

Revisiting Two “Next Hot Neighborhoods”



The restored Wilksburg Train Station. Photo courtesy Wilksburg Community Development Corporation. Photo by Jason Cohn.

In spring 2015, DevelopingPittsburgh looked at five communities that seemed to be on the verge of becoming the next East Liberty or Lawrenceville. Two of those, Wilksburg and McKees Rocks, had seen grass roots progress coming into 2015. Public investment in removing blight, improving streetscape, and assisting businesses and renters were leading to the desired payback: private investment.

Private investment in a community is the key to a virtuous cycle of increased revenues for local government, which leads to increased services and an environment that entices more private investment. Rinse and repeat.

For these two up-and-coming communities, the struggle to reach that virtuous cycle involved reversing the opposite trend, which reinforces exodus and a less desirable quality of living. Both McKees Rocks and Wilksburg had a couple of main business corridors and a strategic advantage for redevelopment. McKees Rocks leaned into its proximity to Downtown and its location as a center for multi-modal logistics. Wilksburg positioned itself as an historic community with affordable housing and rents, located right on one of the most convenient – and well utilized – public transportation systems.

Since 2015 markets have had their say about those strategies and the two

communities adapted, with different levels of success.

Wilksburg

In January 2015, the Department of Community and Economic Development and Pennsylvania accepted Wilksburg into the Main Street Program, which allowed Wilksburg businesses located within the designated downtown area to apply for Enterprise Zone Tax Credits through the Neighborhood Assistance Program. Wilksburg Community Development Corporation (WCDC) executive director, Tracey Evans, noted at the time that the Main Street Program would help boost the WCDC's efforts

to attract businesses to Penn Avenue and Wood Street, where a dozen vacant storefronts had been filled during the previous few years.

Evans noted at the time that the kinds of businesses that were coming to Wilkinsburg were very similar to the ones that had popped up in Lawrenceville before it became a hot zip code. Artists, craftspeople, small makers, were attracted

to Wilkinsburg's proximity with much lower rents. That trend boded well for what was going to be the next wave in revitalizing Wilkinsburg.

Over the next few years, several major projects were undertaken. Pittsburgh History and Landmarks Foundation continued its investment in Wilkinsburg, spending \$11 million to renovate the Falconhurst Apartments. NBT Holdings

invested \$2.5 million bringing the Lohr Building back to life. And the signature revitalization project, the \$6.5 million restoration of Wilkinsburg's historic train station, was accomplished over several phases and several years. These last two projects offered new space for retail, office and maker space tenants, and a historic setting for restaurants.

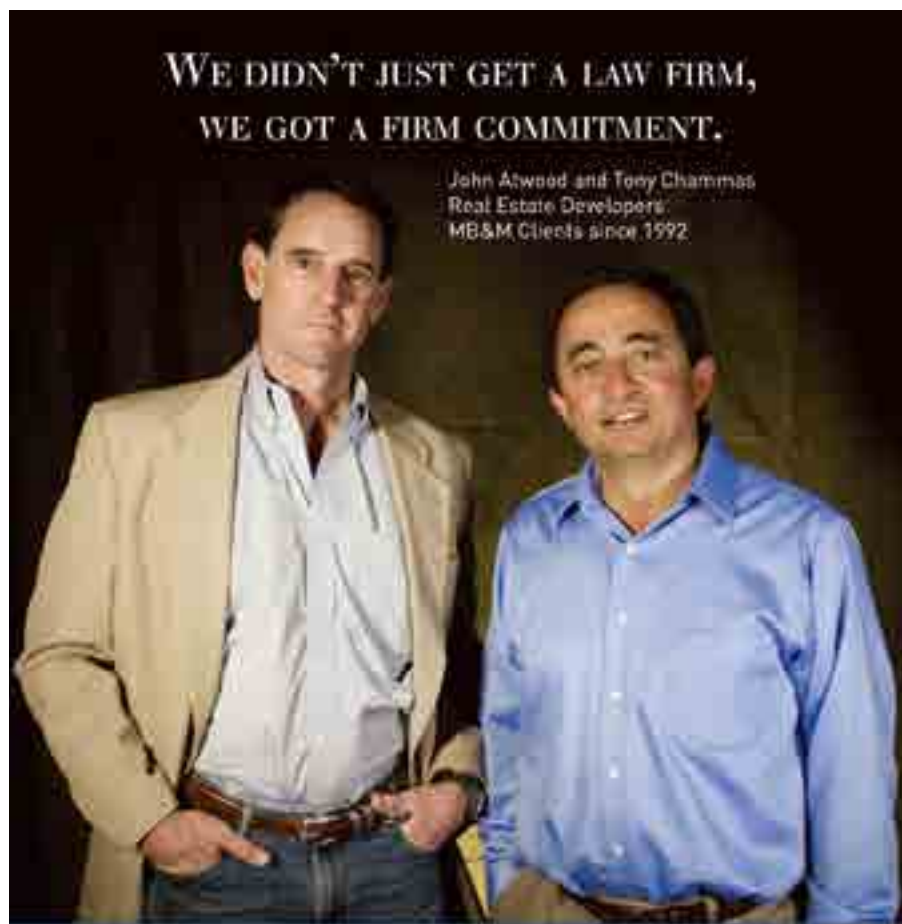
Instead of being the magnet that Wilkinsburg's leaders envisioned, the newly renovated buildings have been hard to lease. Fortune hasn't favored Wilkinsburg, as COVID-19 broke out as construction was wrapping up on many of the redeveloped properties. Sporadic infections among workers sidelined whole crews who were tasked with painstaking restoration of the train station's architectural elements. The virus has also meant little or no traffic from potential tenants.

"In February, we had three tenants ready to sign letters of intent at the train station and we thought leases would be signed by the end of March. Then COVID hit," recalls Evans. "We are still working with people but it is just taking much longer. How do you push a restaurant to invest right now in a space that still needs tenant fit out? We have to be patient and work with tenants on a timetable that will allow them to be successful. At the Lohr Building we have beautiful office space available and now people are working from home."

Evans notes that while COVID-19 may have taken the edge off the enthusiasm that was generated by having two newly-renovated buildings available, there are long-term structural issues that have hampered business attraction.

"We're seeing that things have gotten stagnant in Wilkinsburg when we thought we would see growth. We thought that business would continue to move down Penn Avenue, but the momentum seems to stop at the Wilkinsburg border," says Evans. "We've been doing focus groups to study what is going on and done economic analysis. Honestly, we are unsure Wilkinsburg will see the kind of tipping point for growth that we expected because of the tax rate, which is 48 mills compared to 23 in the City of Pittsburgh."

That tax rate has discouraged residential



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purchases in the borough. Evans cites the problems the higher taxes cause by citing the example of two CVS Stores located on Penn Avenue roughly 18 blocks apart. One is within Pittsburgh city limits, while the other is in Wilkinsburg.

"Both stores are assessed at the roughly same value, which is \$1.3 million," Evans says. "The CVS in the city pays \$25,000 per year in property taxes. The CVS in Wilkinsburg pays \$65,000."

For redevelopment and business attraction professionals, those are tough numbers to sell. There isn't an easy solution. Wilkinsburg saw its tax base shrink dramatically since the 1960s. Wilkinsburg successfully managed its way out of Act 47 oversight in 1990 and has remained independent. Maintaining the schools and borough remains costly, however, even as the school district and borough have worked to reduce the burden to taxpayers. Since 2015, Wilkinsburg School District has lowered the school tax by three mills. Wilkinsburg Borough has not raised taxes. The median home price in Wilkinsburg has gone from \$56,000 in 2010 to \$87,000 in 2020. The number of homes sold for more than \$100,000 has doubled during the same time period. Yet, Evans is resigned to the fact that the 2020 census will show that the number of people living in Wilkinsburg declined during the decade.

A model for a solution to Wilkinsburg's structural demographic issues may have emerged. Beginning with the 2016-2017 school year, Wilkinsburg middle and high school students have attended Pittsburgh Public Schools, primarily the Westinghouse 6-12 School in nearby Homewood. The partnership has been successful for the students academically and has given Wilkinsburg School District some breathing room.

A similar solution could provide relief for Wilkinsburg Borough. Regional leaders have called for measures ranging from partnerships in providing services to an outright merger with the City of Pittsburgh. An agreement by the city to provide firefighting was put in place in 2011. Additional municipal consolidation, including merger, would alleviate the financial pressures on Wilkinsburg, but such a solution is not easily reached. Borough officials and elected leaders don't like to

lose their municipal identity, let alone their jobs. And the politics of such a decision would certainly be more difficult in an election year, as 2021 is for Pittsburgh.

"Everybody has really worked hard for the past 10 years and we've done the things you're supposed to do. We're supporting our small businesses," says Evans. "But trying to run a 2.2 square mile urban community on a suburban borough-style

budget hasn't worked well. The math just doesn't work."

For its part, WCDC continues to press on with redevelopment. The owners of 1009 Wood Street have filled four of ten storefronts in that renovated building. Civically Inc. and Bridging the Gap have announced plans to invest \$6 million to update the 22,365 square foot Hunter Building at the corner of Penn and Wood.



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The new office building for Allegheny County Housing Authority brings 70 workers to downtown McKees Rocks each day. Photo courtesy Trinity Commercial Development.



The McKees Rocks Industrial Park proposed by Trinity Commercial Development would add 330,000 square feet of Class A industrial space to McKees Rocks.

Evans sees the vaccination for COVID-19 breaking the lull of interest in the train station and Lohr Building.

"We're positioning the borough for growth. There are good things that have happened," she says. "People are buying buildings and starting new businesses but to really be competitive we have to look at that property tax rate."

McKees Rocks

On the other side of town, two of the people responsible for trying to revitalize McKees Rocks report that things are going according to plan, with some revisions. Taris Vrcek, executive director of McKees Rocks Community Development Corporation (CDC), would love to see McKees Rocks become an overnight success but he knows that the community will be best served by sticking with a disciplined approach that listens to good advice.

"I think the direction that we have gone from day one is to follow the expert advice that went into our plans and what the community has expressed as a priority. We've seen that reinforced over the years," Vrcek says. "We see a great opportunity for attracting real employment centers to the areas that are adjacent to our downtown district. The plan has changed. The CSX decision affected our plan for a manufacturing campus, but the Urban Land Institute study showed there was a real opportunity to attract light urban manufacturing use to the railroad property adjacent to the downtown."

CSX had invested \$60 million in developing an intermodal transit facility, which had opened in September 2017. The project was one of the CDC's major achievements since 2015 and CSX's decision to shut the facility down in May 2020 was the kind of bad news that can ruin an economic development person's day. But the shutdown did not invalidate the strength of the location for transportation and light manufacturing. (Shell Chemicals has leased the facilities for storage in transit.) McKees Rocks CDC has continued to pursue grants and make investments that are true to the long-term vision for the business district and riverfront.

Craig Rippole, president of Trinity Commercial Development, buys into that vision and is invested in both the downtown and riverfront of McKees Rocks. Trinity is the owner of the Shoppes at Chartiers Crossing, a retail center at the intersection of Chartiers Avenue and Route 51 at the end of the McKees Rocks business district. Trinity is also the developer of Rocks Multimodal Park, a 44-acre site located just south of the McKees Rocks Bridge. The project, which will include roughly 325,000 square feet of industrial space, leverages one of the core industries of McKees Rocks: transportation.

"The CSX project was a real case study in inter-governmental cooperation. The state was involved. The PRA was involved. The county was involved, and local government was involved. Everyone worked together on a difficult project," Rippole says. "When we were working on the site it was geared towards being an urban logistic center. That set the stage to attract Speedway to build a commercial fueling station. There is a convenience store in the front and behind it are fueling stations for the trucks. McKees Rocks has always been a transportation town."

Trinity's plan for Rocks Multimodal Park got a boost from the Southwestern Planning Commission when it designated the 2.5 mile stretch of roads between the McKees Rocks Bridge and Neville Island as the top Critical Urban Freight Corridor priority in its long-range transportation plan in December 2016. The plan guides the Commonwealth and federal government in its spending and helped validate the market analysis that had been done for McKees Rocks. One building, a 26,400 square foot flex building, has been entitled and approved for Trinity to get started. With E-commerce driving last-mile logistics closer to urban centers, Rippole is optimistic about the prospects for the two larger buildings.

"With all these things happening, you've got the makings of an urban logistics center in McKees Rocks. We think that presents an opportunity for Class A industrial at that location," he says.

The long-range plans for McKees Rocks sought to leverage the manufacturing development to support and revitalize the commercial main streets of the



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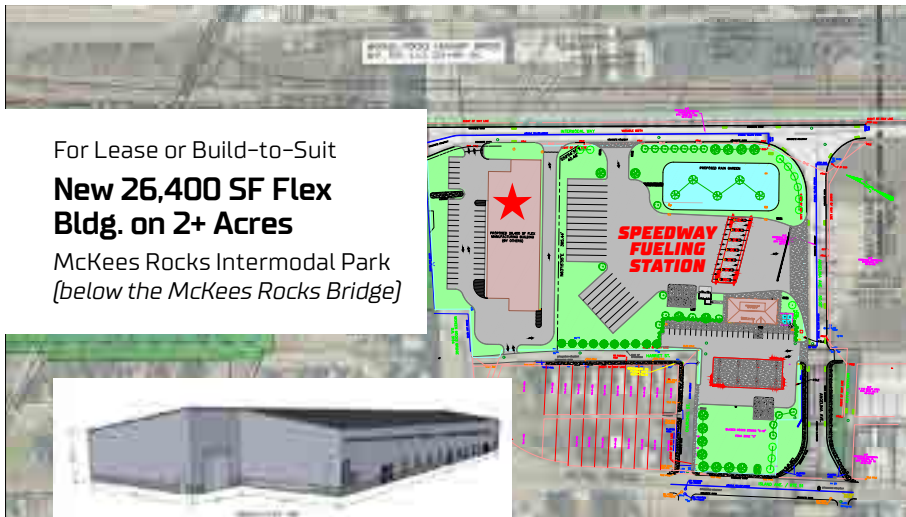
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community. In 2015, LGA Partners was beginning a streetscape study that resulted in a plan for bringing vitality back to the tired Chartiers Avenue business district.

"The first phase of the streetscape plan is from Chartiers Creek in the main shopping district, all the way up to the Father Ryan Arts Center and the Roxian Theater. The plan turned into a \$3.6 million street scape redesign and reconstruction project that is now fully funded," explains Jeb Feldman, director of business development for the CDC. "The streetscape plan also called out some complimentary development sites adjacent to the main business drags. We saw that as a directive to optimize development on those properties and have purchased the most prominent of the properties directly behind the Roxian Theater."

"The streetscape plan we followed to the letter. We're seeing the fruits of it now," Vrcek says. "The Roxian is beginning to deliver on its promise of creating a market in lower Chartiers, which did not exist. We've already seen evidence of that by new businesses moving in namely, Black Forge Coffee and Rocks Landing. What is really exciting is some new mixed-use development on Chartiers Avenue that we've been able to attract."

Feldman reports that Catalyst Communities has proposed that mixed-use project, a six-story residential building that would include five floors of residential above ground floor commercial or community space west of the Island and Chartiers Avenue intersection. The investments in the lower Chartiers section of the business district have sparked additional private investments. Ruthrauff Sauer invested millions expanding its operations on Locust Street. Trinity Commercial developed a build-to-suit office building for the Allegheny County Housing Authority opposite the Shoppes at Chartiers Crossing. Rippole says that the activity has been a shot in the arm for the center.

"We are filling the last vacant space in the shopping center so that will be fully leased for the first time in forever. JP Morgan Chase is going to renovate an outparcel that Cricket Wireless was in," Rippole says. "Those 70 people working in the Housing Authority building across the street did a lot to generate interest in the shopping

center. That daytime foot traffic makes all the difference, and I think it complements what Taris has been trying to do with nighttime traffic from the Roxian.”

Trinity Commercial will be developing a 10,000-to-12,000 square foot expansion of Chartiers Crossing and is working to bring a GetGo to the former Pat Catan’s site by Windgap Bridge. These incremental additions are the kinds of deals McKees Rocks hoped would be the result of its planning.

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“The goal is to attract new homeowners to the residential properties we’re working on. That will drive shopping and supporting the other services,” Vrcek says. “We’ve also been working with the school district, Focus on Renewal, and other nonprofits on a collaborative process to create workforce preparedness. We are working with Bill Strickland, thinking about a place that could be in the Bidwell mold that would provide training, incubator spaces, and spin off more employment. The question is how do all of those properties work together to encourage and catalyze development.” **DP**



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