

### The Ohio River TRID: A long running story

**Introduction:** On Feb.25, Pittsburgh City Council approved a 20-year tax diversion for the Transit Revitalization Investment District (TRID) created by the Pittsburgh Planning Commission in November 2024 for the 15-acre-development site along the north shore of the Ohio River. This TRID will be the site of the Piatt Co.’s “Esplanade” project.

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Through the TRID, only 25 percent of the increase in city property tax revenue generated by the development will go to city coffers. The remaining 75 percent will be used to fund site infrastructure and affordable housing at [the project](#).

However, the TRID’s diversion of increased property taxes to site development has not yet been approved or adopted by the remaining two taxing bodies, the Pittsburgh Public School District (PPS) and Allegheny County. The PPS imposes, by far, the highest property tax rate of the three (10.25 mills), followed by the city (8.06 mills) while the county is the smallest (6.43 mills).

When the proposed \$740 million project is completed in six years, or likely much longer, the Urban Redevelopment Authority (URA) estimated, in a November 2024 study, the final project will have a property assessment of \$260.84 million. That means that there is approximately \$480 million in site preparation costs.

The URA study claims that the current property tax collections for the site are \$83,651 for all three taxing bodies. When the project is finished, the study estimates the total property taxes collected would be \$5.84 million annually. But that was based on the county’s previous millage rate of 4.73 mills. At the higher millage rate that amount would be pushed up by another \$443,000 to reach \$6.28 million annually. And that would be divided among the taxing bodies at 25 percent while the developer keeps the remaining 75 percent.

The study also projects parking and amusement taxes of \$900,694 and \$1.73 million, respectively. The TRID would also retain 75 percent of these taxes and, since they are city levies, give the city the remaining 25 percent. With the added tax streams, the

increment in taxes would total \$8.8 million at current rates and a deeply discounted assessed value for the final project.

According to the URA report, the Commonwealth of Pennsylvania has already committed \$35 million to the project. The developer has committed \$71.8 million. But there is no explanation as to where the rest of the \$740 million in funding will come. TRID financing is unsecured (\$26.6 million). As is a boating infrastructure grant (\$1.5 million). Will the developer be able to get a loan for the remainder even if the TRID is in effect? What if the costs creep up as the project drags on and delays completion?

### *TRID background*

The Esplanade TRID story goes back to May 2016 when the Millcraft Company (now Piatt) first discussed the possibility of a 13-acre development in the Chateau area along the Ohio River with the URA. Beyond needing URA and city go-ahead, how could the city participate and help financially?

In 2004, Pennsylvania adopted a development scheme called the Transit Revitalization Investment District Act. Unfortunately, as enacted in 2004, it would be difficult to use for the Esplanade project.

In the 2004 law, (P.L. 1801, No. 238), the purpose of a TRID was spelled out as follows: “to achieve transit-oriented development, community revitalization, establishing value capture areas as a means to reserve and use future designated incremental tax revenues for public transportation capital improvement, and related site developments and maintenance.”

Generally, the motivation behind transit revitalization was to encourage and support public transit use by supporting development near (within a half-mile of an existing station), or along transit corridors and working with transit agencies to improve transit facilities.

But fortunately for the URA and the proposed Ohio River project, in late 2016 the Legislature amended the TRID law in two very favorable ways (P.L. 1160, No. 151).

First, it increased the allowable radius for a TRID from a half-mile from a transit station to three-quarters of a mile which would permit the development to include all the desired locations for the Esplanade project.

Second, it amended the 2004 law to redefine eligible projects that could be included in the TRID. In the amended law, both transit-oriented projects and strictly economic development projects would be permitted, opening the door for the Esplanade development.

In short, any increase in transit use or improved facilities would not be of primary concern making the use of a TRID totally unrelated to transit revitalization. Nowhere in

the discussion has the involvement of Pittsburgh Regional Transit, the transit agency, been mentioned. Nor has the potential impact on transit use been discussed. Where is the transit revitalization coming from?

#### *School district and county TRID approval*

Several issues arise in contemplating additional tax revenue redirection to the project.

First, taxpayers have been asked to provide support for projects that promised to create economic gains that failed to materialize. For example, the city and county have not seen significant population or employment gains as promised by advocates of new stadiums. Indeed, Downtown office buildings are seeing taxable values decrease. Once thriving shopping, dining and entertainment areas are no longer thriving.

How will a new massive development along the Ohio River help these areas that are struggling now?

Moreover, given the amount of demolition and cleanup work, along with the installation of infrastructure adequate to support the development, it will likely be several years before any sizeable increase in taxable property value will be realized.

And, importantly, PPS and the county have their own financial issues. In addition to seeing its tax base shrink with the assessment appeals of Downtown skyscrapers, PPS has outsized spending per student in excess of \$30,000 and is heavily dependent on state revenue to maintain the egregious outlays. With salaries and benefits continuing to rise and facing the costs of consolidation and school closings, the prospect of forgoing additional revenue could be difficult.

And the county just passed a substantial property tax hike revealing the need for more revenue and an unwillingness to cut spending. The Esplanade project area will use county services: property assessment, real estate records, the courts, possibly county police and sheriff along with other services. Whether it will be amenable to forgo revenue from the project remains to be seen.

#### *Competition for other venues*

The Esplanade plans to bring new heavily subsidized shopping and entertainment facilities along with a hotel to the Ohio River site. There is clearly a concern about the impact on other shopping, recreation and entertainment venues elsewhere in the city that might be struggling already.

What are they saying about this TRID?

## *Conclusion*

The city, county and region have been in a slow- or no-growth mode for a long time. New stadiums, a new hockey arena and casino gambling have done little or nothing to address the root causes of long-term population loss and very anemic job growth. PPS, for the most part, academically operates at very sub-par levels and deters growth of enrollment and drives families with school-age children away.

Pittsburgh's problems will not be solved by shiny new venues. It must face up to the reality of its high cost and taxes of government and schools, the declining property values of Downtown buildings and the reality that mostly low-paying retail and entertainment jobs are not the key to real future progress.

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**Jake Haulk, Ph.D., President-emeritus**

**Frank Gamrat, Ph.D., Executive Director**

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Allegheny Institute for Public Policy  
305 Mt. Lebanon Blvd.\* Suite 208\* Pittsburgh PA 15234  
Phone (412) 440-0079  
E-mail: [aipp@alleghenyinstitute.org](mailto:aipp@alleghenyinstitute.org)  
Website: [www.alleghenyinstitute.org](http://www.alleghenyinstitute.org)  
X (Twitter): [AlleghenyInsti1](https://twitter.com/AlleghenyInsti1)