

AN ADVISORY SERVICES PANEL REPORT

# Pittsburgh Cultural District



Urban Land  
Institute



# Pittsburgh Cultural District

July 23-28, 2000  
An Advisory Services Panel Report

ULI-the Urban Land Institute  
1025 Thomas Jefferson Street, N.W.  
Suite 500 West  
Washington, D.C. 20007-5201



# About ULI—the Urban Land Institute

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**U**LI—the Urban Land Institute is a non-profit research and education organization that promotes responsible leadership in the use of land in order to enhance the total environment.

The Institute maintains a membership representing a broad spectrum of interests and sponsors a wide variety of educational programs and forums to encourage an open exchange of ideas and sharing of experience. ULI initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development.

Established in 1936, the Institute today has some 16,000 members and associates from 60 countries, representing the entire spectrum of the land use and development disciplines. Professionals repre-

sented include developers, builders, property owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academicians, students, and librarians. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of America's most respected and widely quoted sources of objective information on urban planning, growth, and development.

This Advisory Services panel report is intended to further the objectives of the Institute and to make authoritative information generally available to those seeking knowledge in the field of urban land use.

Richard M. Rosan  
*President*

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# About ULI Advisory Services

**T**he goal of ULI's Advisory Services Program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's Advisory Services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI panel teams are interdisciplinary and typically include several developers, a landscape architect, a planner, a market analyst, a finance expert, and others with the niche expertise needed to address a given project. ULI teams provide a holistic look at development problems. Each panel is chaired by a respected ULI member with previous panel experience.

The agenda for a five-day panel assignment is intensive. It includes an in-depth briefing day composed of a tour of the site and meetings with sponsor representatives; a day and a half of hour-long interviews of typically 80 to 100 key community representatives; and a day and a half of formulating recommendations. Many long nights of discussion precede the panel's conclusions. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. At the request of the sponsor, a written report is prepared and published.

Because the sponsoring entities are responsible for significant preparation before the panel's visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stake-

holders in the project under consideration, participants in ULI's five-day panel assignments are able to make accurate assessments of a sponsor's issues and to provide recommendations in a compressed amount of time.

A major strength of the program is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academicians, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services panel report is intended to provide objective advice that will promote the responsible use of land to enhance our environment.

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## Acknowledgments

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The panel would like to extend special thanks to Pittsburgh Cultural Trust President Carol Brown, whose commitment and vision made miracles happen in the district and whose graciousness the panel greatly appreciated. The panel also thanks other Trust staff, including Vice President of Real Estate Development David DeSimone (for his knowledge of real estate in the district and the city and for his assistance with the panel's frequent requests for information), Rebecca White and Lezley Pisone of the Trust's real estate development section (for an excellent job assembling the briefing book, setting up interviews, and responding to the panel's requests), and Director of Public Relations Paul Kovach (for his assistance in the technical preparations for the panel's presentation).

The panel also would like to extend special appreciation to Pittsburgh Mayor Tom Murphy for his strong support in bringing the panel to Pittsburgh. For its assistance with the preparation of the briefing book, the panel thanks the staff of the Pittsburgh Planning Department, especially Assistant Director Maureen Hogan and Economic Development Coordinator of the Mayor's Office Dina Vargo.

The panel thanks the Howard Heinz Endowments and the Richard King Mellon Foundation for providing grants to assist the Pittsburgh Cultural Trust in sponsoring the panel.

The panel thanks Steve Auterman, assistant project manager for UDA Architects, for producing

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The panel thanks Al Dowe of Dowe's on 9th Jazz Club and Restaurant and Christine Dauber of Le Pommier Restaurant for their outstanding hospitality during the panel's stay in Pittsburgh.

Finally, the panel members wish to thank the more than 40 community and business leaders who participated in the interview process, providing their perspectives and sharing their experiences.



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## Foreword: The Panel's Assignment

**T**he Pittsburgh Cultural Trust, a nonprofit organization created in 1984 to promote cultural and economic development in the city, has been instrumental in the redevelopment of a 14-square-block area in downtown Pittsburgh. Known as the Pittsburgh Cultural District, this area is located in the heart of Pittsburgh's "Golden Triangle," the city's downtown core. In 1989, the Trust created a strategic plan for the district. Since then, it has successfully implemented many of the proposals outlined in that plan.

The Trust asked the panel to provide advice on a revised strategy to protect its initial investment in the district by ensuring that future development and redevelopment will protect and enhance the high-quality redevelopment that has taken place there to date.

The areas of concern to the Trust include:

- The market and development potential of the remaining parcels within the Pittsburgh Cultural District;
- Planning and design issues for the area;
- Development and marketing strategies for the district; and
- Implementation of the revised strategy.



The panel concentrated on these four core issues and examined additional peripheral concerns that it believed were integral to successfully protecting and enhancing the district.

Location map.





## Overview and Summary of Recommendations

**P**ittsburgh was once one of the wealthiest cities in the United States. The city prospered at the turn of the century, producing half of the nation's steel output and fueling the industrial revolution. This industrial success, however, resulted in the "Steel City" also becoming known as the "Smoky City."

At times, the smoke was so thick that streetlights were lit during the day to improve visibility. Pittsburgh's skies were set ablaze with fiery smokestacks that reflected the economic success of the times but also blackened the sky and downtown buildings, polluted rivers, and gave the city its unfortunate moniker and image. That image unfairly persisted long after most of the steel mills closed and Pittsburgh evolved into the modern, vibrant metropolis that it is today.

Modern Pittsburgh scarcely resembles that smoky city of the past. Residents are more likely to work in white-collar jobs in downtown postmodernist office towers, or at one of the city's many top-notch universities, than in one of the few steel mills still in operation today. The population loss that has affected the city for the last two decades

appears to have stabilized; the current population of the Pittsburgh MSA (including surrounding counties) is roughly 2.4 million.

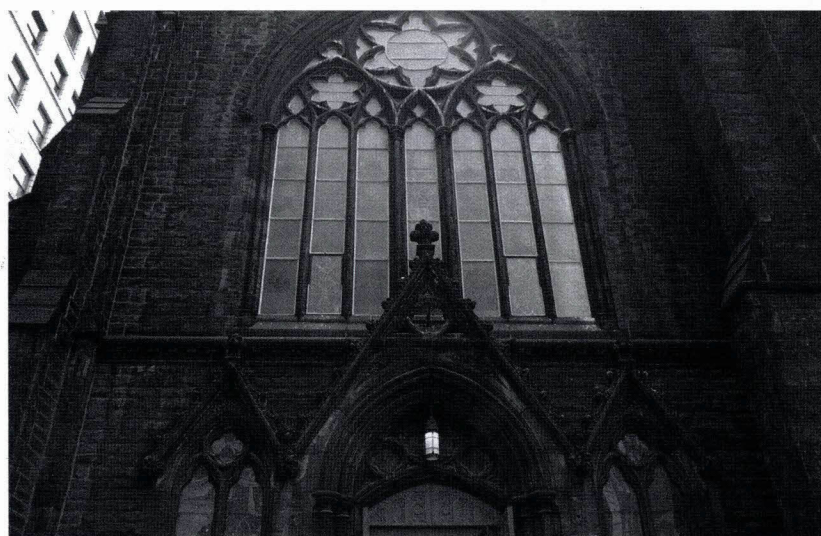
Today, the city's air and water are cleaner, and attractive recreational and commercial developments have been built on land that once was home to smokestacks. Pittsburgh's skyline, located at the confluence of the Allegheny, Monongahela, and Ohio rivers, with dramatic topographical changes, is as beautiful and impressive as any in the United States. The city's low cost of living and high quality of life mean it is consistently recognized as one of the most livable cities in the nation.

The entrepreneurial spirit that forged Pittsburgh's industrial success at the turn of the 19th century has helped the city make the transition to the new economy in the new century. The city currently is undergoing something of a third renaissance. Over \$3 billion worth of construction is underway, including the expansion of the convention center, the construction of two new stadiums, and the extension of the light-rail transit system. The new Pittsburgh International Airport is consistently rated one of the best in the country.

Two new department stores have opened, and major high-end retail and new housing developments are underway in the Golden Triangle. Alcoa recently completed construction of a new office building on the North Shore. The Andy Warhol Museum opened to international acclaim, and the Trust has proposed a new Cultural District Service Center containing an innovative ticket office with a drive-up window, cabaret theater, retail, and a parking garage.

The city is fortunate to have strong corporate leadership supporting downtown revitalization. This leadership—and the incredibly generous

One of several historic Gothic churches located in Pittsburgh.





support of local philanthropic foundations such as the Bayer Foundation, the Benedum Foundation, the Bitz Foundation, the Eden Hall Foundation, the Grable Foundation, the Heinz Endowments, the Hillman Foundation, the Hunt Foundation, the McCune Foundation, the PNC Bank Foundation, the R.K. Mellon Foundation, the Pittsburgh Foundation, and the USX Foundation, among others—are an enormous asset to the city and the Pittsburgh Cultural District. The people of Pittsburgh should be very proud of their city's legacy of corporate leadership and philanthropy. The Pittsburgh Cultural District began as the vision of H.J. "Jack" Heinz II, grandson of H.J. Heinz, who founded the Heinz food processing empire. The Pittsburgh Cultural Trust grew out of his vision. The Trust's record also should be a point of civic pride. The Trust has been a major force in Pittsburgh's rebirth, investing millions of dollars in the Pittsburgh Cultural District and bringing millions of patrons into the city to enjoy high-quality arts and entertainment programs. The Trust's efforts have attracted national attention, and it is considered a model for other cities to follow. The panel commends the Trust for its unwavering commitment to quality and its relentless efforts to realize Jack Heinz's vision for a cultural district in downtown Pittsburgh.

## Accomplishments to Date

Specifically, the Pittsburgh Cultural Trust's mission is to develop a cultural district within the 14-block area bounded on the south by Liberty Avenue, on the north by the Allegheny River, on the east by Tenth Street, and on the west by Stanwix Street. When the Trust began, this area was in a state of serious decline and had a reputation as Pittsburgh's "red light" district. The Trust's accomplishments over the last 15 years have been stunning. In 1984, the only real attractions in the area were Heinz Hall and the convention center. The Trust created a comprehensive plan for the district in 1989 and has successfully implemented many of the proposals in the plan.

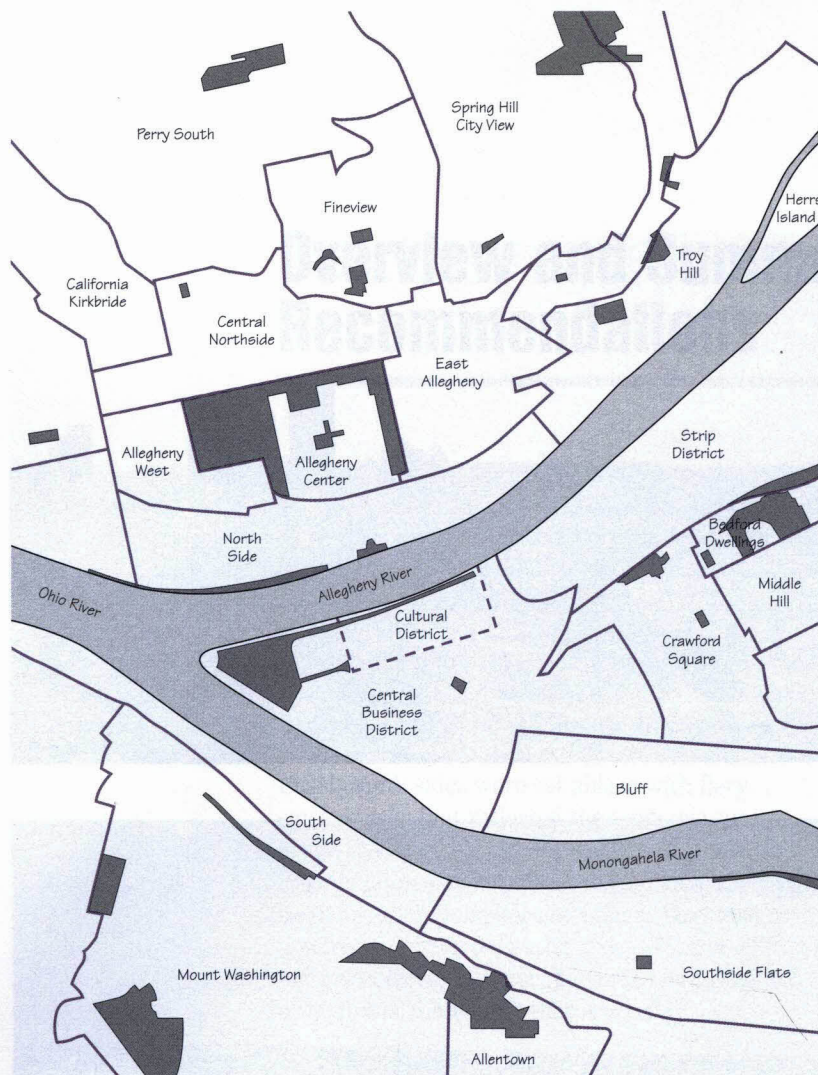
The district is now home to a wide variety of performance spaces, galleries, and other cultural amenities. The Trust operates the 2,800-seat Benedum Center for the Performing Arts and the

rehabilitated 1,300-seat Byham Theater, and recently opened the Michael Graves-designed O'Reilly Theater, a 650-seat state-of-the-art, thrust-stage theater. Also under Trust control are the Harris Theater, a 194-seat facility that presents art films and small-scale live performances; Wood Street Galleries, a visual arts gallery; and other public amenities, including the upper and lower levels of the Allegheny Riverfront Park, Agnes R. Katz Plaza, and the Seventh and Penn Sculpture Park. The Trust, in partnership with the city's Urban Redevelopment Authority, has funded façade restorations of historic structures and installed streetscape amenities, including

Above top: View of Pittsburgh skyline from Mount Washington. Above: Pittsburgh is located at the confluence of the Monongahela River (bottom right) and the Allegheny River (middle right), which form the Ohio River (middle left).







Pittsburgh Cultural District.

granite curbs, brick pavers, Bradford pear trees, and banners. Its efforts have paved the way for new restaurants, businesses, and loft-style housing in the district. The Trust-owned properties in the district represent some of the few remaining opportunities for large-scale development within the Golden Triangle.

With these highly respected amenities, the Trust has successfully attracted patrons to downtown. Despite these assets, however, the panel believes that the Pittsburgh Cultural District lacks a critical mass of a variety of uses, such as residences, restaurants, cafés, coffee shops, boutique retail, and clubs with musical venues which, when combined in a small area, create a sense of energy.

Having succeeded both in bringing high-quality cultural attractions to downtown and in sparking a renaissance of the district, the Trust looked to the panel for advice on how to proceed with future development of the district. Specifically, the Trust sought the panel's advice on district

land that is owned by the Trust, including properties along Fort Duquesne Boulevard and along Liberty Avenue. The Trust also asked for the panel's guidance regarding the redevelopment of a parking lot currently controlled by the Heinz Endowments.

## Summary of Recommendations

In response to the challenge posed by the Trust, the panel looked extensively at the existing assets in the Pittsburgh Cultural District and in downtown Pittsburgh. It also analyzed downtown development currently underway and assessed its impact on the district. Finally, it examined the district's remaining parcels to determine how these parcels would fit in with existing development, new development currently under construction, and future development. In reaching its recommendations, several themes emerged:

- The Pittsburgh Cultural District is well situated to take advantage of the expansion of the convention center, the construction of the new stadiums on the North Shore, and the recent construction of downtown housing and retail space.
- The district is at a crossroads. Its first phase of development and revitalization is almost complete. The Trust has succeeded in constructing, rehabilitating, and operating theaters and in installing streetscapes and public art while maintaining the highest standards of quality. A second phase of development and revitalization is required to further enhance the district, to transform it into an area that will be lively and animated 24 hours a day, seven days a week.
- The district needs a stronger sense of place, which can come from a liveliness created by a mix of uses. The district must improve its connectivity with the rest of downtown and create a sense of energy. A real opportunity exists for "placemaking" in the district.
- Downtown's many interest groups can create efficiencies by combining their revitalization efforts. A single entity, speaking with a clear and consistent voice, will make the marketing of downtown easier and more effective. All of these groups have the same laudable goal: a



vibrant and revitalized downtown. More effective collaboration will give them the means to reach that goal.

This report directly addresses the sponsor's challenge and presents a specific course of action that the panel believes will enliven the district and will continue Pittsburgh's ongoing revitalization.

Among the panel's principal recommendations is that the Trust "think big" in its future plans for developing its remaining parcels. Its landholdings are so unique and valuable that they represent an opportunity that is available in only a very few major metropolitan areas. The Trust is incredibly fortunate to have these parcels at this particular time in the history of the city and should not shrink from the opportunity to develop them in a way that will garner national and international attention, changing the face of the district and downtown forever.

The panel recommends development of a signature mixed-use project that will enliven the district and solidify Pittsburgh's reputation as one of the most attractive and livable cities in the United States. The existing amenities in the district and the new amenities under construction down-

town offer the Trust a chance to capitalize on this tremendous opportunity. In this report, the panel presents the explicit actions required to make the vision of a vibrant, 24-hour district a reality.

Specifically, the panel's recommendations are summarized as follows; each of these recommendations is discussed in more detail later in this report. The Trust should:

- Acquire additional land that will allow it to develop its Fort Duquesne Boulevard properties as a large, mixed-use project that will include housing, a hotel, retail shops, an outdoor plaza, and a 40-slip marina. The Trust should conduct an international design competition to attract the world's most creative architects and developers. Downtown housing is absolutely vital to bringing life to the district.
- Structure a long-term land lease for this signature development to provide incentives for developers and long-term income potential for the Trust.
- Develop the parcel at Seventh Street and Penn Avenue in two phases. Phase I should include

Pittsburgh Cultural District.







Panelists Ernest Freeman (left) and Jeremy Alvarez (right) interview Pittsburgh Cultural Trust President Carol Brown.

retail and additional cultural facilities that are more casual in nature and will generate daytime traffic, while Phase II should include an office tower (when the market exists for such a use). This intersection is the heart of the district and should be developed as such.

- Continue its effective façade renovation program in partnership with the Urban Redevelopment Authority, and its elevator loan program to encourage the renovation of historic properties along Liberty Avenue. The private market should be the engine for the renovation of these structures. Sufficient market demand exists for these units to be converted to high-tech office space or residential units.
- Create a downtown development coordinating partnership, which should include a mix of public and private partners committed to revitalizing downtown and improving coordination among the various downtown interests.

- Create a revolving equity fund that will close the equity gap for the development of downtown housing.
- Initiate a water taxi service to improve the district's connections to its neighbors. Other actions the Trust should take to improve connectivity include monitoring the existing loop bus route to ensure that it adequately connects the district with important neighboring uses (including the convention center, the strip district, and downtown); improving signage, both within and outside the district; continuing to implement the district's proposed ambitious lighting project; monitoring the existing ambassador program currently operated by the Pittsburgh Downtown Partnership to ensure that adequate attention is paid to the district's assets; and planning more outdoor festivals, cultural events, and markets to invigorate the street life of the district.
- Expand and diversify the district's patron base by broadening the appeal of the district. Improved coordination of arts programming with other arts agencies in the Pittsburgh region would help achieve this goal. The Trust should consider changing the district's name to the Pittsburgh Arts and Entertainment District to reflect its broader appeal.



# Market Potential

The panel examined the market potential for a variety of urban land uses within the Pittsburgh Cultural District. It identified the types of land uses and the likely levels of demand, given anticipated changing conditions, both within the district and within the city of Pittsburgh as a whole. This analysis is divided into two major sections: the first discusses opportunities and recommendations surrounding commercial development that is complementary to the existing uses in the district, while the second deals primarily with opportunities for residential development, both new construction and rehabilitation of existing historic structures.

In its market analysis, the panel also sought to identify potential uses that would require minimal governmental or philanthropic subsidies to develop. Reducing the reliance on such subsidies should be a long-term goal of all downtown development. This goal should be tempered with the realization that certain vital public services and cultural amenities may never be self-sustaining, but that their value to the public and the city far exceeds the costs of developing them.

## Defining the Market

The Pittsburgh MSA consists of six counties: Allegheny, Beaver, Butler, Fayette, Washington, and Westmoreland. Its total population is approximately 2.4 million, with Allegheny County (which includes the city of Pittsburgh) accounting for 1.3 million of the total. With the steel industry's collapse in the mid 1980s, the Pittsburgh MSA experienced significant out-migration. Since 1990, however, its population has stabilized.

Like many other "rustbelt" cities, Pittsburgh was forced to reinvent itself. The city successfully made the transition from a manufacturing-based economy to a more diversified mix of services, advanced manufacturing, and technology. Information services and health care are the area's major

growth industries. Since 1985, the number of high-tech firms located in Pittsburgh has grown by 100 percent, one of the largest high-tech growth rates in the country. The city's two major research universities, Carnegie Mellon University and the University of Pittsburgh, are fueling this explosion of high-tech spin-off companies. The transition to the new economy appears to have stemmed the outflow of population.

Today, Pittsburgh is experiencing greater levels of growth in household income and other relevant economic indicators than it has seen at any other comparable time in recent history. Figure 1 shows that while the total number of nonagricultural jobs in the region has experienced only a modest increase, retail sales and median household income have grown at healthy rates during the past decade.

Over the last 15 to 20 years, Pittsburgh has struggled with the challenges posed by disinvestment. The city presently is faced with the fortunate circumstance of being the site of over \$3 billion worth of new construction. Another important indicator of the vitality of city, as well as the Pittsburgh Cultural District, is the sustained growth of patronage to the district's cultural institutions, as illustrated in Figure 2. In the most recent year, more than 1.2 million patrons attended events within the district.



The O'Reilly Theater, designed by Michael Graves, is the latest in a long string of Pittsburgh Cultural Trust accomplishments in the Pittsburgh Cultural District.



**Figure 1**  
**General Economic Indicators<sup>1</sup>, Pittsburgh MSA**

	1990	1997	1998	1999 <sup>2</sup>	Compound Annual Growth 1990–1999
Total population (thousands)	2,395	2,361	2,379	2,377	.008%
Nonagricultural employment (thousands)	1,033	1,093	1,108	1,118	0.88%
Retail sales (millions)	\$13,090	\$23,106	\$24,526	\$26,529	8.17%
Median household income	\$25,149	\$33,132	\$35,324	\$37,443	4.52%

<sup>1</sup> Dollar figures not adjusted for inflation.

<sup>2</sup> Estimated and projected.

Sources: Pittsburgh Regional Alliance Web page; Demographics USA—County Edition (New York, New York: Market Statistics, 2000).

The Pittsburgh Cultural District's key physical assets are its performing arts venues, including Heinz Hall; the O'Reilly, Byham, and Harris theaters; and the Benedum Center for the Performing Arts. Other district amenities include open space and art presentation space such as the sculpture park, Katz Plaza, the Allegheny riverfront park, Wood Street Galleries, the American Institute of Architects (AIA) Gallery, the Three River Arts Festival Gallery, and the Associated Artists of Pittsburgh Gallery. In addition to these assets and amenities, a collection of significant 19th-century American industrial commercial architecture also exists within the Penn-Liberty Historic District, which is located in the southeastern corner of the Pittsburgh Cultural District. The Pittsburgh Cultural District also is for-

tunate to have a preserved street grid that is both pedestrian friendly and of an appropriate scale to support a rich and diverse urban street life, along with pedestrian-oriented access to the Allegheny River.

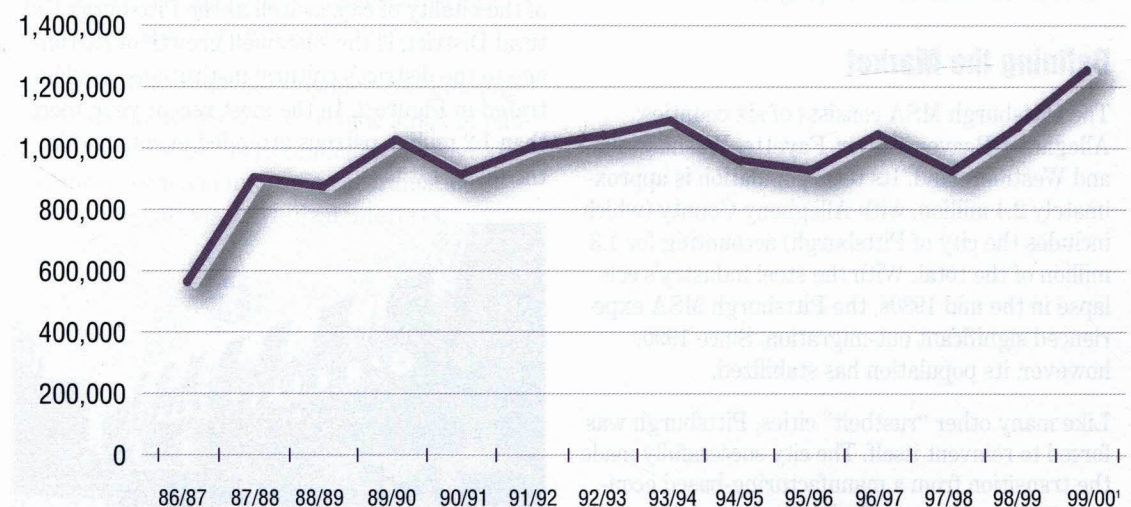
## Recent Development Activity

### Pittsburgh Cultural District

Recent, planned, and proposed development activity in the district includes the following projects:

- Development of the Renaissance Marriott hotel in the Fulton Building at Sixth Street and Fort Duquesne Boulevard.
- Expansion of the David Lawrence Convention Center to a total 350,000 square feet of exhibi-

**Figure 2**  
**Pittsburgh Cultural District Attendance Growth, 1986–2000**



<sup>1</sup> Estimated.

Source: Pittsburgh Cultural Trust.



tion space with over 1 million square feet of total building footprint on the east end of the district.

- Possible development of an 800-room hotel at Tenth Street and Penn Avenue as part of the convention center expansion.
- Possible expansion of the Liberty Center Westin Hotel on the eastern edge of the district at Tenth Street and Penn Avenue.
- Establishment of the city of Pittsburgh's High School for the Creative and Performing Arts (CAPA) at Fort Duquesne Boulevard and Ninth Street.
- A residential complex at Ninth Street and Penn Avenue.

#### Adjacent Areas

**North Shore.** Located directly across the Allegheny River from the Pittsburgh Cultural District, the North Shore area includes the new 65,000-seat football stadium and 38,300-seat baseball stadium. The city of Pittsburgh has given the owners of the Pittsburgh Steelers and the Pittsburgh Pirates the responsibility of redeveloping the 25 acres between the stadiums over the next five years. Preliminary ideas for uses in this area have included offices, restaurants, and entertainment venues, including a 5,000-seat amphitheater. The North Shore is home to the Mattress Factory Museum, dedicated to contemporary art, and the internationally acclaimed Andy Warhol Museum, which highlights the varied works of late artist and Pittsburgh native Andy Warhol.

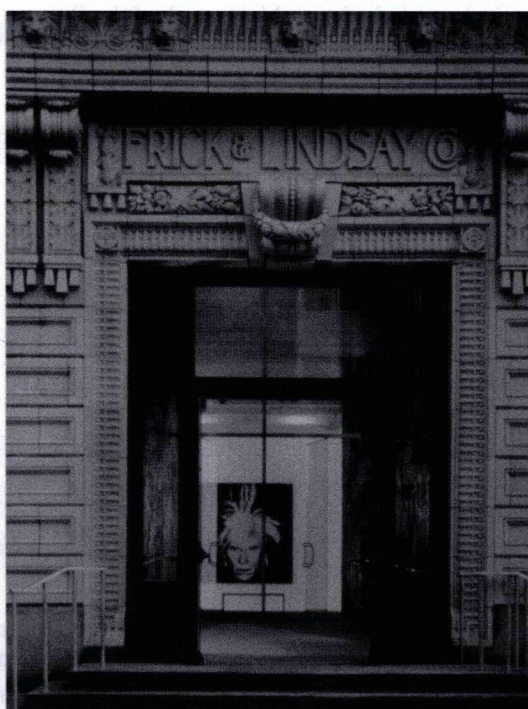
**Strip District.** Located east of the convention center along Smallman Street and Penn Avenue, this area began as a wholesale food and industrial district. It continues to attract regional residents and tourists to its wholesale/retail food vendors. In the last ten years, the district has drawn large crowds to its trendy coffee houses, restaurants, and industrial-style nightclubs. Today, many of the district's historic industrial buildings are being converted to upscale residential loft condominiums, offices for high-tech companies, and the Senator John



The Fulton building at 6th Street and Fort Duquesne Boulevard is being rehabilitated and converted to a Renaissance Hotel.

Heinz III Regional History Center. New office buildings also are under construction.

**Station Square.** This existing mixed-use project and tourist destination is located on the Monongahela River at the Smithfield Street Bridge, across from downtown. Station Square is centered on the restoration of a historic freight house and office buildings. The project includes a hotel, specialty retail shops, restaurants (in the freight house), and three small office buildings. Station Square



The Andy Warhol Museum opened to international acclaim. Photo courtesy of the Andy Warhol Museum.



The new Pittsburgh Pirates baseball stadium, under construction on the North Shore, will have views of the Cultural District.



attracts thousands of tourists annually to its hotel, riverboats, and outdoor performance venue. The project's new owner, Forest City Enterprises, plans a \$70 million expansion, of which roughly \$20 million to \$25 million is slated for the Bessemer Court addition of five or six national restaurants, which are scheduled to open in 2001. The hotel also will be expanded.

**Market Place at Fifth and Forbes.** At the time of the panel's visit, Chicago-based Urban Retail Properties had proposed an expansion of several hundred thousand square feet of destination retail space anchored by five department stores (including Nordstrom) in downtown Pittsburgh. The project was to be located just south of the Pittsburgh Cultural District in the city's historic commercial core. Since the panel's visit, the mayor of Pittsburgh has charted a new course for the central business district, which varies from the Urban Retail Properties plan. The new course pursues the objective of retail enhancement, including a mix of local and national merchants, dining and entertainment additions, housing opportunities and preservation of worthwhile buildings. A task force has been established and charged with developing a consensus plan for the area, which is expected in early 2001. This proposed development is intended to complement all the positive strides taken in the areas surrounding the CBD, including the Cultural District.

Individually and collectively, these projects offer tremendous opportunities to invigorate and reposition the market, animate and enliven the district and, at the same time, provide an array of new market opportunities in the area.

## Opportunities and Recommendations: Complementary Commercial Development

The expansion of the David Lawrence Convention Center creates a tremendous opportunity for the Pittsburgh Cultural District. As Pittsburgh grows in stature as an affordable and exciting convention city, tourism's impact on the district will become significant. Because of this increased importance of tourism, the Trust should coordinate with the Greater Pittsburgh Convention and Visitors Bureau and its Office of Cultural Tourism to determine how to best "capture" the new convention tourists and convince them to extend their stays in the district. The panel outlines its recommendations and its views of the opportunities presented by the changing realities of the surrounding areas below.

### Office Market

Reflecting the stable to slightly increasing levels of growth in employment, the region's office market has added nearly 2 million square feet of inventory since 1995. (See Figure 3.) Most of this new space has been absorbed relatively quickly, with vacancy rates in downtown presently below 14 percent, down from nearly 18 percent in 1995. (The vacancy rate for Class A office space downtown is currently 7 percent.) During this same time period, rents for downtown office space have risen by nearly \$1.50 per square foot, indicating the increasing strength of the downtown real estate market. Current rents, however, do not support the construction of a major new high-rise office building. In addition to the region's population base of 2.4 million (and a city population slightly above 300,000), the downtown core has a daytime population of around 130,000 workers that is responsible for over \$350 million in retail expenditures within the downtown Pittsburgh market area. Figure 4 shows the downtown Pittsburgh workforce's expenditure potential in terms of its ability to support downtown retail space.

The upper floors of the historic district's buildings between Penn and Liberty avenues from Tenth to Seventh streets are likely candidates for future



**Figure 3**  
**Pittsburgh MSA Office Market<sup>1</sup>**

	1995	1996	1997	1998	1999
Office inventory (square feet)	38,060,307	38,232,873	39,425,758	38,724,693	39,787,000
Annual construction (square feet)	—	316,200	123,280	2,211,000	421,000
Annual absorption (square feet)	(201,630)	414,476	1,138,185	892,135	305,000
Vacancy rate					
Downtown	17.6%	16.0%	13.7%	13.8%	13.7%
Suburbs	15.8%	15.1%	14.2%	9.5%	12.2%
Typical lease rate (per square foot)					
Downtown	\$17.56	\$18.07	\$18.67	\$18.95	\$18.96
Suburban high-rise	\$15.51	\$15.14	\$16.15	\$16.77	\$16.48
Office park	\$12.00–14.00	\$11.00–13.00	\$12.00–14	\$12.00–14.00	\$13.00–15.00

<sup>1</sup> Dollar figures not adjusted for inflation.

Source: ULI Market Profiles: North America 2000 (Washington, D.C.: ULI—the Urban Land Institute, 2000).

office development, for new economy or flexible-space small business enterprises. Market demand for this type of space already is evidenced by the relocation of professional offices in the Ewart Building on Liberty Avenue and the relocation of several new economy firms in the area.

The companies currently generating new employment in Pittsburgh are not likely to demand

large-floor plate space in high-rise office buildings. These firms tend to seek out more flexible space that can be expanded quickly in more human-scale work environments offering nearby 24-hour services. The Trust's façade improvement and elevator loan programs have the potential to give the district an advantage in competing with neighboring areas such as the Strip District and

**Figure 4**  
**Expenditure Potential, Downtown Pittsburgh Trade Area Workforce<sup>1</sup>**

Downtown Pittsburgh	1990	1996	2001
Total workforce <sup>a</sup>	115,000	120,000	130,000
Per capita annual expenditures			
Food/beverage	\$ 1,140	\$ 1,322	\$ 1,496
Retail expenditures	\$ 945	\$ 1,096	\$ 1,240
Total per capita annual <sup>b</sup>	\$ 2,085	\$ 2,418	\$ 2,736
Potential annual expenditures for total workforce (in thousands)			
Food/beverage potential (000)	\$131,100	\$158,646	\$194,451
Retail potential (000)	\$108,675	\$131,509	\$161,190
Total expenditure potential (000)	\$239,775	\$290,155	\$355,641

<sup>1</sup> Current dollars.

<sup>2</sup> Based on data provided by the Pittsburgh Downtown Partnership.

<sup>3</sup> Based on growth rate of 2.5% applied to expenditures provided by the International Council of Shopping Centers.

Source: Pittsburgh Downtown Partnership for workforce data, ICSC—"Office Worker Retail Spending" for expenditures.



**Figure 5**  
**Delegate Expenditures—All Events**

Type of Expenditure	Total Expenditure	Daily Expenditure
Lodging and incidentals	\$342.52	\$113.79
Hotel food and beverage	93.44	31.04
Other food and beverage	86.35	28.69
Tours/sightseeing	14.04	4.66
Admission to museums, theaters, etc.	7.55	2.51
Recreation	7.44	2.47
Sporting events	2.45	.81
Retail stores	73.67	24.48
Local transportation (bus, taxi, limousine)	12.84	4.27
Auto rental (within event city)	21.85	7.26
Gasoline, tolls, parking (within event city)	10.97	3.64
Other <sup>1</sup>	22.58	7.50
Total	\$695.70	\$231.13
Out-of-town delegate expenditures	\$739.31	\$245.62
In-town delegate expenditures	98.35	32.67

<sup>1</sup> Other spending includes gambling, retreats, film and film processing, gratuities, messengers, donations, etc.  
Average number of nights per delegate = 3.01.

Source: International Council of Shopping Centers.

other industrial conversions throughout the region for these types of tenants.

The demand for office space by these growing young companies will be greatly reinforced by the development of additional amenities and services within the district, including food and beverage establishments, business services, and community-serving retail space. The Trust therefore should promote the development of a nexus of visitor- and resident-serving retail facilities within the district. These young companies also need access to the latest technological equipment. In addition to promoting retail development, the Trust should monitor the availability of fiber-optic data transmission lines in the area.

The Trust should continue its existing, successful programs to encourage investment in office development and should investigate opportunities to initiate new ones. It also should identify sources of gap funding for new office development, including funds available through the Urban Redevelopment Authority and the Community Reinvestment Act.

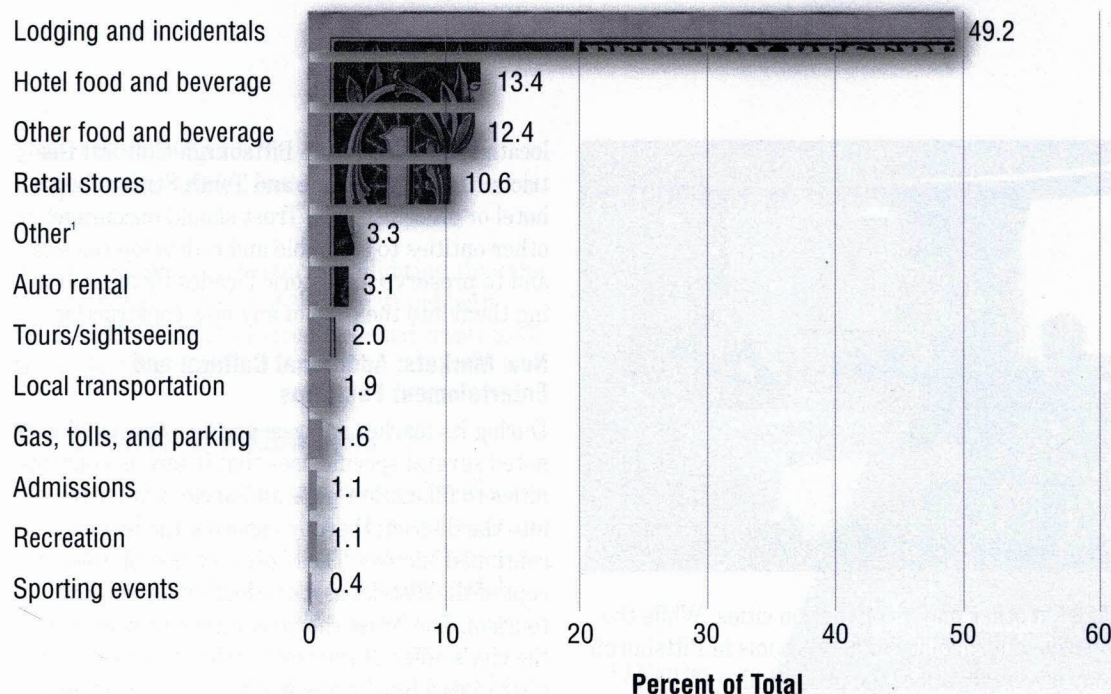
### Retail Market

The growth in household incomes and the tightening market for urban real estate in the downtown core are both positive indicators of market conditions that support an expansion of retail space, both throughout the region and within market areas immediately adjacent to the downtown office core, including the Pittsburgh Cultural District. The high concentration of downtown office workers is an important source of support for daytime commercial activities within the district.

With 1.5 to 1.7 million convention delegates coming to the expanded convention center annually, along with eventual additions to the district's hotel stock, demand for destination retail space in the district can be expected to increase significantly. (Categories of goods sold in destination retail shops generally include discretionary items such as books, gifts, music, and food and beverages.) As Figures 5 and 6 show, retail expenditures make up 10.6 percent of a typical delegate's total expenditures, averaging \$24.48 per delegate per day.



**Figure 6**  
**Expenditures as a Percent of Total**



<sup>1</sup> Other spending includes gambling, retreats, film and film processing, gratuities, messengers, donations, etc.

Average number of nights per delegate = 3.01.

Source: International Council of Shopping Centers.

The Penn Avenue corridor, anchored by the convention center at Tenth Street and Penn Avenue on the east end of the district and by Fifth Avenue Place and cultural institutions at its western end along Penn Avenue and Sixth Street, has the potential to become a retail corridor. It would be logical to reposition and market the first floors of buildings in the Penn-Liberty Historic District between Tenth and Seventh streets as sites for a core group of destination retail and food and beverage tenants. Establishing consumer traffic along Penn Avenue would help knit together the district's cultural institutions, convention center, and hotels. One key parcel—the Heinz Endowments (controlled site at Seventh and Penn behind Heinz Hall and Dominion Tower, formerly known as CNG Tower, which currently is being used for surface parking—has the potential to catalyze Penn Avenue as a destination retail street, if the street wall is retained and attractive retail and food and beverage uses are developed on the site.

Ninth Street between Liberty Avenue and Fort Duquesne Boulevard also represents an additional opportunity for the development of informal food and beverage outlets, like cafés and coffee shops, which likely would be supported by high

school students (from the proposed CAPA school) in the afternoon, riverfront park users via the Ninth Street Bridge and residents of the building at Ninth Street and Penn Avenue.

### Hotel and Tourism Market

The hotel, tourism, and convention market may be the most promising sector of economic activity for both the district and the region as a whole. Pittsburgh has many significant advantages that should allow it to become a more competitive location for conventions and association meetings that attract out-of-town visitors, as well as for general tourism. These include a hub airport for a major national carrier; an expanded, state-of-the-art convention center; new hotel rooms now under construction, and affordable room rates.

Downtown Pittsburgh presently has 2,300 hotel rooms, of which 2,200 can be committed in block bookings to support convention business. The occupancy rate in Pittsburgh as a whole is 68 percent; downtown occupancy rates lag slightly at 65.5 percent. The average daily rate (ADR) for hotel rooms in the downtown core is approximately \$129, which is lower than that in many other major cities, and significantly lower than the



Pittsburgh Mayor Tom Murphy (third from left) is interviewed by panelists (counter clockwise) Alice Murray, Jeremy Alvarez, Ernest Freeman, Frances D'Loren, and John Bos.



ADR in other major convention cities. While the relative affordability of hotel rooms in Pittsburgh may adversely affect the profitability of downtown hotels, it also offers a huge advantage in attracting convention business. If the expanded convention center is aggressively marketed and Pittsburgh becomes a major player in the convention business, affordability will become more of an asset than a liability.

Convention business offers a potential opportunity for expansion and diversification of the regional economy, which will have profound effects on the downtown core. Beyond the advantages listed above, Pittsburgh is within 300 miles of 50 percent of the U.S. population, making it a very convenient and attractive location for a number of important associations.

Since nearly 1,000 hotel rooms already are proposed, planned, or under development within the district, any further demand for more hotel space in the immediate future is unlikely. Yet Pittsburgh could create additional demand for hotel space by effectively marketing its new convention center and thus improving the city's reputation within the hierarchy of convention and tourist destinations. Pittsburgh's increasing success as a convention destination city also could spur the creation of smaller-scale boutique hotels in some of the historic properties within the Penn-Liberty Historic District or within some of the Pittsburgh Cultural District's more attractive historical structures.

The Trust should actively encourage the redevelopment of one specific site, a triangular property

located just outside the Pittsburgh Cultural District at Liberty Avenue and Tenth Street, for a hotel or office use. The Trust should encourage other entities to assemble and redevelop the site and to preserve its historic façades by incorporating them into the base of any new construction.

### **New Markets: Additional Cultural and Entertainment Facilities**

During its market analysis process, the panel noted several specific uses that it saw as opportunities to fill market gaps and bring new patrons into the district, thereby ensuring the district's continued success. These uses expand on the concept of the district as a destination for cultural tourism. The Trust should continue to work with the city's office of cultural tourism to promote the district as a tourist destination and coordinate the district's attractions with other cultural attractions elsewhere in Pittsburgh. The panel suggests the following uses that would broaden the district's appeal, fill market gaps, and bring additional daytime activity to its streets. The panel would like to stress that the goal of these uses is to bring a diverse group of patrons into the district during daytime hours.

**A Children's Activity Center.** This center should offer permanent, regularly scheduled activities that bring children into the district. It could tie in with the Trust's community outreach efforts, including interactive displays that would expose children to the many facets of the art world, such as staged performances starring children. An ice skating rink would attract children and add vitality to the street. A theater specializing in children's films also would draw children to the district.

**A Museum Store and Annex.** This use would attract casual daytime visitors and provide a retail opportunity that would reduce reliance on governmental and philanthropic subsidies. The space could be used as revolving gallery space that would be shared by all local museums and galleries. The store could offer promotional items for the district, including souvenirs from traveling productions currently at its theaters. A café could offer limited food and beverage service.

**An Architectural History Museum.** This use would support existing walking tours of the city and



generate daytime traffic. The AIA Gallery, located in the district, could provide coordination and support.

**A New Museum.** A museum highlighting the ethnic and racial diversity of the city would both broaden the district's patron base and create additional daytime traffic.

### The Synergy of Mixed Uses

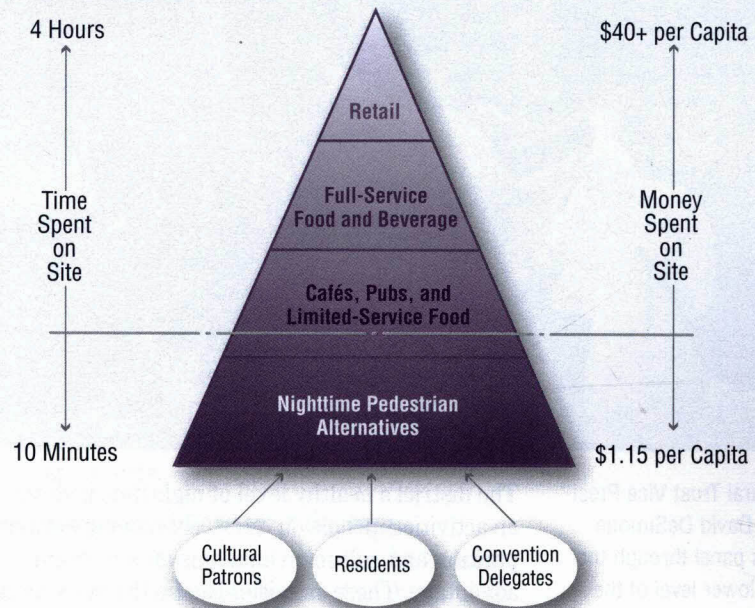
People tend to stay in an area longer if it offers a multitude of things to do. Often they will come to an area with a true mix of uses to do nothing but socialize, take in the scenery, and people watch. For an area to attract people who have no specific reason for being there speaks to the area's powerful sense of place. The Pittsburgh Cultural District has begun to develop this sense of place, which will be discussed later in this report.

The development of the new stadiums, the construction of the performing arts school, the expansion of the convention center, and the introduction of new downtown housing (as discussed later in this report) will result in a changing composition (as well as increased numbers) of district users. More students, downtown residents, and tourists will frequent the district. As a result, it will be both necessary and desirable to alter the mix of real estate offerings to meet their needs. High school students likely will support additional retail uses, such as coffee shops (which also could provide student performance venues). Tourists and downtown residents likewise will require different products and services. While downtown residents will be most likely to take advantage of cultural offerings that require advance planning, and to support services like neighborhood-serving retail facilities, local restaurants, and other food-and-beverage providers, tourists more likely will attend daytime cultural offerings that do not require advance ticketing and/or are marketed with convention offerings, and to support destination and boutique retail facilities and nationally branded restaurants.

### The Pyramid of Potential Uses

The pyramid of potential uses—a theoretical model that outlines the progression of commercial devel-

**Figure 7**  
**Pyramid of Uses**



opment in an urban area—demonstrates how a mix of uses tends to attract more customers who stay longer and spend more money. New uses evolve from an influx of new foot traffic. Figure 7 illustrates this concept, applying the pyramid to the district to demonstrate the logical future development of commercial uses there. (While many of these uses already exist within the district, each level of the pyramid refers to large-scale development of a particular use.)

At the bottom of the pyramid are three groups of existing and potential consumers of goods and services within the district: patrons of the cultural arts institutions, residents (including downtown residents and office workers), and convention center users and visitors. The left-hand scale shows the amount of time a visitor is likely to spend in the district, ranging from a short walk between a parking lot and a cultural venue to a four-hour stay. The right-hand scale indicates the amount of money spent within the district on a per capita basis (beyond the price of admission to cultural events and parking). The pyramid itself illustrates how different types of activities eventually can be developed to create market support for greater levels of activity within the district.





Cultural Trust Vice President David DeSimone leads panel through the new lower level of the Allegheny Riverfront Park.

The district's healthy level of nighttime pedestrian activities (people on the street moving between parking and cultural venues) is an important advantage. These activities can be the basis for a broader array of commercial activities within the district. The first phase of development after nighttime activities have attracted patrons to the district consists of cafés and pubs with limited food services, places where people can stop in for a cup of coffee and a pastry after a performance or for a drink with friends. These facilities elongate visitors' stays in the district, energize the street with additional foot traffic, make the theater-going experience more enjoyable, and increase the amount of money spent in the district. Such uses currently are beginning to develop.

Over time, these uses could evolve into full-service food and beverage establishments—the third level of the pyramid—which initially might include informal restaurants that eventually could support more turnovers per table and higher average expenditures per patron. This level may include additional jazz clubs and restaurants that offer musical entertainment. Several restaurants and establishments of this nature currently exist within the district.

Finally—at the top of the pyramid and developing over time—comes specialty retail development. Consumers who spend more time in the district, coming to attend a cultural event and extending their stay by drinking and/or dining in informal or

more formal venues, will support this level of development. Specialty retail, which is centered on discretionary purchases, includes items such as art, gifts, books, music, and some clothing. Shopping (or browsing) has become a major part of American culture; it represents a form of entertainment and recreation for many Americans.

## Opportunities for Residential Development

Downtown Pittsburgh, like most major U.S. cities, is experiencing strong demand for housing. The Pittsburgh Cultural District is well positioned to respond to that demand and, in fact, the district holds several key advantages to attracting these urban pioneers.

### The Existing Downtown Housing Market

The Golden Triangle maintains the lion's share of employment in the city, with a worker population of more than 130,000. This high number of downtown workers is comparable to cities much larger than Pittsburgh. Despite this relatively high concentration of workers, only 2,500 people live in the Golden Triangle; only 10,000 live within a one-mile radius of it. The constrained supply of downtown housing and large concentration of workers, who represent potential demand, create a favorable market for residential development downtown.

Pittsburgh is fortunate to have maintained a centralized employment base. (It did not experience the same level of suburbanization, as did many other cities, since its economy was flat at the time when other municipalities saw businesses flee downtown for suburban office parks in edge cities.) The construction of the new airport, significantly outside of downtown, may lead to a certain amount of decentralization by creating a development corridor near the airport but, for the most part, downtown is still the region's only significant employment center. This provides enormous opportunities for efficiencies in public infrastructure. A centralized employment center makes mass transit more effective and affordable and requires less public investment for the extension of roads and water and sewer lines. It



also provides a built-in market for downtown housing.

Throughout the United States, as traffic increases and downtown amenities improve, the appeal of downtown housing is increasing. Beyond the obvious advantage of enabling residents to walk to work, downtown living also provides a livelier, more urban environment for young professionals and empty nesters. Pittsburgh appears to be late in embracing this trend, possibly because of lingering misconceptions about downtown and the lack of a strong history of downtown housing. Yet the development of new downtown amenities, including the two new stadiums and additional mass transit, only strengthens the potential of this niche market, which appears to be dramatically underserved. Recent development of some downtown housing supports the belief that strong demand exists for the right product at the right price with the right design and mix of units and amenities.

#### **Existing Rental and Occupancy Rates**

Rental rates in Pittsburgh's multifamily housing market have begun to increase, but still lag behind other markets. Existing rents for apartments in suburban Pittsburgh are \$1.05 per square foot per month, including free parking, which makes it hard for higher-priced apartments downtown to compete. Apartment rents within the Golden Triangle and nearby are beginning to inch up, however. The 232 new apartments in the Lincoln project on the North Shore are garnishing \$1.20 to \$1.50 per square foot and are 100 percent leased, with waiting lists. Even older properties, like the Pennsylvanian, are securing rents of \$1.15 to \$1.55 per square foot. The 25 apartment units created in historic buildings on Penn Avenue lease for \$0.95 to \$1.07 per square foot. For comparison, similar projects in downtown Dallas are achieving rents of \$1.30 to \$1.50 per square foot; construction costs in downtown Pittsburgh, however, are somewhat higher than in Dallas. In both markets, economic gaps exist between the costs of development and rental income.

Apartment occupancy levels—a good indicator and driver of demand—were 95 percent in Pittsburgh in 1999. A 93 percent Class A office occupancy level also indicates strength in the down-

town market that makes downtown employers and residents more confident. Many of Pittsburgh's downtown workers are employed by new economy or e-commerce tenants, a group commonly attracted to unusual loft-type living.

Real estate development confidence has shown some signs of picking up. This is reflected by the anticipated Armstrong Cork conversion project in the Strip District, which now is projecting \$1.24 per square foot rents after its completion in early 2002. This confidence is attributed to other projects coming online successfully, as well as the assistance that has been offered by the city, the county, and the foundation community. Specifically, the city and county recently announced a ten-year tax abatement program for new downtown housing projects.

#### **The Economics of Downtown Housing**

Construction costs and land values in the Golden Triangle are considerably higher than in outlying areas, making the economics of developing housing (either new construction or conversion) difficult without significant subsidies. The gaps between development costs and projected revenues in a project's cash flow analysis can be considerable enough to wipe out any opportunity for investment or development. Pittsburgh's median household income of only \$37,443 means there is no significant market for high-rent projects, which otherwise could help fill those gaps.

The 1998 Pittsburgh Downtown Plan, commissioned by the city, claims a demand for 3,000 housing units over the next decade. The panel heard persuasive comments that this estimate is low. An updated market study focused strictly on downtown demand for housing would be valuable in substantiating the current market demand. The panel believes that the Pittsburgh Cultural Trust should commission this document to establish itself as a leader in the downtown housing initiative. The panel also believes that this study will provide definite proof of market demand.

Gap financing, offered through a revolving loan fund, will be required to make downtown housing feasible while downtown rents are rising. After the rental market is established to the point that subsidies are no longer required, the housing





Looking toward vacant Trust-owned properties from Fort Duquesne Boulevard.

market can move to its next level, the for-sale housing market.

### **Opportunities for Attracting New Housing**

The district clearly contains many amenities that make it the most likely location within the Golden Triangle for downtown housing. This is no accident. Without Jack Heinz's vision and Pittsburgh Cultural Trust President Carol Brown's passion and perseverance, the district likely still would be a red light district. But the district today boasts world-class cultural venues, clean and attractive streetscapes, interesting public art, useful retail and dining opportunities, and a host of other amenities that all contribute to the secure, convenient, and intimate environment that residents demand. The incredible stock of historic architecture downtown and in the district set it apart from most other metropolitan areas. The district is a neighborhood calling urban bohemians and other non-family dwellers to take up housekeeping.

The district's most valuable amenities, which are driving land values rapidly upward, are unmatched elsewhere in the city or the region. These amenities position the district uniquely and distinctively for housing. The Allegheny River is the first such amenity, offering not only stunning views but, possibly more important, safe, convenient, and attractive walking, biking, and jogging paths that connect the district with every other part of the city. The ability to easily access Pitts-

burgh's huge park system provides incredible advantages to living in the district.

The district's location adjacent to the Strip District answers much of the perceived need for grocery facilities. (The panel believes that the detrimental affects of not having a grocery store nearby have been over exaggerated; grocery stores are located within a short drive of downtown and would be accessible to downtown residents.) Within walking distance, the Strip District provides high-quality produce, fish and meats as well as nightlife for future residents. New dining venues and nightclubs are sure to follow an influx of residents.

Perhaps the biggest advantage the district offers is the availability of large tracts of undeveloped land. No other area inside the Golden Triangle contains contiguous real estate parcels like the sites that the Pittsburgh Cultural Trust owns along Fort Duquesne Boulevard near Seventh Street. The locations of these parcels, on the Allegheny River side of the Golden Triangle, provide spectacular locations for mixed-use developments that can respond to the demands of the market. Subsequent sections of this report present proposals for these vacant sites.

### **Challenges to Creating New Housing**

As noted earlier, the economic gap between development costs and rental income represents the biggest challenge to developing downtown housing. Other significant challenges include parking availability, access to resident-serving retail facilities (corner grocery stores, drycleaners, beauty salons, video stores, and so forth), and difficulties in converting existing structures to housing.

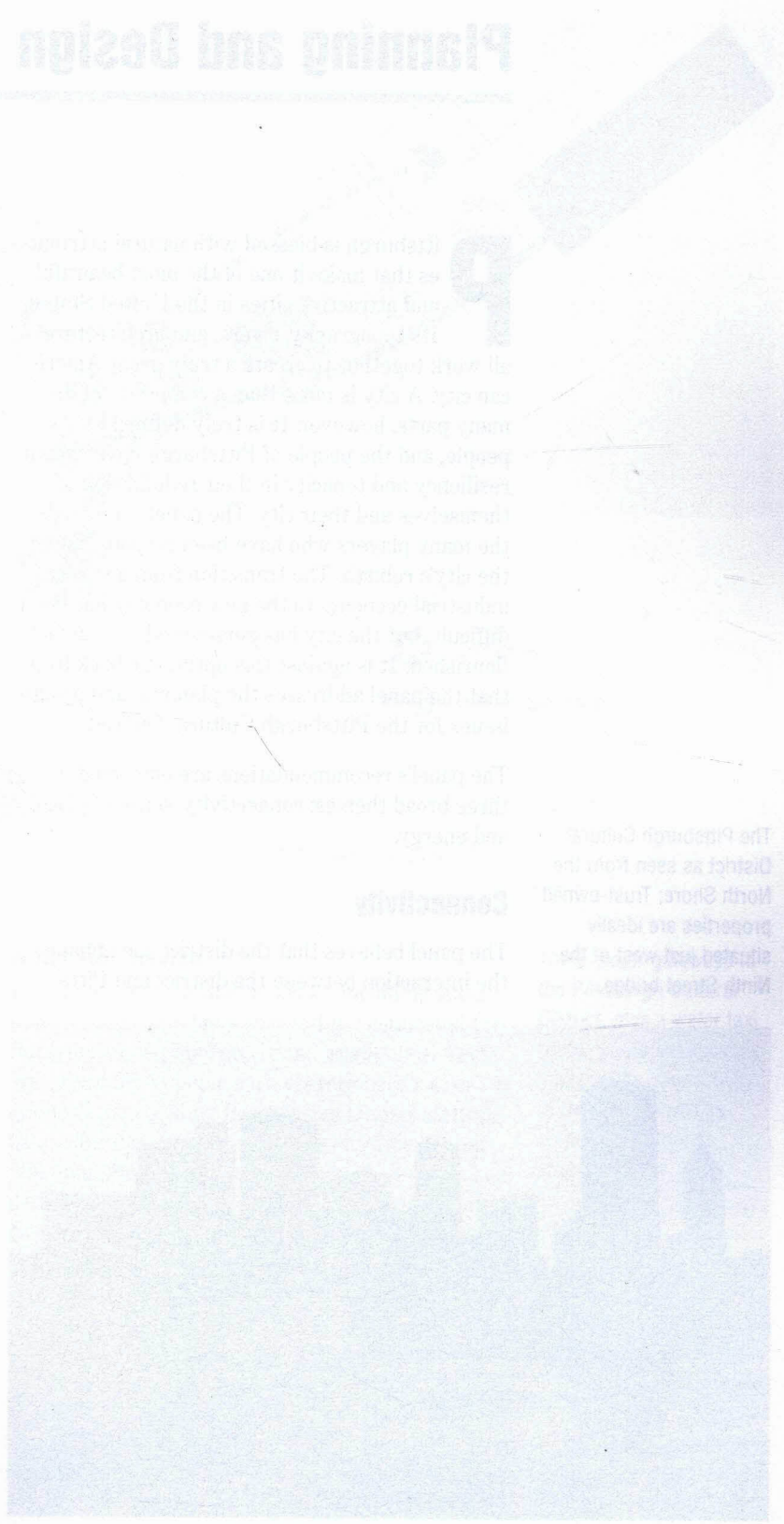
Downtown dwellers, like residents of any other area, expect safe and convenient access to parking. The city's lease program for downtown residents, which provides parking spaces in city garages for \$100 per month, is a good start. (This rate reflects at least a 50 percent discount over the existing daytime parking rate and encourages round-the-clock, seven-day-a-week use of these garages.) While the city's parking authority operates two large garages in the district, those facilities would not be suitable for housing that is developed more than one and a half blocks from them. The Trust's plans to construct a garage



next to the O'Reilly Theater could be extremely helpful, especially for apartments within one and a half blocks of the theater. Private garages also exist within the district, and their owners appear willing to help provide 24/7 parking availability, although it is uncertain what rates they will demand.

Some resident-serving retail facilities in the district currently support downtown workers and the area's relatively small number of residents. Any large-scale residential development in the district will require additional retail development of this nature.

Old, charming, but almost always inefficient historic buildings, especially the narrow "sliver" buildings of downtown Pittsburgh, create a real challenge for conversions. It is often impossible to make residential units work in buildings with windows on only one narrow side. And modern building codes and code compliance issues add huge costs to the conversion of old buildings into apartments. Successful conversions will require developers with creative solutions and code enforcement officials with flexible attitudes.





## Planning and Design

**P**ittsburgh is blessed with natural attributes that make it one of the most beautiful and attractive cities in the United States.

Its topography, rivers, and architecture all work together to create a truly great American city. A city is more than a composite of its many parts, however. It is truly defined by its people, and the people of Pittsburgh have shown resiliency and tenacity in their redefinition of themselves and their city. The panel commends the many players who have been responsible for the city's rebirth. The transition from a smoky industrial economy to the new economy has been difficult, but the city has persevered and, in fact, flourished. It is against this optimistic backdrop that the panel addresses the planning and design issues for the Pittsburgh Cultural District.

The panel's recommendations are embodied in three broad themes: connectivity, sense of place, and energy.

### Connectivity

The panel believes that the district can enhance the interaction between the district and Pitts-

burgh's other activity centers, and that it has a key role to play in a much broader effort to extend the active day in the Golden Triangle. Critically positioned among the retail and business core, the Strip District, the stadiums, the convention center, and the Allegheny River, the district, with its stunning views of the river and access to most major Pittsburgh amenities, can play a strong connecting role in the city as a whole. Redevelopment in the district will have a profound affect not only on the district, but on the entire city.

The district should work to strengthen its connections with the Allegheny River, the North Shore, the convention center, the strip district, the South Side, and the downtown retail core. These areas are destinations, with varying pedestrian activity for at least portions of the day and night. The panel believes that the district must help these first-rate attractions operate as one place, one destination. By taking on a central role in this effort, the cultural district will enhance its own position as one of the greatest neighborhoods in the city.

The panel recommends that the district improve its connections with its neighbors by strengthening the existing Cultural Tourism Office loop bus service and creating a water taxi service. The district should monitor the existing loop bus, which connects the district with other arts attractions, to ensure that it is doing so effectively. It should create a water taxi service to connect the district with the North Shore, the South Side, and the strip district. It also should encourage bicycle traffic into the district and carefully monitor the parking situation there.

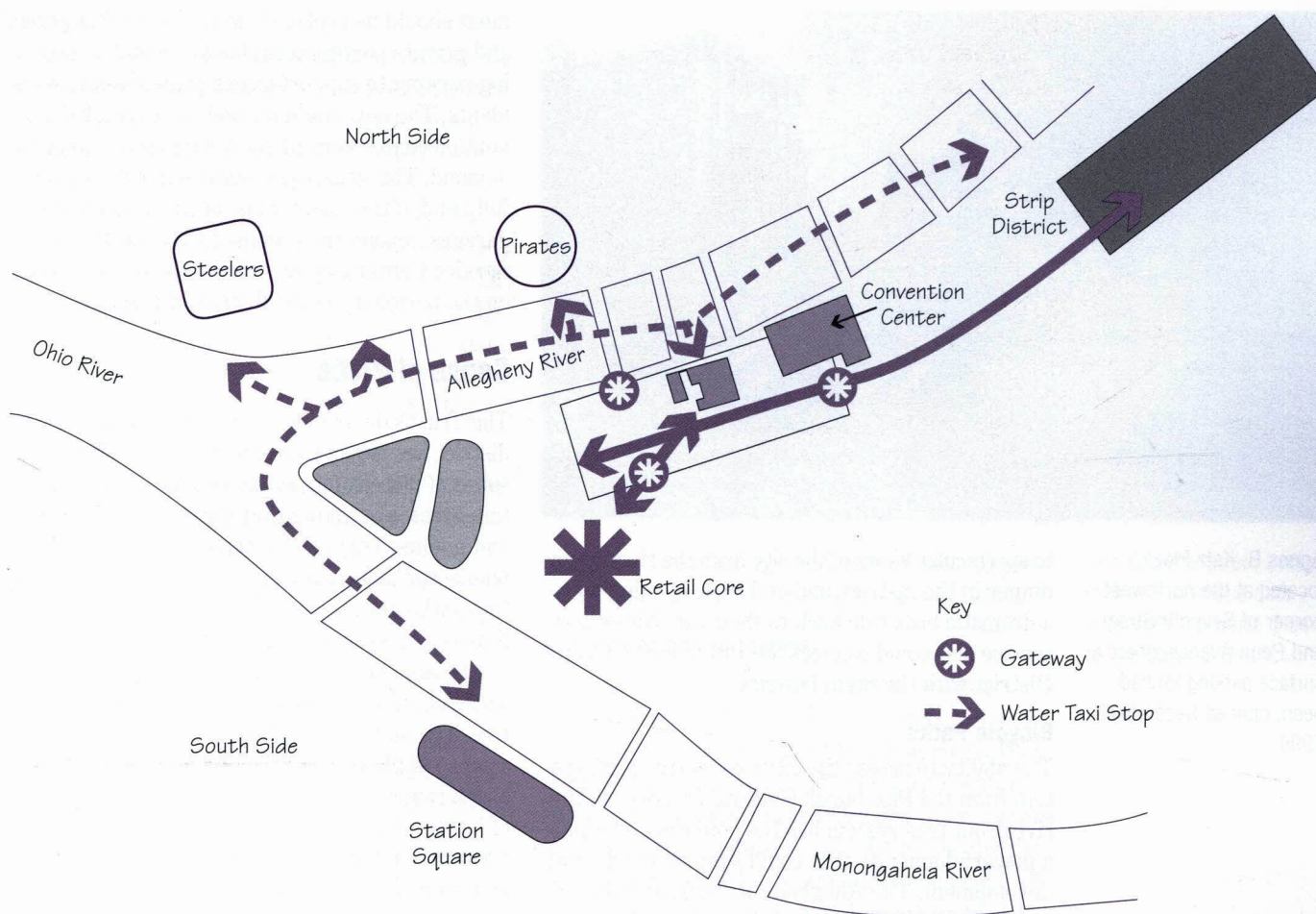
### The Pittsburgh Cultural District Loop Bus

Public access to the district, via transit routes that bisect it, is superb and a genuine asset. Transit operations, however, are focused on the daily commute to work. While the district is becoming

The Pittsburgh Cultural District as seen from the North Shore; Trust-owned properties are ideally situated just west of the Ninth Street bridge.







an employment center, its most crucial contribution to the Golden Triangle comes at times that are out of synch with workday travel, in the evening and on weekends. The city's cultural tourism office currently operates shuttle service that travels on a loop between Oakland, downtown, and the North Shore, which provides important connections between the district and its neighbors. The Trust should work with this office to ensure that this loop bus route continues to provide these important connections. The cultural tourism office also should consider adding new stops, which would further strengthen the district's connectivity. Safe, efficient, easy-to-use public transit connections between the Pittsburgh Cultural District and neighboring areas are crucial to the district's vitality and to its ability to attract residential development.

### Water Taxi Service

In numerous metropolitan areas, including Baltimore, water taxis have successfully connected far-flung urban neighborhoods and attractions. They are especially popular with visitors because, in addition to providing inexpensive transportation, they offer dramatic views of the city (views that will be unforgettable in Pittsburgh). Like loop bus service, water taxis also produce some parking efficiencies, by allowing downtown visitors to park outside of downtown. Pittsburgh's location at the confluence of three rivers is an ideal location for this type of service. The construction of two stadiums along the waterfront will further enhance its viability; fans could park virtually anywhere along the rivers, take a water taxi to dinner in the district, and then walk or take another water taxi to the game. Theater patrons could park on the South Side, take a water taxi in to see a play, be treated

Three major gateways to the Pittsburgh Cultural District, plus a water taxi route, would significantly improve the connectivity of the area as well as create a new tourist attraction.





Agnes R. Katz Plaza, located at the northwest corner of Seventh Street and Penn Avenue where a surface parking lot had been, opened December 1999.

to spectacular views of the city from the river, enjoy dinner in the district, and end their evening with a dramatic boat ride back to their car. Water taxi service also could connect the Pittsburgh Cultural District with the Strip District.

### **Bicycle Paths**

The ability to access the city's extensive park system from the Pittsburgh Cultural District via the riverfront trail system has the potential to become a powerful amenity that could support residential development. The Allegheny Riverfront Park will provide unfettered access to Point State Park and its many recreational facilities. Linkages to more distant points (as far away as Washington, D.C.) exist or are in development. The city and the Trust should make every effort to encourage bicycle traffic on the trail and to draw bicyclists into the district, both as residents and customers for the district's businesses. They also should consider providing additional signage at key locations and bicycle parking.

### **Parking**

The district always has been a major parking area for downtown workers. Increased activity in the district's theaters and new businesses in and near the district have put pressure on the supply of parking. In addition, surface lots have been lost to new development. Overall, though, the panel feels that the perception of a parking shortage is greater than the reality of the situation. The panel does acknowledge that parking lost to develop-

ment should be replaced, and believes that public and private participants should commit to providing parking to support larger projects and for residents. The new stadiums and the expanded convention center very likely will generate surges in demand. The situation should be monitored carefully and, if the case for one or more additional garages beyond the proposed Cultural District Service Center can be made, it should be placed on the periphery of the district, if possible.

### **Sense of Place**

The Trust's development and enhancement of the district has begun to create a sense of place. This sense of place refers to the feeling one gets in certain areas: one knows that these places are special and unique. They offer a sense of arrival to those who enter them and a palpable sense of energy to those who are in them. New York City's Times Square, for example, has a definite sense of place. Yet an area need not be gaudy or huge to have a sense of place; it need only be unique and distinctive. The district has all the elements required for a sense of place. The Trust's construction of theaters; removal of inappropriate uses; restoration of historic façades; and installation of street trees, furniture, and public art have transformed the district into a showcase for urban revitalization and created a real sense of place.

The panel believes that the district is ready to enter its second phase of revitalization, building upon what the Trust has begun. This phase will transform the area into a vibrant, exciting community with a mix of uses, an energetic street life, and a more definite sense of place. The Trust must partner with the city, the Pennsylvania Department of Transportation (Penn DOT), and other downtown agencies to bring about this second phase of development and revitalization. This partnership should market the district's assets and concentrate on continuing the Trust's effective work with streetscape improvements, façade restoration, and cultural programming. In addition to continuing the effective programs already in place, the partnership should focus on cultivating a sense of place by improving signage within the district, creating gateways into and landmarks within the district, and producing energy at the street level.



## Signage

Signage is a very important confidence builder for people traveling to a new area. Pittsburgh already has implemented a significant signage program, including a substantial way-finding system, which it currently is expanding. The panel supports the expansion of this program. During the panel's stay in Pittsburgh, several street signs were missing, due to a citywide effort to replace traffic lights. The panel hopes that these gaps in the signage system have been fixed. Street signs are important elements of the signage system and their absence complicates finding and getting around in the district.

The city should add new signage that will make it easier for visitors to find the Pittsburgh Cultural District. This may seem like a small thing, but lost visitors are not happy visitors, and unhappy visitors do not return. Signs clearly demarcating the safest routes to the district should be placed along major access roads to downtown. This signage system should be comprehensive and consistent throughout the entire downtown, so that visitors seeing the signs for the first time can associate a certain style of sign with a tourist attraction.

The banner program enacted throughout the district has been effective in defining it. The panel believes that the Trust should expand this banner program and make it bolder. Brighter colors and designs plus consistent (but not repetitive) themes will serve the dual purpose of defining the district and creating energy on the street. The Trust also should consider adding much larger banner poles at key gateways to the district. Taller, dedicated banner poles that can accommodate very large banners have been effectively used in many other cities.

Most of the district's buildings are identified by signs on their fronts, facing the road. This signage orientation works well for identification from a car, but is less effective for pedestrians. Many building owners should consider installing two-sided marquees oriented perpendicular to the building. This sign style, which is consistent with signage in theater districts, also creates more interest at the sidewalk level since it is more easily read by pedestrians. Lighted marquees also



create a sense of energy and excitement and provide supplemental lighting for the street below.

## Landmarks and Gateways

Landmarks and gateways are important ways of creating a sense of place. The district is home to several landmark buildings (including Heinz Hall, the Benedum Center, and the O'Reilly Theater) and places (including Katz Plaza and the sculpture garden). These landmarks help define the district and make it instantly identifiable to the people of Pittsburgh and tourists alike. In addition to the many landmark buildings and places within the district, the Trust recently announced a new public art project that is destined to become another landmark for the district and the city. The project calls for a 20-foot by 40-foot electronic sign composed of light-emitting diodes (LEDs) that will project a white triangle floating on a blue-gray background located atop Penn Avenue Place facing the Allegheny River. The sign will bring national attention to the district, as it will be visible from the new Pittsburgh Pirates's PNC Park during night games. Designed by noted architect Richard Gluckman and artist Robert Wilson, the lighting project already has received national acclaim, even before it is installed. This is one in a series of lighting projects that the Trust has proposed. The panel believes that this project, and future ones, will go a long way toward creating landmarks and gateways for the district.

The Seventh Street Bridge makes a dramatic gateway from the North Side to the Cultural District.





Detail of Alexandr Brodsky's Palazzo Nudo. The temporary exhibit includes artifacts owned by the Trust.

Gateways signify entry into a place and can consist of buildings, entry features, signs, flags, or sculpture. The panel recommends that the Trust direct specific efforts toward establishing gateways to the district from adjacent areas. Opportunities for these are evident at the convention center, the entrance from the Strip District, near the downtown retail core, the entrance from the North Shore, and the center of the district at Seventh Street and Penn Avenue. The district currently lacks clear gateways.

The intersection of Seventh Street and Penn Avenue represents the heart of the Pittsburgh Cultural District and, as such, a major gateway. The four corners of this intersection currently are occupied by Katz Plaza on the northwest, the sculpture garden on the northeast, the Benedum Center to the southeast, and a surface parking lot on the southwest. All of the district's amenities should be on display at this intersection. The Allegheny River to the north, the Benedum Center to the south, and Katz Plaza and the O'Reilly Theater to the west all should work together to create a sense of place at this point.

The panel believes that the surface parking lot on the southwestern corner and the land to the northeast are underused. Development of the surface parking lot is critical to creating a true gateway feeling at this intersection. The lot does nothing to enliven the district or define it as a special place. It creates no street activity or interest for

pedestrians and is underused, given its market value and its value to the district. Suggested uses for this corner have been mentioned in the "Market Potential" section of this report; further development options are explored in the "Development Strategies" section.

### Street-Level Energy

The Pittsburgh Cultural Trust has done an excellent job of assembling a framework for the district. Its second phase of revitalization can infuse a "soul" into the district. Theater patrons currently attend a scheduled event, usually in the evening or weekends, then walk back to their cars and drive home. Many end their evening waiting in line to get their cars and then sit in traffic. While the theatrical performance is likely enriching, enlightening, and stimulating, the patron's overall theatergoing experience could be better. The district could energize this experience by providing more pre- and post-event options, such as places to stop for a cup of coffee and a pastry, a drink, or a meal; attractive shops; and new signage or tours that could help patrons appreciate and enjoy the district's great architecture. A fully developed district with a variety of uses not only would provide a more pleasant theatergoing experience; it also would produce additional revenue for the district's businesses.

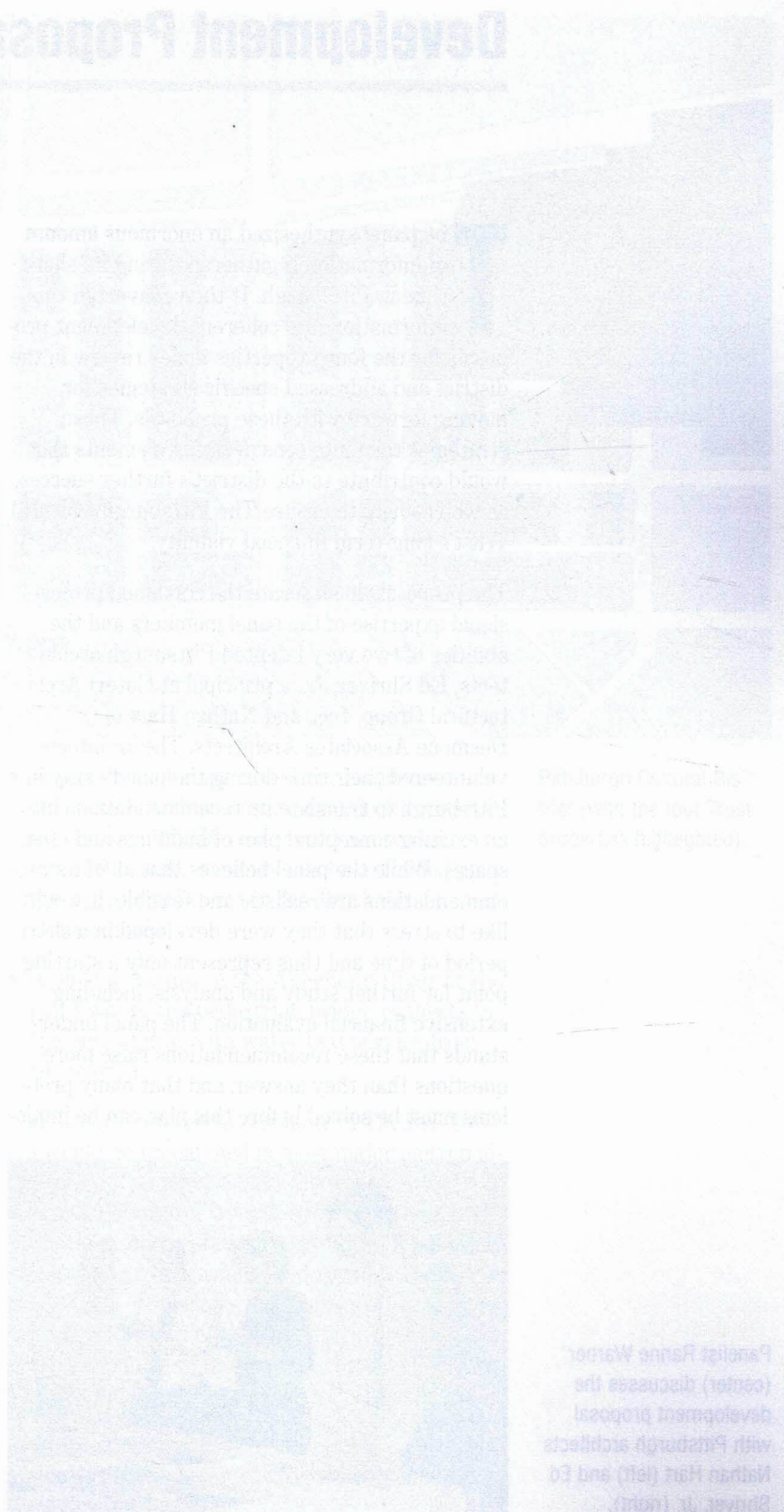
New uses must enliven the area in the daytime. While the proposed CAPA High School for the Performing Arts will begin to energize the streets during the day, the district needs to add more housing, galleries, coffee shops and restaurants, and specialty retail shops. The district currently is home to five galleries with daytime hours. These galleries have begun to bring patrons to the district and enliven its street life during the day. The Trust should continue its attempts to attract galleries with daytime hours; the installation of a large-scale gallery or museum, on the scale of the Andy Warhol Museum, would go a long way toward bringing in additional daytime activity and creating a livelier street scene.

The Trust should continue to encourage outdoor events that energize the streets. Events like the summer concert series at Dominion Plaza allow people to enjoy the district in a new way; concertgoers also may pick up tickets to a future show



while they are enjoying the music. The Trust should attempt to transform the district's streets into a theater and thus encourage downtown workers to visit during the day. Such events also can energize the streets in the evening: in Baltimore's Little Italy, for example, Italian movies with subtitles are shown on the side of a building on summer nights. Crowds there have been enormous, and the neighborhood has become safer because of all the "eyes" on the street. The feasibility of a similar activity in the district should be explored. Strolling performers and street vendors selling unique crafts also would help to create new energy.

The Pittsburgh Cultural District is a very special and distinctive place, with spectacular attributes that include its historic architecture, its proximity to the waterfront, and its strategic location in relation to downtown. The district must build upon these assets to create an environment that is lively and vibrant.





# Development Proposals and Strategies

**T**he panel synthesized an enormous amount of information it gathered during its short time in Pittsburgh. It then converted this information into coherent development proposals for the four properties under review in the district and addressed specific strategies for moving forward with these proposals. These strategies take into consideration elements that would contribute to the district's further success, as well as help to ensure The Pittsburgh Cultural Trust's long-term financial viability.

The proposals incorporate the combined professional expertise of the panel members and the abilities of two very talented Pittsburgh architects, Ed Shriver, Jr., a principal at Cuteri Architectural Group, Inc., and Nathan Hart of Desmone Associates Architects. The architects volunteered their time during the panel's stay in Pittsburgh to translate its recommendations into an exciting conceptual plan of buildings and open spaces. While the panel believes that all of its recommendations are realistic and feasible, it would like to stress that they were developed in a short period of time and thus represent only a starting point for further study and analysis, including extensive financial evaluation. The panel understands that these recommendations raise more questions than they answer, and that many problems must be solved before this plan can be imple-

mented. With those caveats, however, the panel invites readers to allow their imaginations to expand and envision what could become a new heart and soul for the Pittsburgh Cultural District.

## The Fort Duquesne Boulevard Parcels

### Development Proposal: Theatre Towers

The Trust currently owns almost three acres of land in the heart of the district. These parcels include 30,000 square feet on the southwestern corner of Fort Duquesne Boulevard and Seventh Street and a significant portion of four city blocks from Fort Duquesne Boulevard between Seventh and Ninth streets to Penn Avenue. The property boasts unobstructed views of the scenic Allegheny River, the two new sports arenas, and Pittsburgh's northern residential hillside. While at first glance the parcels appear to be at the edge of the district, closer study reveals that they are truly at the center of the 14-block area. The expanded convention center is to the east and the city's four major performing arts facilities—the Benedum Center, the O'Reilly Theater, Heinz Hall, and the Byham Theater—are to the south and west. The recently completed lower level Allegheny Riverfront Park and the soon-to-be-completed upper level park are located north of these properties, parallel to the Allegheny River.

These large parcels of prime real estate—located on the downtown waterfront and within walking distance of major cultural attractions, the central business district, the convention center, and billions of dollars of new investment—are an asset nearly without equal in the United States today. This unparalleled development opportunity should attract attention from the international development and architectural communities. The Trust should make every possible effort to maximize the development's potential and, ultimately, its financial return to the Trust. Given the bold

Panelist Ranne Warner (center) discusses the development proposal with Pittsburgh architects Nathan Hart (left) and Ed Shriver, Jr. (right).







scope of the panel's vision for the district, the panelists recommend an equally bold approach to the development of these parcels.

Named Theatre Towers by the panel, the proposed development on the Fort Duquesne Boulevard parcels includes a total of 1.5 million square feet in a series of new buildings serving a mix of uses and designed to integrate with the area's existing historic fabric. This project will create a new center and a signature landmark for the district; its focus on housing should establish downtown Pittsburgh as an urban center that is lively 24 hours a day, seven days a week. The proposed development would contain:

- 590 housing units;
- A 220-room luxury hotel;
- 50,000 square feet of specialty retail and restaurant space;
- A 1,500-car parking garage;
- 55,000 square feet of outdoor plaza and sculpture garden space;

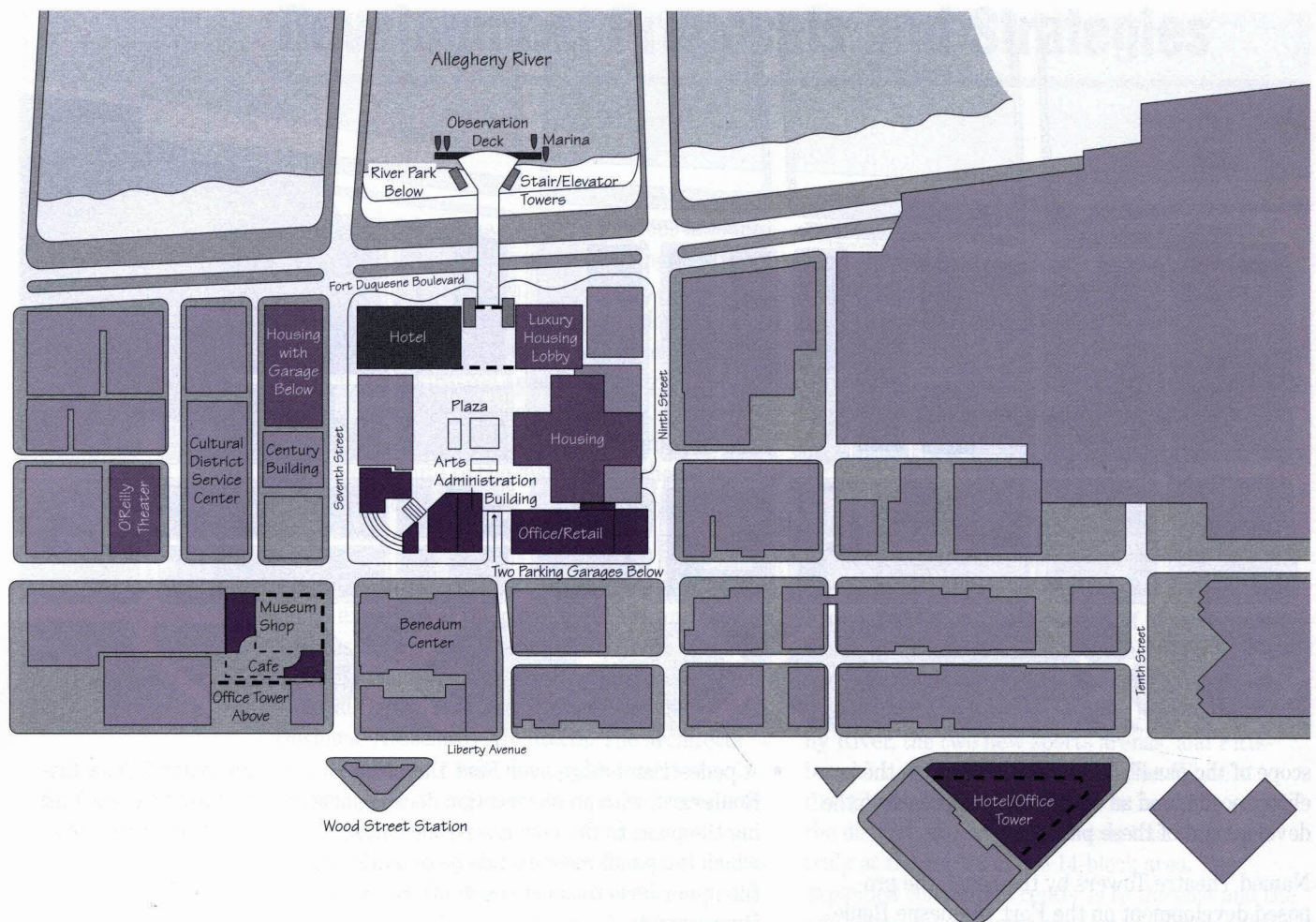
- A pedestrian bridge over Fort Duquesne Boulevard, with an observation deck connecting the plaza to the new riverfront parks, which the panel recommends be extended on the upper level to cover the Tenth Street Bypass; and
- A 40-slip marina on the Allegheny River at the point where the pedestrian bridge connects to the lower park, with water taxi service from the marina.

The lifestyle offered to residents of Theatre Towers would be unmatched in most major metropolitan areas. Residents could walk to their offices, world-class cultural venues, sporting events, retail shops and restaurants, waterfront parks and walking trails, sailing, and rowing. They would have easy access to the city's other amenities via water taxi or the light-rail system, which features a stop two blocks from the development. Construction costs for this project are estimated at \$200 million to \$250 million.

Major design goals for Theatre Towers include the following:

Pittsburgh Cultural District (with the four Trust properties highlighted).





Development proposal for Fort Duquesne Boulevard properties.

**Create a "100 percent" corner or heart for the district.** The key planning and design concept for this project is a 100 percent corner at the site of the small sculpture park on the northeastern corner of Seventh Street and Penn Avenue. We propose that this environmental sculpture display be relocated to the center of the upper plaza of the project and a series of monumental steps erected. These new stairs—which should be lined with retail and restaurant uses—would create a strong diagonal connection point across the intersection to the parcel owned by the Heinz Endowments and to Dominion Plaza. The plaza serves as an important connection point; it encourages the flow of office workers from the financial district to the Pittsburgh Cultural District, thus energizing the street with additional daytime activity.

**Reestablish a four- to five-story building scale along Penn Avenue.** Preserving the rhythm and scale that currently exists along Penn Avenue is another important goal of the development. Two important existing contextual buildings, the McNally Building at 711 Penn Avenue and the Mahla Building at 713 Penn Avenue, are located between Seventh and Ninth streets. These should be preserved and rehabilitated, as should the three buildings in the historic district at the corner of Penn Avenue and Ninth Street. The remaining existing buildings along Penn Avenue do not contribute to the fabric of the district and should be replaced with modern buildings that are more sympathetic with the existing district architecture. This includes removing 40 to 50 feet from the portion of the Pittsburgh Parking Authority garage that abuts Penn Avenue and replacing it



with one or two appropriate new buildings. The panel envisions specialty retail space with offices above as the appropriate use for these buildings, reinforcing the existing uses along Penn Avenue. The new buildings should be compatible in scale and design with Penn Avenue's existing four- to five-story buildings. The scale of the Theatre Towers project, however, would step up dramatically behind the Penn Avenue buildings, with the new housing towers located closer to the river. The existing, recently renovated buildings at 125 and 131 Seventh Street also should be preserved and integrated into the development.

**Locate new parking structures at ground level, under the entire development, including the parcel across Seventh Street on the southwest corner of Fort Duquesne Boulevard and Seventh Street.** The existing parking authority garage along Ninth Street should be integrated into the new parking structures; perhaps the parking authority could develop these new parking structures. Eighth Street should be closed to provide access to the new parking structure off of Penn Avenue and Fort Duquesne Boulevard, as well as to provide an entrance for commercial vehicles serving the hotel and housing.

**Build housing and the hotel on top of the parking structures, with a mix of housing types that includes luxury housing, market-rate homes, and affordable housing for senior citizens.** As shown in the plan on page 34, the panel recommends a series of four towers, three along Fort Duquesne Boulevard and one at mid-block near Ninth Street. The luxury hotel should be located on the lower levels of the center building along Fort Duquesne Boulevard and flanked by the residential towers. Additional housing should be built above the hotel; full hotel services could be made available to these residences. All three buildings facing the river would have grade-level access along Fort Duquesne Boulevard so that the new parking structure underneath would not be visible from any street.

**Create an elevated plaza connecting all the new buildings between Seventh and Ninth streets.** This plaza would cover the parking below, unify the development, and become a major activity center for the district. It could include a sculpture park



These rehabilitated historic structures at 125 and 131 Seventh Street are adjacent to the north-eastern corner of Seventh Street and Penn Avenue, which the panel recommends be transformed into a gateway to the proposed development.

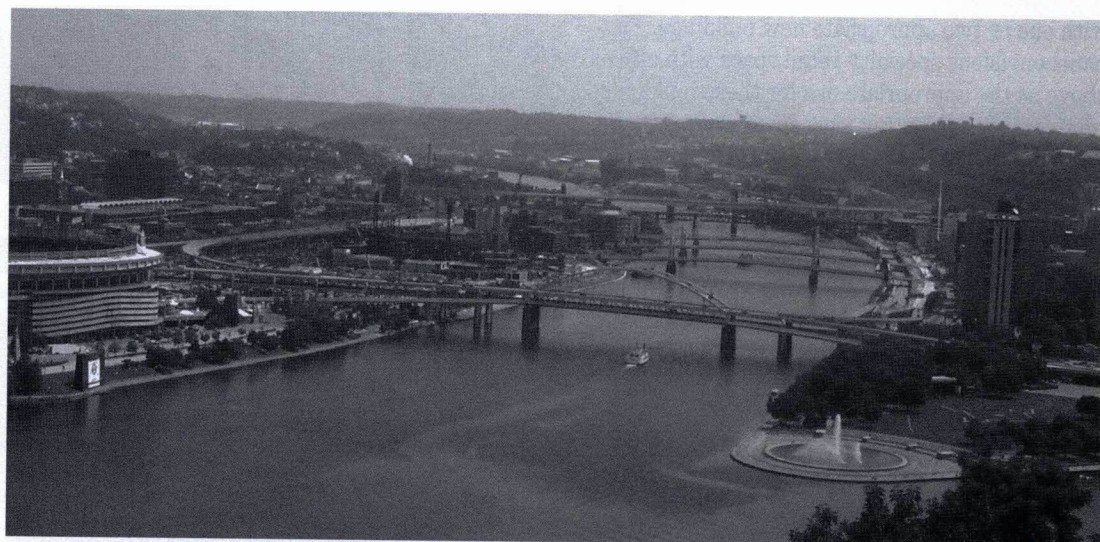
as well as spaces for outdoor cafés, vendors, and performances. The plaza would continue as a bridge over Fort Duquesne Boulevard, connecting to the riverfront parks and the marina. The steps leading to the plaza, as well as the bridge, would create an attractive corridor to the Allegheny River from the central business district.

**Create Pittsburgh's first downtown marina and connect all major attractions in the downtown area via water-taxi service.** In addition to slips for private pleasure craft and rental boats, the marina should feature a public water-taxi service serving the baseball and football arenas, the Strip District, and the South Side, as well as other downtown amenities.

In order to build this development and connect it with the rest of the district, the Trust (or the developer of the project) will need to acquire additional land parcels. These include the remaining parcels along Eighth Street, including the Union Building and the other open parking lot adjacent to Penn Avenue. The two recently restored buildings on Seventh Avenue (125 and 131) should



The Allegheny River.  
Three River Stadium is  
middle left. The Point is  
lower right.



remain, but the adjacent parking lot and the building next door also should be acquired. The F. Tambellini Restaurant should be relocated to a prime position in the new development along the new entrance steps.

### **Development Strategy**

The development proposal outlined above is a bold and ambitious plan. It calls for the acquisition and assembly of various parcels and for negotiation and cooperation among numerous parties. The proposal would, in essence, create an entirely new downtown community and would change the face of the city in many ways. Development of this mixed-use project will be an exercise in place making. The completed development likely will receive international recognition for its architecture and planning. For these reasons, it requires an overall strategy for development.

The development strategy for these parcels includes acquiring and assembling additional land parcels, conducting an international design competition, choosing a master developer, and using a planned unit development (PUD) approach.

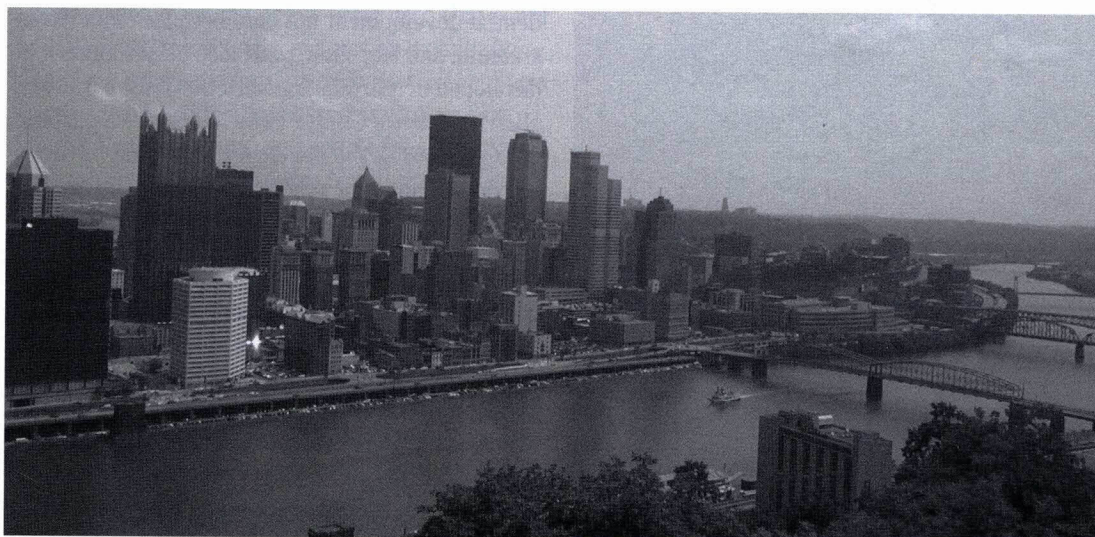
**Acquire and assemble additional parcels.** The preceding section of this report describes the additional parcels that must be acquired to fully realize the Theatre Towers proposal. Although acquisition of these properties may prove to be infeasible for several reasons, it should be pursued, as this strategy offers significant advantages, includ-

ing removal and relocation of incompatible uses, improved site configurations, and a more coordinated approach to disparate parcels and uses.

The acquisition of these additional parcels also will create additional issues for the Trust to address, including relocation of affected existing businesses, Pittsburgh Parking Authority development participation, assessment of existing transferable development rights, and evaluation of environmental conditions (including at least a Phase I environmental assessment). If the Trust (or the developer of this project) is not able to acquire these additional parcels, the panel still recommends that the previously mentioned design elements be pursued on a revised basis, taking into account the site's more limited development potential.

**Conduct an international design competition.** The panel believes that these properties represent such an extraordinary opportunity for the district and the city that an international design competition would be the best way to determine the best design for the properties and generate national and international interest in the site. This interest in turn will generate additional positive publicity for both the district and the city. Most importantly, the Trust can embark on this design competition with the comfort of knowing that the effort can be halted at any time if the results are unsatisfactory. If the responses to the competition are not up to the Trust's expectations, the Trust can





Downtown Pittsburgh, with the Monongahela River in the foreground.

always pursue alternative development strategies. There is no risk in being bold.

**Choose a master developer.** Developing a new urban core for the district will require a comprehensive and cohesive design plan that adheres to the highest standards of quality. Development of these properties all at once, however, may be inhibited by market realities and the current lending climate, as well as the physical parameters of the site. For these reasons, the Trust should select a master developer who will proceed with the development of the site on a parcel-by-parcel basis while maintaining consistent design standards and ensuring cohesiveness for each phase of the development.

The process for choosing a master developer should involve preparing a “request for proposals” (RFP), a “request for qualifications” (RFQ), or a bid package for the development of the site. The panel recommends that the Trust coordinate any effort it undertakes with other efforts to attract international design talent and development expertise to Pittsburgh.

As part of the RFP process, the Trust should develop and clearly articulate desired programmatic elements for the site, and establish overall urban and architectural design guidelines to ensure that development is consistent with the mission of the Trust.

**Develop the parcels with a PUD approach.** The panel recommends a Planned Unit Development (PUD) approach to developing the parcels. This approach would involve an overall plan for the development that would be controlled by a master developer, similar to the way that suburban PUD subdivisions are developed.

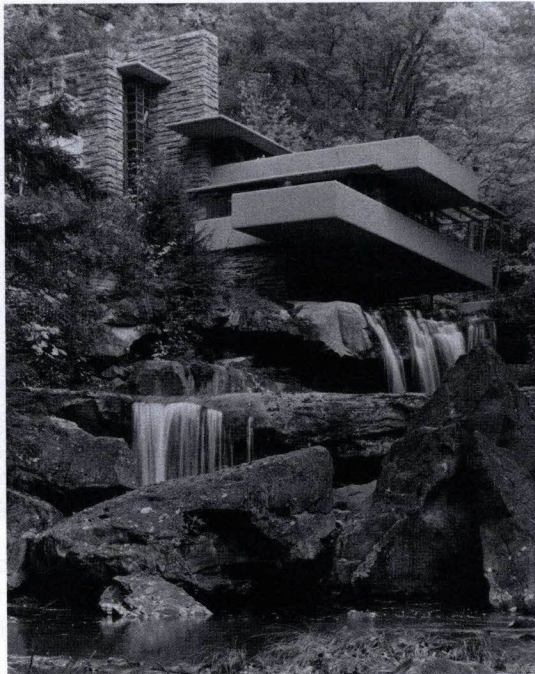
Developing the parcels as one big PUD would maximize the site’s development potential, including its potential buildable area, the number of units that could be built, and the financial return to the Trust, while ensuring that development of the whole site proceeds on a coordinated basis. Another important advantage would be a dramatically increased opportunity for design creativity.

Advantages to be gained by using the PUD approach include the following:

- Coordinated site planning;
- Open space requirements (which could be met for the entire area);
- Maximum use of vacated alleys and dead-end streets;
- Minimal conflicts between different land uses, both within the parcels and among adjacent uses;
- Maximum synergy among uses;



Fallingwater®, Mill Run, Pennsylvania. Photograph by Robert P. Ruschak, courtesy of Western Pennsylvania Conservancy.



- Maximum advantageous proximity to other assets;
- Flexible use of permitted density;
- Flexible placement of housing units;
- Flexible placement of and access to parking spaces; and
- Expanded use of transferred development rights.

As the master developer proceeds with the development using the PUD approach, the developer should immediately initiate all predevelopment processes, including the commissioning of a housing market study for the downtown area.

As mentioned earlier, several factors could lead to the phased development of these properties. The panel's proposed phasing plan represents a more conservative approach, which could be undertaken by the Trust in lieu of a master developer. Such a plan would begin by bringing to market parcel number one, which is bounded by Fort Duquesne Boulevard on the north, Seventh Street on the east, an alley bordering the planned Trust garage on the west, and the Century Building on the south. This parcel is attractive for resi-

dential development not only because of its river, stadium, and city views, but also because it can be developed in coordination with the Trust's Cultural District Service Center (which includes a parking garage), so that the developer would not have to provide parking for residents. Ideally, the ground floor would include active uses to contribute to the life of the district.

Second to market would be parcel number four, bounded by Penn Avenue on the south, the Parking Authority garage on the east, Eighth Street on the west, and parcel number three on the north. Should the Trust be able to acquire the Goodyear lease and relocate this business to a more suitable location, parcel number three ideally would be offered together with parcel number four. This also would entail the demolition of the building in which the Pittsburgh Opera is located. (The opera must be relocated to suitable space within the district before this structure is demolished.) As mentioned earlier, a joint development with the Parking Authority would dramatically expand this site's development potential.

Last to market would be parcel number two, bounded by Fort Duquesne Boulevard on the north, Eighth Street on the east, Seventh Street on the west, and existing structures on the south. Development there would include active ground-floor uses, with a possible boutique hotel and residences above. It could be expanded to include the site where the Union Building now stands and the surface parking to the south.

## The Seventh and Penn Parcel

- Bounded by Seventh Street on the east, Penn Avenue on the north, Heinz Hall on the west, and Dominion Plaza on the south, this under-used property, which is owned by the Heinz Endowments currently serves as a surface parking lot. While the panel believes that office space is the highest and best use for the site, there is currently insufficient demand for office space in downtown Pittsburgh to warrant construction of a new office tower. The panel therefore recommends a phased development of this property.



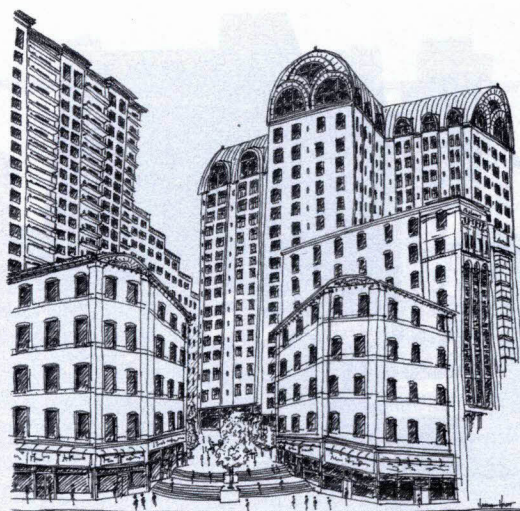
Phase I should consist of low-scale uses that could help activate the 100 percent corner during the day. Such uses would create activity that connects theatergoers, conventioners, downtown office workers and shoppers, and sports fans flowing through the area toward the North Shore. The panel suggests that this phase consist of two small-scale (two- to three-story) buildings with 12,000 square feet of retail and 20,000 square feet of museum/exhibit/cultural space. These buildings should be designed to accommodate the future addition of an office tower. Ideally, this low-scale development would be set back from Seventh Street, with a sidewalk café facing the Benedum Center.

The two buildings should be sited with an opening between them, creating a visual connection from Dominion Plaza into the heart of the district and up through the Theatre Towers development. As mentioned in the "Market Potential" section of this report, the emphasis should be on attracting daytime uses that create casual, free, or easily accessed experiences such as restaurants, cafés, movie theaters, galleries, and museums. The panel envisions a museum shop selling items from all Pittsburgh-area museum gift shops, as well as from other regional attractions such as Fallingwater. The second-level galleries would feature rotating exhibits from Pittsburgh museums. (This concept has proved successful for several New York museums that have established satellite locations in the Wall Street area.) The exhibition/gallery space also could be used for special events or parties. This multifaceted "activator" in the heart of the district is meant to be a key catalyst for attracting future private commercial investment.

Phase I, combined with the signature Theatre Towers project, will serve as a catalyst for Phase II, an office tower above the Phase I buildings, which should begin as soon as a market exists for new office construction.

### Liberty Avenue

While no redevelopment of this area is proposed, the panel would like to suggest some methods to encourage private sector market forces to rehabilitate this corridor's historic structures.



Sketch of proposed Theatre Towers viewed from Seventh Street and Penn Avenue. (Artist: Nathan Hart)

The panel's interviews with several developers active in the area revealed that some redevelopment of older, vacant, historic structures has begun to take place in the Penn-Liberty Historic District. The Trust's primary strategy should be to continue to provide support to private developers through its successful façade renovation and elevator loan programs. It also should investigate sources of gap funding, including Urban Redevelopment Authority and Community Reinvestment Act funds, as well as the possibility of establishing a revolving loan fund. The Trust no longer needs to take ownership positions in such projects. The successes of its earlier efforts have demonstrated that conversions to both residential and office uses are possible, but a financing gap still exists. The Trust's continued support of loan programs will allow the private market to continue the conversion process effectively.

### The South Side of Liberty Avenue at Tenth Street

Although it does not own this property, the Trust asked the panel to explore what development potential or strategies may be possible for the triangular parcel on the south side of Liberty Avenue at the intersection of Tenth Street and William Penn Place. This parcel contains several partially vacant structures in poor condition. Although not in the historic district, several of these buildings are of architectural interest. The





The panel recommends that the properties on the south side of Liberty Avenue be redeveloped as a hotel and that the buildings' historic façades be retained.

site's strategic location, adjacent to a surface parking lot to the west, may offer an opportunity to assemble it and create a large-scale development that both preserves historic elements of the existing buildings and maximizes the site's development potential. Because of its strategic location near the historic district, along the Liberty Avenue transit corridor, at the front door of the convention center, and next to the federal building, development on this site also could create another key connection among these uses.

This assembled site would be an excellent location for a convention hotel. A plan that preserves the façades of the structures on Liberty Avenue and allows for the construction of a large hotel or office tower above would produce uses complementary to the site's surroundings while preserving important architectural elements of the existing historic buildings. The panel recommends that the Trust support and encourage a private developer to assemble and develop this site in the sympathetic manner proposed.

## Noxious Uses

The panel's interviews revealed that few people believe that the few noxious uses in the district deter visitors. The panel believes that as the remaining lots and vacant buildings in the area are developed, the last noxious uses will disappear as property owners realize that these are not the highest and best uses for their properties.



# Implementation

One of the Pittsburgh Cultural Trust's six mission objectives is "stimulating commercial and residential development." The panel believes that the time is right for both commercial and residential development to add vitality to the Pittsburgh Cultural District. Previous sections of this report have laid out the market potential of the district's properties, analyzed the planning and design concepts that could improve the district, and described a detailed development strategy to create a signature project that likely would receive national acclaim. This section will explain how the Trust can realize the panel's vision for the district.

The panel believes strongly that growing market potential exists for a variety of land uses in the district and that the proposed new development will strengthen not only the district, but also all of downtown Pittsburgh. The panel recommends that the Trust take the following six actions to fully implement the recommendations of this report.

## Create a Downtown Development Coordinating Partnership

The Trust should be a catalyst in creating a new downtown development coordinating partnership comprised of public (city, state, and county), private, and philanthropic partners committed to the revitalization of downtown Pittsburgh. The panel found that numerous entities in Pittsburgh are effectively addressing important issues facing the city. While each of these entities is doing an effective job of providing its particular service, there is little interaction or coordination among them. As in most large cities, these groups are simply too busy to deal with anything beyond their specific areas of interest. Development in urban areas often involves a myriad of issues, from design issues to public facilities issues to environmental issues, to name just a few.

There is a need for all groups with an interest in downtown to show a coordinated front. This partnership—with representative from all groups—is one way of doing this. The purpose of a coordinating partnership is to provide one voice that can speak definitively to all of the issues that arise during the development process. This partnership should create efficiencies among the existing entities by coordinating the work that each does, reducing redundant tasks and streamlining the development process. The partnership would work as an ombudsman for new downtown development, assuring consistency, efficiency, and quality. It would serve the interests of both the city and the development community; it would make downtown more marketable as a place to do business by providing one-stop permitting. The panel anticipates that such an organization would have broad representation from the entire community.

In an effort to promote efficient and consistent review and approval of projects, the coordinating partnership should be responsible for overseeing the following issues. This list is neither comprehensive nor definitive, and should be used as a starting point for defining the partnership's program of work:

- Urban design guidelines;

Panelists (clockwise from left) John Bos, Frances D'Loren, and panel chair Jeremy Alvarez interview Allegheny County Executive Jim Roddey.







The panel works late into the night on details of the development proposal.

- Architectural standards;
- Traffic and transportation issues;
- Market studies, especially for residential demand;
- Contiguous area gateway connections;
- Outdoor promotional events;
- Façade improvement grant programs;
- Water taxi service;
- Administration of the ambassador program to assist tourists, increase safety, clean streets, and regulate traffic; and
- Riverfront activity.

The new development coordinating partnership also should be responsible for promoting and encouraging mixed-used development in the Golden Triangle by doing the following:

- Assembling a comprehensive list of all existing subsidies, incentive programs, and resources available for development within the downtown area;
- Creating a new revolving equity fund; and
- Initiating other appropriate programs.

## **Sponsor an International Design Competition**

As noted in the preceding section of this report, the Trust should sponsor an international design competition for development of the properties located along Fort Duquesne Boulevard that would focus national attention on the district and the city. The value of these properties to the district and to the city of Pittsburgh is enormous. A signature development has the potential to become a centerpiece of downtown development. The site's location in the Pittsburgh Cultural District makes the quality of the design even more important. The panel recommends that the Trust quickly evaluate the results of this competition, and negotiate with and select a preferred developer within six months of receiving proposals.

## **Create a Long-Term Escalating Payment Land Lease**

The Trust should structure its participation in the development of the Fort Duquesne properties through a long-term escalating payment land lease. This type of lease will provide both upfront economic incentives for the developer and long-term upside income potential for the Trust. Such a land lease would reduce the developer's upfront equity requirements while ensuring the Trust's long-term financial feasibility.

## **Develop Seventh and Penn in Two Phases**

As described earlier, the Trust should develop this property in two phases because the market for an office tower does not yet exist. In Phase I, the site should be developed as a combined retail outlet for area arts institutions, restaurants, and exhibition space. The Trust should approach potential partners such as the Carnegie Museum of Natural History, WQED, the Carnegie Science Center, the Senator John Heinz Pittsburgh Regional History Center, and so forth, to ascertain their interest in participating in such a project. The panel recommends that the Trust continue to market Phase II for office use and proceed with development as market conditions permit.



## Create a Revolving Equity Fund

Everyone agrees that residential development downtown will help revitalize the Golden Triangle. Everyone also agrees, however, that residential development cannot occur in the present market without gap funding. The cost of building new structures, or rehabilitating existing ones, makes residential development at today's rental and sales levels economically infeasible. As a result, commercial lenders would require prospective developers of downtown residential projects to put up 45 to 55 percent of the project's cost as equity.

The panel believes that a revolving equity fund is a necessary means of bridging the current equity gap requirements. The Trust should participate in the creation of such a revolving equity fund, whose purpose will be to make residential and mixed-use development possible in the Golden Triangle as long as market conditions do not yet support non-subsidized development. The new development coordinating partnership should develop a unified strategy for granting funding requests so that the funding process is predictable, stable, and reliable. The new partnership should be empowered to establish the size of the revolving fund, the methods of fundraising, and the fund's management structure. The panel recommends that adherence to the new development organization's design and development standards be a condition of gap financing.

Sources of equity capital could include a combination of patient, long-term equity or philanthropic funds and could be in the form of cash or land. The revolving equity fund would, in effect, become a financial partner in the projects in which it participates. The development partner would contribute its development fees, together with a cash contribution as equity. All profits earned by the project would be distributed at an equal rate between the developer and the equity fund. Such a revolving equity fund could attract debt financing for development costs. As successful development occurs and high-end market rents become a reality, commercial lenders will reduce their equity requirements and fewer developers will have to rely on the fund. Also, as monies are returned to the fund they will become available for other residential development projects.

Once credibility in the market is established, market forces should move the housing market in the Golden Triangle to the next level: the for-sale housing market. This will happen naturally, as rental rates rise and higher-income residents are attracted to the vital and stimulating downtown environment.

## Expand and Diversify the District's Patron Base

During the interview process, the panel heard from numerous interviewees who were concerned that the public image of the Cultural District was one of "high culture." These concerns persist even though the Trust has continuously supported niche programming. The panel believes that the Trust should continue its niche programming efforts to expand and diversify the district's patron base. An expanded diverse patron base is necessary to ensure the future success of several of the development proposals outlined in this report.

The success of the district, in its entirety, is dependent upon the success of its art venues. Large and consistent audiences result in financial support for the arts organization, economic benefits for area businesses, tax revenues for the city, and market demand for housing.

The district has several areas where complementary venues such as comedy clubs, dance clubs, bookstores that feature prose and poetry readings, and small folk or pop music clubs could be encouraged to broaden the market for the district. A first-run movie theater could enhance the district by bringing a diverse and steady audience. Long-running theatrical productions (like *Blue Man Group* and *Shear Madness*), which are multi-year destination attractions in other cities, could also enhance the district.

Continued coordination among the many constituent arts organizations could further the effort to diversify the district's offerings by adding new uses and programming diversity. As the number and diversity of offerings increase, the Trust may consider changing the name of the district to the Pittsburgh Arts and Entertainment District, to reflect its broader patron base.



## Conclusion

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**T**he panel believes that the Pittsburgh Cultural Trust is in a prime position to complete its vision for the Pittsburgh Cultural District. The combination of the Trust's fortunate landholdings, its history of effective and responsible leadership, and the explosion of public and private development downtown bodes well for the future of the district and the city. The incredibly generous philanthropic support in Pittsburgh is also a huge asset to the district and the city. The Trust should focus its efforts on bringing new vitality and energy to the district, thereby making downtown a desirable place to live, work, and play. The key to achieving this goal is the introduction of significant amounts of housing into the district.

The panel has proposed several initiatives which should go a long way toward creating a lively and vibrant downtown. The panel was impressed not only with the physical assets of the district and the city but with the commitment and the energy shown by all parties involved to make Pittsburgh the world-class city it deserves to be. The long-term commitment and energy displayed by the Trust leads the panel to believe that the second revitalization of the district will be a huge success in the Trust's capable hands.

Pittsburgh is at a crucial time in its history and in the history of the country. Both the city and the nation display a palpable sense of optimism. The restructuring of the American economy has created the longest and strongest economic expansion in the history of the United States. These structural changes have brought about incredible advances in productivity through the use of technology. The nation's dominant position at the forefront of this technology likely will assure continued prosperity for some time. One fortunate trend of this boom is the return of central cities. Years of neglect and decline of cities are being reversed. The return of America's great cities

may well be the big story of this new decade. The panel believes that the rebirth of Pittsburgh should be the headline for this story. Thanks to the work ethic and entrepreneurial spirit of its people, Pittsburgh now stands ready to capitalize on these fortunate economic circumstances.

America's economy has changed forever, and the cities that recognize what it takes to flourish in this new economy will experience prosperity. Those who fail to see the opportunities, or fail to seize them, will face continued economic uncertainty. Pittsburgh has shown an amazing ability to adapt to these new realities, and the city is well positioned to capitalize on the new economy. Technological advances permit workers to do their jobs just about anywhere; jobs no longer are tied to the presence of rail lines or a deep-water port. Because of this fact, lifestyle issues—including downtown amenities such as cultural venues, high-quality downtown housing, parks, restaurants, and sports and entertainment complexes—have become more important. The efforts of the city and the Trust to constantly create and improve these downtown amenities may prove crucial to attracting new jobs and workers.

The panel believes the Trust is in a unique position, with its valuable landholdings and its reputation for quality and leadership, to continue the successful revitalization of the district and the city.



# About the Panel

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## Jeremy J. Alvarez

*Panel Chair*

*Philadelphia, Pennsylvania*

Alvarez, a vice president with Urban Engineers, Inc., has been active in urban redevelopment, land use, and transportation planning for almost 30 years. His career includes roles in public sector, nonprofit public interest, and private consulting organizations. In the 1970s, he was the senior planner assigned to South Philadelphia at the Philadelphia City Planning Commission during the tenure of Mayor Frank Rizzo. During this period, his work focused on community revitalization and the city's changing waterfront. He left city government in 1980 to join a consulting practice in Philadelphia, where he was lead planner for several highway projects, including the new north/south highway in Delaware, a 57-mile corridor that had been mired in controversy for 20 years. This and several other projects led to his appointment to the National Academy of Sciences Transportation Research Board's Committee on Citizen Involvement in Transportation, a post he still holds.

Alvarez also has been involved with urban revitalization projects like the Pennsylvania Convention Center and the Avenue of the Arts in Philadelphia. He was the author of *South Broad Street, a Vision of the 90s*, the first overall document on the Avenue of the Arts, which envisioned not just a series of theater projects, but a neighborhood transformation. This document led to his appointment as executive director of the Central Philadelphia Development Corporation, where he led the \$450 million Avenue of the Arts project for six years. This project has transformed a once dreary part of the city into a lively streetscape animated by arts patrons, students, restaurant goers, and residents.

Pittsburgh, Pennsylvania

In 1997, Alvarez returned to private practice, establishing the planning group at Urban Engineers, Inc., where his practice includes Main Street strategies, transit studies focusing on economic development, and waterfront planning. He has been an assistant professor at Drexel University and the University of Pennsylvania, and currently serves on the board of directors of the Greater Philadelphia Cultural Alliance. He is a graduate of the University of Pennsylvania and also has studied at the Massachusetts Institute of Technology (MIT) Real Estate Institute.

## David Bergman

*Los Angeles, California*

Based in the Los Angeles office of Economics Research Associates (ERA), Bergman has participated in a broad range of tourism, entertainment, and commercial recreation projects. He was part of an ERA team that undertook a major review of the management, marketing, and operational structure of the Los Angeles Convention Center and the Los Angeles Convention and Visitors Bureau. Bergman also has been ERA's principal investigator on evaluations of convention center feasibility in Pasadena, California, and Flagstaff, Arizona. For the U.S. Department of Commerce's Travel and Tourism Administration, Bergman worked to develop strategies for tourism development in 12 separate multicultural neighborhoods surrounding the urban core of Los Angeles.

Bergman's recent assignments have supported the Los Angeles City Council in its efforts to recruit a National Football League (NFL) team to play in a new facility proposed at the site of the Los Angeles Coliseum. He also provided input to the city regarding the development of the city's new Staples Center.

Prior to joining ERA, Bergman was editor of Public Investment News, a quarterly journal on



public infrastructure and government finance published by the American Planning Association (APA). Bergman's writings on economic development issues have appeared in publications ranging from the *Wall Street Journal* to *Environment and Planning*, a peer-reviewed economic development journal.

### **John Bos**

*Boston, Massachusetts*

Bos brings more than 35 years of experience in the nonprofit cultural field to his work for the Nonprofit Finance Fund (NFF) in marketing and communications. NFF, a leading national community development financial institution, provides access to capital, combined with advisory services, to support the growth needs of nonprofit organizations, primarily needs related to facilities projects. Prior to assuming his current position, Bos was director of the Massachusetts Cultural Facilities Project, one of NFF's five national sites.

As a facilities planning consultant, Bos's clients have included the Grand Center Arts District in St. Louis; the Center for the Arts, Science, and Education in Charleston, West Virginia; the Providence (Rhode Island) Arts and Entertainment District; the John F. Kennedy Center for the Performing Arts in Washington, D.C.; the Philadelphia Orchestra; Playhouse Square Center in Cleveland; the Lansburgh's Arts Center in Washington, D.C.; Philadelphia's Old Metropolitan Opera House; the Armory Place Performing Arts Center in Silver Spring, Maryland; and many others. His organizational development clients have included the Alvin Ailey American Dance Theatre, Broadway Cares/Equity Fights AIDS, the Society of Stage Directors and Choreographers, the Association of Theatrical Press Agents and Managers, the Alliance of Resident Theaters/New York, and the Creative Coalition (all in New York City), and many others.

Before founding his consulting practice in 1983, Bos served as director of performance programs for National Public Radio, where he earned a Peabody Award for "meritorious service in broadcasting." As deputy director for the New York State Council on the Arts, he was the chief plan-

ning and management officer of the performing arts division. Bos also served as director of field services for the Foundation for the Extension and Development of the American Professional Theater, where he was responsible for the foundation's national technical assistance program. He is a graduate of Carnegie Mellon University.

### **Julie S. Burros**

*Chicago, Illinois*

Burros is director of cultural planning for the City of Chicago Department of Cultural Affairs. Her projects there include an inventory and map of the city's existing cultural landscape, a study to quantify the needs for capital and operational funding of arts organizations and facilities, and a survey to identify the market for (and mechanisms needed to create) affordable, sustainable artists' live/work space in Chicago. The department's development efforts include the Randolph Street Theater District and emerging entertainment districts in the Uptown, 47th and King, and Homan Square areas. Burros was previously a district planner for central downtown Chicago in the city's department of planning and development. While there, she worked on the acquisition, disposition, and redevelopment of property in the Central Loop Tax Increment Finance (TIF) District and was lead planner for two plans, "The Vision for Greater State Street" and "The Vision for State, Wabash, and Michigan Avenue: Chicago's Historic Downtown Core."

Before working for the city, Burros was a senior associate at Economics Research Associates (ERA), where she completed economic feasibility and impact studies for proposed developments that included museums, theaters, cinemas, commercial attractions, hotels, and golf courses. Burros has an MS in urban planning from Columbia University and an AB in sociology from the University of Chicago.

### **Frances D'Loren**

*New York, New York*

D'Loren currently serves as the Eastern Region Managing Director of Structured Finance for



Heller Real Estate Financial Services, a division of Heller Financial, Inc. She is also responsible for developing Heller Real Estate's buy-side syndication's efforts.

Prior to joining Heller five years ago, D'Loren held the position of vice president at both the Dime Savings Bank and the ADCO Group, and a variety of positions at Citibank. In addition to loan originations and underwriting, D'Loren also has extensive experience in commercial real estate workouts and has originated more than \$1.5 billion of commercial real estate loans. She is a graduate of Ohio University and received an MBA from Adelphi University.

### **Ernest Freeman, AICP**

*Norfolk, Virginia*

As planning director for the City of Norfolk Planning and Codes Administration, Freeman manages a full-service department organized around delivering services to citizens and city agencies. His responsibilities include zoning and code enforcement, transportation, urban design, general plan updates, neighborhood planning, downtown planning and implementation, community outreach, and Community Development Block Grant administration. He is a member of the Downtown Norfolk Council, the Smart Permitting Task Force, and the Mayor's Downtown Development Committee and Grants Management Committee. Freeman initiated several reorganization efforts to improve customer service. He previously served as director of planning for the cities of San Diego, Baltimore, Cincinnati, and Portsmouth, Virginia.

Freeman is a member of the International City Management Association, the American Planning Association, the American Institute of Certified Planners, and the National Forum of Black Public Administrators. He received a bachelor of arts in sociology from Southern Illinois University and a master's degree in city and regional planning from the University of Illinois, and has attended the Ohio State University for graduate coursework in business and public administration.

Pittsburgh, Pennsylvania

### **Alice Murray**

*Dallas, Texas*

As president of her own consulting firm, Murray provides commercial real estate development consulting services. Her areas of specialization include historic property services, public-side incentive assistance, design and construction management, marketing and public relations, and overall project organization and oversight. Most recently, she provided consulting services to Hall Financial Group, for whom she acted as owner representative and project leader for all aspects of the rehabilitation and conversion of the historic Kirby Building, an 18-story late Gothic-style tower in downtown Dallas.

Murray previously served as president of Dallas's Real Estate Council, where she directed and managed public affairs projects that included downtown revitalization and political action initiatives. She also founded, directed, and managed the organization's foundation, which provides monetary and technical assistance in Dallas's neediest inner-city neighborhoods.

Murray's involvement in professional organizations includes serving as a board member and executive committee member of the Real Estate Council, the Real Estate Council Foundation, the Central Dallas Association, and the Dallas Assembly; as a board member of the Downtown Improvement District and Preservation Dallas; and as a mayoral appointee to Dallas's City Center Tax Increment Finance (TIF) Board. She also is an active member of ULI's Inner-City Council. Neiman-Marcus recently honored her with its first annual Downtown Renaissance Award for her work in downtown Dallas.

### **Ranne P. Warner**

*Boston, Massachusetts*

Warner is president of Centros Properties USA, Inc., and Ranne P. Warner and Company, Inc. She has been active in real estate at the local, national, and international levels for more than 20 years. Warner has extensive experience in all aspects of real estate development, consulting, strategic



planning, construction, finance, and property management. She has developed over \$100 million worth of commercial real estate assets and has personally negotiated leases totaling nearly 500,000 square feet of space.

Warner has served on numerous ULI committees and several ULI councils. Most recently, she has been vice chair for international affairs for the Urban Development and Mixed-Use Council. She is currently a member of the executive committee of the board of directors of Wainwright Bank & Trust and a member of the board of trustees for the Allmerica Financial Services Mutual Fund. She has served on the boards of the Greater Boston Chamber of Commerce and the Boston Municipal Research Bureau and was president of the board of directors of the Society for the Preservation of New England Antiquities (SPNEA). She was the first woman president of the Boston chapter of NAIOP (the National Association of Industrial and Office Parks) and the Building Owners and Managers Association (BOMA). She is a founder and first president of New England Women in Real Estate (NEWIRE) and a co-author (with her architect husband) of *New Profits from Old Buildings* (New York: McGraw Hill, 1979).

Warner holds a bachelor's degree from the University of Missouri School of Journalism and a master's degree with distinction from the Harvard University Graduate School of Business Administration.





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