

POLICY BRIEF

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A New Foundation for Urban Redevelopment

News that the former LTV Steel Co. Plant in Hazelwood may be purchased by four foundations has apparently caused some consternation on the part of those Pittsburgh officials who fancy themselves economic developers. According to published news reports, Pittsburgh Mayor Tom Murphy may still attempt to gain control of the site on behalf of the city. This follows a rancorous debate between Mayor Murphy and the Heinz, McCune, Richard King Mellon and Benedum foundations over the pace at which the foundations were pursuing acquisition of the property.

In a microcosm, this saga demonstrates a principal impediment to private development in Pittsburgh and within this region in general. The fact is that, from site acquisition to final approval of the development concept, every political body caring to exert oversight inserts itself into the process. Worse, myriad groups have sprung up to ensure that “community interests” are of paramount consideration in settling almost every conceivable issue.

The recent history of the Hazelwood property also sheds light on just how difficult it is to manufacture anything here. Before the Mayor and the foundations began mixing it up, Sun Co. of Philadelphia had attempted to gain approval to construct a new coke plant and electricity co-generation facility on the site. “Community activists” opposed the idea because, in their vision, the neighborhood would be better off without the 750 industrial jobs the new plant might have saved. While some viewed that plan as dead on arrival because of environmental issues, in reality coke processing is being accomplished without harming the environment. Witness the recent preliminary approval for a new \$100 million plant on Neville Island to be owned and operated jointly by Shenango Inc. and Antaeus Energy. Shenango presently produces 360,000 tons of coke there—the new plant will boost annual capacity by 500,000 tons.

Some remain infatuated with the idea that a “new economy” can be created here, one without “dirty” manufacturing and industrial work. So far the evidence indicates that the new economy remains quite a way off and is very expensive. Meanwhile, economic growth continues to stagnate, politicians grow increasingly desperate and neighborhood groups oppose anything resembling progress.

The four foundations have offered LTV approximately \$10 million for the Hazelwood property, consisting of 177 acres along the Monongahela River. Their partnership, known as Almono, LP, would build a mixed-use project with housing, commercial buildings, offices, parks and marinas. But approval to acquire the property rests with the Bankruptcy Court in Youngstown, Ohio. The price appears reasonable, since it is the same offer the City of Pittsburgh once made before deciding to withdraw it and bid \$1 for the property. In any case, other parties interested in acquiring the land are free to show up at the bankruptcy hearing and “bid” more than \$10 million.

The clear implication of Mayor Murphy's "spat," as one publication called it, with the foundations is that City officials feel an overarching responsibility to control all development within Pittsburgh, notwithstanding what is quite frankly a bad record at doing so. From Plan B to Plan C to the under-performing Lazarus project, the Murphy administration's efforts at generating another "renaissance" have yet to match promises with results. On the drawing board remain a \$270 million scheme for a new hockey arena/entertainment complex, a hoped-for commercial project in the Golden Triangle anchored by an African American Cultural Center, and the nearly moribund effort to redevelop the Fifth-Forbes corridor.

The aforementioned projects have yet to attract substantial interest from private sector partners.

The four foundations are to be commended for stepping up to the plate and offering a new vision of how the private sector can play a meaningful role in urban renewal. We wonder if they will be allowed to acquire the property and if they realize what they're getting themselves into should they succeed in doing so. We trust that the Heinz, McCune, Richard King Mellon and Benedum Foundations have the staying power to get the job done. If so, a successful, privately directed and financed Hazelwood project would herald a new day in Pittsburgh and provide a ray of hope that our private sector has not been extinguished.

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