

**Community Meeting Regarding Milhaus Ventures' Proposed Redevelopment of the 40th/
Butler (Arsenal Terminal) site.**

January 25, 2016
6:30 – 8:00 pm
Pittsburgh Arsenal 6-8

Meeting hosted by Lawrenceville United (LU) and Lawrenceville Corporation (LC)

140 + residents/ stakeholders in attendance

Partners/ Elected Officials in attendance:

Councilwoman Deb Gross, Pittsburgh City Council
Kryn Hoyer-Winfield, Urban Redevelopment Authority
Corey Buckner, Mayor's Office of Community Affairs
Riverlife Pittsburgh
Bike Pittsburgh
Tree Pittsburgh

Presenters:

Lawrenceville United: Lauren Connelly
Lawrenceville Corporation: Matthew Galluzzo
Milhaus

Lauren and Matt welcomed everyone to the meeting at 6:30.

These notes below provide a snapshot of the items discussed as part of an open and facilitated community meeting. The community organizations have tried to capture all of the questions and answers from the meeting for the community, but some notes may have been summarized or paraphrased. For confirmation or clarification, please contact Lawrenceville United at 412-802-7220.

Lauren (LU) and Matt (LC) opened the meeting and provided a brief history of the Lawrenceville community process, an overview of the meeting and ground rules, as well as a recap of the most recent community development meetings and community planning projects. The notes from the meeting held in October, 2015 (Development 101) are available on LU's website, as well as notes from the community meeting held on January 15th (Planning Priorities for the 40th/ Butler corridor). All community plans can also be found on the Lawrenceville Corporation's website.

Lauren and Matt reviewed the community priorities, and asked if anything was missing. A resident asked that design standards be added to the list of priorities to ensure that Lawrenceville doesn't lose its architectural integrity or authenticity of place. Matt commented that design standards need to be preserved and added as a community goal. The visual and contextual fabric of our neighborhood needs to be preserved.

Lauren and Matt introduced Milhaus Ventures.

Kevin McKeegan, real estate attorney for Milhaus Ventures introduced the project and provided some background on the project and the current status of the project. He provided an explanation of the variances/ special exceptions that they will seek on March 3rd at the Zoning Board of Adjustments. He stressed that the site is in urban industrial zoning and that multi-family zoning is a special exception granted by the Zoning Board Authority after a public hearing. The group will also be pursuing height variances for the site.

Kevin introduced Jourdan Woodruff from Millhaus Ventures.

Jordan presented the overview and background of Milhaus. Milhaus started 5 years ago in Indianapolis. It currently operates in 8 markets. They opened the Pittsburgh Milhaus office in August 2014 to find a site and project in Pittsburgh.

Shawn Kichline was introduced and presented on the history of the 40th/ Butler site and Milhaus' interest and involvement in the site and the neighborhood. He talked about creating public spaces and a public plaza. He stressed their willingness and desire to save the historic remnants of the site.

Rob Dower, an architect with Strada, presented the details of the plan. Parking provided as part of the proposed plan for apartments for Phase 1 is above the required minimum. The project includes a four story mixed use building along Butler St. with recessed parallel parking along Butler St. The trees, wall, and public parking along 39th Street will all remain.

They plan to build two to three story row homes along 39th Street and want these to match the homes across the street. There will be a four story building along 40th and Butler Streets and a five story building in the interior of the site.

The site slopes about 20 feet from Butler Street to the railroad tracks. Each consecutive building is set about 5 to 10 feet lower than building to the south of it.

The first phase has roughly 235 units and all of the retail for the entire project. The retail space totals about 20,000 square feet.

Milhaus is attempting to create a non-homogenous style with their design. They have made an effort to break down massing along Butler and reference the variety of history along Butler Street.

Cindy Jampole from Trans Associates presented traffic plans.

Road improvements to Butler Street are planned. They are going to setback into sidewalk area to allow for on street parking. This will create ten new parking spaces along Butler. There will be no stop signs along 39th Street, just one for cars exiting the development (and the entrance and exit into the site will be on 39th).

As the development progresses, things will get more complicated. The key feature will be the installation of a signal at 39th and Butler Streets (After Phase 1). They must improve the traffic signal timing at 40th and Butler Streets and lengthen the right turn lane along 40th Street. They are recommending right in/right out ONLY at Foster and 40th Streets.

Jourdan provided a meeting wrap up. She mentioned that the group is open to pursuing a connection of Willow Street under the bridge, the importance of public space, adding on-street

parking to Butler Street, and the scale and massing of the development. She also mentioned the options of a circulator and large-scale parking solution – but noted that they will not be leading this charge but are supportive of the City and Lawrenceville pursuing.

Milhaus Development Project Q&A

January 25, 2016

Q: Resident: What are your standards for how long your buildings last? What are the building materials?

A: Many products have five measures of sustainability. Many projects have bike sharing programs. They track the use of external materials and their combinations, such as glass, metal panel, stucco surreptitious material, and the majority of brick. Many of Milhaus's projects are built in urban core environments.

Q: Business Owner and Resident: Can retail space here reflect the sweetness of Lawrenceville? Is this being taken into consideration while bringing additional retail into the area? We have hundreds of businesses and only 4-5 chains. The owners of businesses have chosen to invest here because they want to help to keep that local neighborhood fabric.

A: There is not a broker on board yet, so the exact leases and tenants are not currently known. Right now, the retail space only has five national chains. The plan is to incorporate what makes Lawrenceville. Milhaus plans to speak with local entrepreneurs and restaurateurs to maintain the local feel of businesses in the Lawrenceville area.

Q: Lawrenceville Historical Society: Are there any specific plans regarding saving the 1866 Officer's Quarters?

A: The plans for its preservation are in a later phase. There has been talk about making it an empty space, but there are no specifics yet.

Q: Is there a plan to include the Stone Wharf Wall in the park design?

A: Absolutely. The plan is to preserve it and incorporate it into the park.

Q: Are you aware of what you may run into while digging in the area? The last excavation, in 1972, uncovered several live cannonballs. There may also be several old, underground sewage tunnels in the area. Could you let the community know if and where those things appear?

A: Milhaus is working on a plan with the Pennsylvania Historical Museum Commission for how to deal with any artifacts they may find, what to do with them, and how to preserve them.

They have talked with the previous owner of the site about the cannonballs. There were several found the last time a building was constructed on the site. The Army Corps of Engineers dealt

with them. They have explored the area with various forms of radar. Two of the areas had large amounts of scrap metal, but no evidence of cannonballs. They are cognizant of the cannonballs for safety issues, and they keep an unexploded ordinance technician on-site.

Comment: Resident: This project does not preserve Lawrenceville's history. The Arsenal Terminal Buildings are a part of that history, still employ people, and pay taxes. Also, the parking plan puts 500 parking spots in an area that currently has 625 units. It would accelerate the growing parking problem in the area.

A: Milhaus completely respects and appreciates the site and those that work on it. Their position is that redevelopment is necessary for progress. For property tax concerns, the redevelopment will create a larger amount of taxes than the site does currently. They appreciate the comments about what is going on with the site currently as an employment base.

Phase one of the plan includes studying the parking in the area to see if it is adequate. If it is insufficient, more parking can be added in later phases.

Q: Resident: Where is the money coming from for this project and whose money is it?

A: Milhaus is financing the project. Milhaus currently owns the property and has financed approximately \$1 billion of development over the last four years. They will finance a portion of it and use equity equal to about 30% of the property's value to cover the rest.

Q: Resident: Is there a plan to have a pedestrian or bike pathway through the project or under Willow street to more easily connect to the rest of the neighborhood?

A: Matt, LC: On the drawing, one of the things Milhaus has is continuous site control from 39th to 40th Street. If you look at 39th – 48th, you will see that a series of developers own the stretch along the railroad and the Lawrenceville Corporation has been working with them to identify a path to be used as the multi-modal pathway. Because the railroad company has pulled themselves out of using that rail line, many of the ownership groups along the area have looked into ceding a portion of that real estate for an 11 to 14 foot wide multi-modal pathway. The idea is to take what was thought of as the Green Boulevard in 2013, move that out of private property, and connect at least underneath the 40th Street Bridge. The hope is to connect all the way down to 48th Street. The next step is to get letters of intent from the relevant property owners and get a commitment from the county to move the DPW buildings underneath the bridge. Moving those buildings is one of the critical path items for this plan. Milhaus has committed support to including this as part of their plan. We need to work with the City to move the County DPW building to connect Willow.

Q: Resident: Is the rent going to be affordable, especially for those who have lived in Lawrenceville for a very long time? How are you going to accommodate resident parking during the construction process? What are the effects of the machinery (i.e. vibrations) and how can you ensure the residents that everything will be safe for them?

A: There is a white space on the plan. As part of phase one, that will be coming down, so there will be a large area for parking. Construction crews will be parking in the back of the site, close to where Stormwater Management is, so hopefully it will not affect any of the current residents.

Regarding resident safety, they've selected RYCON, based in the Strip District, as the contractor. Both they and RYCON are aware of and take care to respect the residents when building in urban areas.

Milhaus is still determining what the rates will be for the property. They are market rate developers not affordability developers. There are no current residential components to the site, and the price pressure has increased as the market demand has increased. Bringing residential to the site should relieve some of that pressure due to increased supply. Overall the prices will be competitive with what is in the Pittsburgh area.

Q: Are there plans to include a grocery store?

A: Milhaus has talked to multiple grocery stores about coming to the site, so the idea is not dead, but it is not currently part of the plan.

Q: 10th Ward resident: With the proposal of a stop light at 39th and Butler, has there been any consideration for how that will affect traffic at 39th and Penn?

A: The stop light is part of a later stage of development and hasn't been analyzed at this time. They have to go back to the city with each stage of development, so those kinds of issues should come up as they move through the phases.

Q: What kind of retail will be on the site? Will the UPMC St. Margaret's Health Center and Rite Aid remain?

A: The Rite Aid and UPMC will definitely stay. There have been discussions to move them to more urban buildings on the site. However, for this stage of the project they are staying where they are. The vision for the rest of the retail is local, entrepreneurial, restaurants, and retail.

Milhaus has done several other projects developing in urban core spaces. In several previous projects they have included major health providers, as well as tech coding academies as well as local art galleries. It is important to them to bring those kinds of retail to the forefront.

Q: Resident: What stage is Milhaus in regarding talking with the current tenants on the site?

A: They have been in communication with the tenants affected by stage one for a long time. Most of the current tenants have found new locations. The rest are unknowns. They will be accommodated on the site for as long as possible. Milhaus owns the property currently occupied by the Lawrenceville Industrial Park. Scott Electric has been relocated, and the other tenants have been notified as to the timing. Phase one would go from Butler towards the river and wrap on 40th, so depending on where they are in the space, the tenants have been given a timeline of what to expect in terms of relocation.

Q: Resident: The project is titled Arsenal Terminal right now. Are you committed to that name or is it possible that it could change?

A: The name right now is a place holder. They don't know what the name would be. The marketing team is working on it. Arsenal Terminal Building is identifiable as a name for the residents and the city, so they are using it for now.

Q: Resident 10th Ward: What makes you confident that with all of the competing development in Lawrenceville and nearby areas that everything in the development will fill up and still be neighborhood friendly? Can you define what market rate is and what the actual numbers might be? I don't know who can afford these prices. As an employee of UPMC with student loans, I can't afford \$1400/ month.

A: One of the interesting things about Pittsburgh is that overall job growth is fairly flat, but the types of jobs have changed tremendously. Also there has been a relative growth of new multi-family projects in the urban core of Pittsburgh.

The rents are starting at \$1000 (microunits). The influx of projects is definitely a concern, but it is something they have been monitoring since entering the market. There is a lot of pent up demand, not just in Lawrenceville, but in the city proper. Because they are implementing in phases, they will have the ability to change their plans as the market changes.

Pittsburgh has done a good job of attracting highly educated people for tech jobs, not just from local universities, but from around the country. They also expect to use a portion of their units for empty nesters who would prefer to move from the suburbs into a more urban lifestyle where everything is within walking distance. The costs of recent graduates, such as student loans, have been factored into their analysis.

Q: Resident: What is the timeline of the different phases? With the interim planning overlay in district 5, how would that affect plans if it is approved by city council?

A: They already comply with the regulation from the interim planning overlay district. After finishing the zoning process, each phase of the plan must pass the planning commission who would check to ensure that each phase is in compliance with the overlay district. They don't anticipate a problem.

They hope to start construction in June 2016, with demolition and abatement shortly before that. The delivery of the first units would be in late summer-fall of 2017. There is no set timeline for phase two, because it is market driven, but the plan is for phase two to begin after phase one has delivered.

Q: When do you project phase four to be completed?

A: Potentially 2019 or 2020. However, those dates are far from certain at this point. Rite Aid is part of phase four, and due to their long term lease there is a lot of flexibility.

Comment: Resident: Please be sure to take the comments and concerns of the Lawrenceville community seriously. The success of the project will be ensured with a strong backing by community members. You know what the community's priorities are and I don't see them in the plan. Where are the affordable units?

Q: Resident: Affordability is a very important issue. The mix of people that can stay in the neighborhood is one of the things that makes it attractive to builders and developers, such as Milhaus.

A five story building would be the tallest in Lawrenceville. Have there been sunlight studies to see how this would affect the area?

A: The ordinance allows a height limit of either 60 feet or four stories. The building in the first quadrant will be under 60 feet, but it has an extra story due to its unique architecture. The extra story is allowed through a special sanction from the zoning board.

The zoning district has a floor area ratio of 3:1, meaning they can have 3 times the plot size of floor area. The project currently has a ratio of 1.8:1.

We will explore affordable housing in future phases.

Q:Resident: Do you see Milhaus setting aside at least some of the units in the development as affordable housing?

A: For phase one, everything will be at market rate, but they recognize it as a big issue in the community and it is something they will explore for later phases.

Q:Resident: How did you arrive at the 0.8 cars/unit parking ratio? Will there be solid plans to include a parking structure with the project?

A: They have responded to pressure from the city to push the parking ratio down from its original 1:1. More parking will be added potentially with each phase as needed.

Milhaus has allowed the city and community to plan a potential parking structure on their site. Any structure would be designed to accommodate parking for different times of the day, i.e. night time parking for resident, day time parking for teachers. They would like to avoid a situation where everyone has their own facility for their own users. The total parking deficit for the development projects in the area is 910 spaces. A parking structure would alleviate some, but not all of that pressure. The key is that we need to find a way to finance the construction of the parking garage. There are multiple ways to fund these things, but we need political will, willing developers, and committed community orgs. The city has to find a way to finance that structure, either through taxes to finance it or issuing bonds. It is not a guarantee at this point and some factors are out of their control, but this is the best apparent plan right now.

Q: What can residents do to help make it happen?

A: Letting officials know that this is a major concern. Some of that has been done tonight with government representatives here to hear everyone's concerns, but they will have to continue advocating for it moving forward.

Additional written questions were collected at the end of the meeting and the development team shared responses following the meeting:

Q: How will sidewalk access be maintained around the site during construction?

Currently, there are only sidewalks along a small portion of the perimeter of the site. At this time, the sidewalk along 40th Street near Rite Aid will not be affected, as this is not in the scope of this project. The sidewalk along Butler Street may be temporarily closed at times between July 2016 and May of 2017.

Q: Will Foster Street from 39th to 40th be widened or will parking be on one side only? 39th and Foster isn't wide enough for a 2 way street.

Foster Street from 39th to 40th does not exist now. The new street is planned to be 40 feet in width and accommodate two way traffic, with parallel parking on both sides outside of that width. Street plantings and sidewalks will also be included in the design of the street, but in addition to the 40' dimension.

Q: Will Milhaus be responsible for any damage to our property on 39th Street during construction? How can we protect our property?

We will perform a video survey of the adjacent properties before construction commences to ensure the condition of the properties is unchanged. Our contractor and all subcontractors will carry the appropriate amount of insurance.

Q: What percentage are the developers "donating" for Public Art? Are there plans to include Public Art on site, on buildings? Is there a mechanism within local code to make sure there is a certain percentage of land or investment dedicated to public art?

We are not aware of any regulatory codes requiring public art. Plans and scope for public art have not been solidified at this time. Milhaus, however, includes local art open to the public in many of our projects, and Arsenal Terminal will be no exception.

Q: There is mention of public transportation – Buses now at peak hours are overcrowded. Imagine adding several more hundred people. Are there plans for the Port Authority to beef up their bus service? How will the shuttle and bus interact?

We are aware of the overcrowding at peak AM and PM times, especially on the #91. Local stakeholders are pushing towards the charge of a potential shuttle or circulator that would provide direct access to Lawrenceville and downtown. The specifics of this shuttle have not

been determined. i.e. operator, path, timing, etc. Milhaus has additionally talked with ZipCar to locate within their site and provide another means of transportation. We are also planning to include a new bus shelter for those waiting in line for the bus.

Q: Those buildings are full of lead paint. Who is going to monitor the air quality? Could CMU or GASP be made aware and involved? How will you protect public health during demolition and construction?

We do not know the extent of lead paint in the buildings at this time. If it is painted on steel, the paint will not be friable and therefore not become airborne, which means demolition will continue as planned. If the paint requires abatement prior to demolition, it would be performed under controlled, monitored, abatement requirements. We would follow the abatement protocol outlined by an abatement consultant.

Q: How much of initial development is dedicated to retail space? What is the breakdown by phase of retail vs/ residential space? What is the unit count breakdown per phase, and parking count per phase?

At this time, all retail will be included in Phase 1- approximately 21,000 SF. Please note: Phase 1 is the only concrete plan at this time, later phases could change depending on outside influence. The number of units will not increase.

Phase 1- Residential Units: 235; Retail: 21,000 SF; Parking: 211 spaces. Phase I also has the potential for temporary parking in later to-be-developed phases.

Phase 2- Residential units: 200; Parking: 193 spaces

Phase 3- Residential units: 190; Parking: 158 spaces

Q: How many parking spaces will be added to Butler Street?

10 spaces

Q: The developer mentioned LEED certification as their standard, but that response is not sufficient. What is the life expectancy of the buildings? What materials will be used for core construction? (Not exterior – the core structure) When will the buildings need to undergo renovations...20, 30, 40, 50 years? Will we be able to preserve your buildings 100 years later like we in Lawrenceville or will they need to be torn down?

While it is impossible to determine the life span of these buildings, Milhaus strives to build high quality product. One aspect of high-quality market rate apartments is contemporary finishes that reflect current trends. Therefore, it is possible that these buildings may need renovations and upgrades in 30 years or so. The townhomes along 39th Street are meant to mimic the current Lawrenceville housing stock and may not need renovations or upgrades for 50 years or more.

Q: Is the through street as Foster complete? Will there be a light there? Traffic on Foster is horrible. I am not in favor of more traffic on residential streets.

Foster will not be connected through to 40th Street. Therefore, the intended users for the new extension are development residents.

Q: Have any of the following been considered?

- Housing for lower to mid income, elderly, long-time residents? You mentioned in later phases, will you commit to this?

As a market-rate developer, our plans at this time do not include affordable housing. Understanding this is an issue both city-wide and especially in Lawrenceville, we will agree to meet with affordable housing developers to understand the potential for these type of units in later phases.

- Public access to the river (Fishing, small boats, etc...)? How will this be maintained and dedicated for public use?

We cannot speak to access to the river, as our site is not adjacent the river. As mentioned before, we are working with the relevant public stakeholders to explore connectivity options underneath the bridge at Willow Street leading to the existing Kayak launch and Bernard Dog Run. This connection would be for pedestrians, bicyclists, and potentially vehicles.

- A new river roadway to relieve Butler St. traffic?

There is no river roadway planned. There is a Willow Street connection (see above) proposed, but not set in stone. We are working with local stakeholders to carry out this plan. It is assumed this would move some traffic from Butler Street. It is not along the river, but aligns with the existing Willow Street.

- Underground parking for residents. At least one per unit?

There is no underground parking planned on this site. Approximately 40% of all parking will be within the buildings, but at-grade. This will be in the form of private garage or podium style parking. The residential parking ratio will be 0.8:1. See also the response below.

Q: How many bedrooms will each unit have during phase one? Given the variability of the building sizes, it's not hard to imagine one, two, and three bedroom spaces coexisting together, especially since they plan on renting at "market value". Unless they are really planning on nothing but one bedroom units, their 80% per unit parking accommodation is extremely misleading. The current parking problems of Lawrenceville are stressed by multi-unit buildings that have upwards to three or four drivers each with their own cars. If we factor that each unit has at an average of two residents in each unit (a bit high, granted I lack definite information), and half of the units have one car, and the others have two cars per unit, 80% parking accommodation for Milhaus residents drops closer to 50%. Given the profits that Milhaus seeks

to gain by developing in our neighborhood, I as a resident of Lawrenceville, an area already at a parking deficit, would like to ask Milhaus if they could provide a more accurate parking statistic factoring in average cars per bedroom according to Pittsburgh, even national statistics.

70% of all units will be micro, studio, and one-bedroom units, therefore driving the number of occupants per unit down significantly. We have done substantial research of Pittsburgh, Lawrenceville, and other Milhaus markets in order to determine the best number of parking spaces. We have found that many of those moving to Lawrenceville are less car-dependent than the city-wide and existing neighborhood-wide population. Based on 2010 data, 28% of Central Lawrenceville and 45% of Lower Lawrenceville residents commute to work by means other than a car (see below). Trends have shifted further away from car-ownership in the past five years.

Neighborhood	Commute to Work: Drive Alone (2010)	Commute to Work: Carpool/Vanpool	Commute to Work: Public Transportation	Commute to Work: Taxi (2010)	Commute to Work: Motorcycle	Commute to Work: Bicycle	Commute to Work: Walk (2010)	Commute to Work: Other	Work at Home (2010)
Central Lawrenceville	51.8%	20.2%	17.4%	0.0%	0.0%	1.5%	7.7%	0.0%	1.4%
Lower Lawrenceville	44.5%	10.8%	18.2%	0.0%	1.2%	7.5%	13.7%	0.0%	4.1%

Based on recent resident surveys in our Indianapolis properties, there are 0.75 cars per unit in a more car-dependent city. We seek to strike the right balance in meeting all of the parking needs for our residents, and will use Phase I as a test case for parking. Later phases can be adjusted. Given the parking constraints of the neighborhood, not having needed parking would severely limit our ability to lease units.