEO
- Roderick Craighead, Board Chair
- Daniel Armanios, PhD, Vice Chair
- Mike Tarle, Secretary
- Jonathan D. Newell, Treasurer
- William Bercik, Advisory
- Nicole Manns
- Brenda Tate
- Jamar White

## Advisors, Collaborators & Consultants

- **Architects:** Milton Ogot Architects, Perfidio Weiskopf Wagstaff + Goettel Architects
- **Technical Art:** Carlos Peterson
- **Attorneys:** Dentons, Regional Housing Legal Services
- **Accountant:** Novogradac
- **Development Consultant & Owner's Rep:** Irvin M. Henderson of Henderson and Company
- **Preservation Consultant:** Pittsburgh History & Landmarks Foundation
- **Prospective New Market Tax Credit Investors:** PNC Bank, US Bank, PUI, Cornerstone, Consortium
- **Prospective Lending Partners:** PNC Bank, FNB
- **Market Analysts:** Urban Partners; Development Economics; Griffin Consulting; Urban Real Estate Strategies, Meg Sowell, AMS
- **Strategic Partner:** Urban Redevelopment Authority
- **Stabilization:** Heinz Endowments, PHLF; Commonwealth of PA, State Rep. Jake Wheatley, Neighborhood Allies
- **Cost Estimating:** Mistick Construction & A. Martini Construction
- **Fundraising Counsel:** Elliott Oshry, Goettler Associates
- **For Supplemental Information:**
  - ~ Centre Avenue Redevelopment and Design Plan: [www.hilldistrict.org/centreave](http://www.hilldistrict.org/centreave)
  - ~ New Granada Theater Block RFP and STEAM: [www.hilldistrict.org/newgranada](http://www.hilldistrict.org/newgranada)