Centre Food:
Bringing a Non-Profit Food Store to Pittsburgh’s Hill District Neighborhood

Presented by

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for The Hill House Association
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Executive Summary

The geographic center of the City of Pittsburgh is located in the Hill District; until 40 years ago, the neighborhood was also a thriving African-American cultural center. Urban renewal displaced 80% of Hill District residents starting in the 1960s, and with such a population decrease came a loss of economic infrastructure. Today, the Hill District is one of the most distressed neighborhoods in Pittsburgh, with 41 percent of residents earning incomes below the poverty line. As is the case in many inner-city neighborhoods, residents have had to endure the challenges of not having a grocery store for nearly two decades.

The lack of readily available fresh food has forced the community to either spend extra time and money to travel to a full service grocery store outside the neighborhood, or to eat unhealthy food sold by convenience stores. This lack of fresh food access has contributed to a preponderance of preventable health problems such as diabetes and obesity among residents. The need to travel outside of the neighborhood to shop for groceries has also fragmented the community.

Centre Food will be a sustainable grocery store in the center the Hill District that will feed, reunite, and reinvigorate the community. The non-profit partner in this venture, the Hill House, will make this possible. Since 1962, the Hill House has served residents through a ‘shopping mall’ of social services including workforce development, youth-oriented education, child care, literacy training, senior citizen, care health care, and community empowerment programs. The Hill House has made it a priority to bring a high-quality food store to the Hill District, and will coordinate all community outreach associated with the non-profit food store. As a highly successful social service organization, the Hill House has the necessary community relationship and expertise that will make Centre Food more than just a food store.

Centre Food’s proposed design calls for a two-story, 46,004 square foot mixed-use building that includes food retail, a café with outdoor seating, and rentable office components. Our blueprint promotes the concepts of accessibility, usability, street frontage, preservation of neighborhood character, sustainability, safety, and facilitation of social interaction within the community. Multiple features have been incorporated into the design that will minimize the long-term environmental impact of the building, including green areas for storm-water management and a light-colored EnergySTAR membrane roof. Centre Food will be the first LEED-certified grocery store in the City of Pittsburgh. The LEED Rating System encourages energy efficient and environmentally sensitive design, resulting in a more sustainable, better performing building.

Centre Food will also benefit from a viable business model. The tenant, Inner City Grocers, specializes in bringing non-profit grocery stores to inner-city neighborhoods. The non-profit model allows Centre Food to keep the profits in the community, rather than sending local expenditures to distant corporate headquarters. These profits will go toward
training community residents, transitioning vacant lots in the community into urban farms, and educating the community about nutrition and healthy eating. Profits will also go toward improving existing infrastructure and other community development activities.

The Centre Food project cost is estimated at $6,790,000, consisting of 72 percent hard costs ($5,020,000), 23 percent soft costs ($1,150,000), and a $617,000 contingency allowance. The developer, the Hill House, and private investors will provide $500,000 in equity, or seven percent of project budget. Another $500,000 will come from a variety of grants, which include: The Reinvestment Fund ($250,000), the Kresge Foundation ($50,000), Allegheny County ($175,000), and the Commonwealth of Pennsylvania ($25,000). Equity and grants represents a total of 15 percent of the project. The remaining 85 percent is provided through four lenders.

The net operating income from Centre Food is projected to be $532,000 in Year One, resulting in a debt service coverage ratio of 1.23. The estimated Internal Rate of Return (IRR) is 11.7 percent over a ten-year period and the Return on Equity (ROE) is 20 percent the first year and stabilizes at 11 percent when property taxes resume in Year Six. The development is exempt from property tax in the first five years due to its location within a Keystone Opportunity Zone.

The recent "Back to Prosperity" report authored by the Brookings Institution showed the need for Pennsylvania to focus on revitalizing its urban cores. The Hill District is in desperate need of revitalization. The sustainable design, financing, and business models outlined in this proposal show the viability of developing a grocery store on Centre Avenue. By providing access to fresh food, improving health, creating new jobs, establishing a new hub for community interaction, and sparking economic development, Centre Food will reinstate the Hill District as a vibrant community.
Introduction

The Hill District lacks a local source of varied and healthy food. Since 1987, there has not been a grocery store in the neighborhood. As a result, residents are forced to spend time and money on the bus or jitney, or to eat unwholesome food sold at neighborhood convenience stores.

Our Partner

The Hill House Association, founded in 1962, has served as the Hill District’s pillar of stability and hope. This project advances the Hill House’s goal of providing relevant, high-quality services to improve the quality of life in the Hill District. We have also formed a relationship with Inner City Grocers, Inc. a group specializing in non-profit grocery stores in underserved inner-city neighborhoods. Inner City Grocers will operate the store while the Hill House will facilitate community outreach with a portion of store’s profits. Other organizations involved in the project will provide entrepreneurial training, assistance in locating and negotiating food sources, technical assistance to community urban farmers, and nutrition and cooking education.

Project Summary

The team partnered with the Hill House to create an environmentally-conscious non-profit food store in Pittsburgh’s Hill District. This food store will not only serve the Hill District, but is also poised to capture the growing market created by new downtown residential development.

The long-term goal of the project is to establish a sustainable food source to nourish the Hill District that will also be an anchor and catalyst for additional economic activity.

Our mission is to:

- Bring healthy and varied food to the Hill District
- Provide training and employment opportunities for residents of the Hill District
- Generate economic development by creating a safe and active commercial climate
- Empower residents to define, control, and foster community improvements
- Keep Hill District residents’ expenditures in the neighborhood
- Improve overall livability and quality of life through environmentally-conscious design of buildings and public space
The Hill District

Pittsburgh’s Hill District is a historically African-American neighborhood known as much for its past cultural achievements as its recent struggles for revitalization. It is located east of downtown and west of Oakland, the two largest economic centers in the city. The Hill District consists of five neighborhoods: Bedford Dwellings, Terrace Village, Crawford Roberts, the Upper Hill, and the Middle Hill.

The area was once a vibrant center of both Pittsburgh’s African-American community and the national Jazz scene. August Wilson’s famous series of plays detailing black life in the United States takes place in the Hill District; jazz legends such as Lena Horne and Charlie Mingus performed here regularly. Like many predominantly African-American neighborhoods, the Hill District fell victim to urban renewal in the early 1960s. The Mellon Arena and several high-rise mixed-use buildings were constructed in the Lower Hill. Interstate 579, a cross-town expressway, was built along the Hill District and downtown border, severing the neighborhood connections between the two areas.

Between 1950 and 2000, the Hill District lost 78 percent of its population. The neighborhood has become one of the most economically distressed in the City of Pittsburgh with 41 percent of residents earning incomes below the poverty line. The median household income is $14,930, little more than half of the Pittsburgh city average. Many of these low-income residents live in public housing located north and south of the main commercial district. Twenty percent of private housing units are vacant. A fair number of the remaining properties are vacant.

As the Hill District lost population, it lost its basic economic infrastructure. Many businesses

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**Figure 1.** As the Hill District’s population decreased, the City reposessed land and demolished buildings, leaving much of the land in the Hill District vacant.
closed, including the neighborhood grocery store and pharmacy. Many Hill District residents now incur high transportation expenses and lost time traveling to grocery stores in other neighborhoods. Some shop at local convenience stores which primarily stock snacks and candy, not healthy, fresh food. Four grocery stores located in nearby neighborhoods capture much of the Hill market. Local grocery chains have little incentive to locate inside the Hill because the new store would likely cannibalize sales at existing stores in a market with few competitors. The neighborhood’s steep topography increases the distance to these stores and isolates residents from surrounding neighborhoods and commercial services. Additionally, 60 percent of the population lacks access to a car. The neighborhood market is highly captive.

The Market

The Urban Redevelopment Authority (URA), the city’s economic development arm, assembled a 2.5-acre site for a grocery store on Centre Avenue at a cost of $1 million. After the site was assembled, the prospective chain backed out, though half of the site was developed as the AUBA Triangle shops. Other grocery operators have examined the site in recent years, but none have committed to locating there, citing insufficient demand. However, recent market studies have shown otherwise.

A Carnegie Mellon study found that the densely-populated Hill District market, comprising only 2.16 square miles, spends $45.8 million annually on retail goods and $25.2 million on grocery store goods. The 15219 ZIP Code, which includes the Hill District market and a small portion of downtown, ranks 25th of nearly 375 ZIP Codes in metro Pittsburgh in expenditures per square mile. This research emphasizes purchasing power over income as a determinant of market demand and shows strong demand for a local grocery store.
The Solution

A non-profit food store would be responsible to and supported by the Hill community while a chain store would be focused primarily on financial gain. If a for-profit store locates on the site, the lack of community ties may lead to closure as a result of corporate restructuring or upheaval. Profit margins in the grocery industry typically range from 0.5 to 3 percent. Predictably, grocers have historically focused expansion efforts on growing suburban or high-income urban markets. Non-profit status enables the store to continue operations during periods of low, yet positive, profitability.

Establishing a non-profit store with community ties allows residents to participate in and direct the future of their neighborhood. Since urban renewal of the 1960s and 1970s, Hill residents have been wary of outsiders and their motives for development. These citizens have great pride in their community’s past, and desire an active role in development to insure it can once again be a thriving community.

The most significant benefit of the non-profit business model is that profits stay in the community. This model is already being used in Pittsburgh. Our partner and tenant, Inner City Grocers, is expected to open a non-profit grocery store in another low-income neighborhood in Pittsburgh in May 2005.

Project Site

Historically, the Hill District’s commercial core has extended along Centre and Wylie Avenues. This area is zoned as a local neighborhood mixed-use commercial center, a suitable location for a neighborhood grocery store.
Initially, four sites along Centre Avenue were identified for potential development. Of the four, the selected site best fulfilled the criteria of: access to public transportation; remediation costs; acquisition costs; ownership interests; property size; parking availability; and topography. The selected site, at 1.3 acres, is the remaining half of the site assembled by the URA in an attempt to entice a grocery store to the neighborhood. It has mild topography, and the immediate area is currently the principle hub of social and commercial activity in the neighborhood.

Our site was assembled by the URA as an attractive site for a grocery store for good reason. It is located on a central artery connecting downtown with Oakland, the home of the University of Pittsburgh and its Medical Center. These neighborhoods are Pennsylvania’s second- and third-largest economic centers. Located at the corner of Centre Avenue and Heldman Street, the site is adjacent to the AUBA Triangle shops and across the street from our community partner, the Hill House. The site offers convenient access to public transportation and is in walking distance from Crawford Square, a 426-unit mixed-income development.

The Hill District is beginning to bustle with new activity as parts of the Centre Avenue corridor master plan are realized. This food store serves as an anchor of commercial activity and is a vital component of the plan completed by Urban Design Associates. In the last 10 years, nearly 2,200 new housing units have been built in the neighborhood, many within walking distance of this grocery site. The site is also less than a half mile from downtown Pittsburgh, one of the city’s fastest-growing residential markets. Almost 2,000 housing units are under construction there. This increase in housing and commercial activity will further enhance the market for the food store.

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Table 1. Recent development in the Hill District is just the beginning of a much larger neighborhood rejuvenation as shown by the number of projects in the planning phases.
Development Plan

Our development proposal includes a grocery store and café with outdoor seating on the ground floor with leasable office space above. The 27,512 sf grocery space will feature all components of a typical full service grocery store including:

- Fresh produce section with salad bar
- Self-serve bulk food bins
- Dry packaged goods
- Canned goods
- Frozen foods
- Dairy foods
- Prepared foods
- Ethnic and specialty foods
- Deli
- Fish and meat counter
- Bakery
- Pharmacy
- Bagging services

Design Objectives

1. **Accessibility:**
   To provide both physical and social accessibility through a user-friendly design that identifies with the community.

2. **Street Frontage:**
   To enhance community connections and street activity by incorporating windows at street level, promoting pedestrian activity through bringing the building entrance to the street edge, placing parking behind the building and providing a café with outdoor seating.

3. **Preservation of neighborhood character:**
   To incorporate proportions, materials, and colors of existing buildings into the design of the building’s façade.

4. **Sustainability:**
   To incorporate sustainable features such as natural lighting; recycled building materials and mechanisms for minimization of energy use to reduce costs; provide healthy environment and achieve LEED 2.1 Certification.

5. **Safety:**
   To create a welcoming but secure environment for business and social activity through defensible design features.

6. **Facilitation of social interaction:**
   To promote and support informal social interaction as well as focused social activities as part of the outreach component of the program.

Design Features

The Centre Food site design follows LEED 2.1 Silver Certification criteria. LEED stands for Leadership in Energy and Environmental Design. The LEED Rating System was designed by the United States Green Building Council (USGBC) in the 1990s to create a consensus-based standard for green design. The USGBC is a non-profit organization supported by membership dues from professional firms, contractors, manufacturers, retailers, government entities, and educational institutions. LEED encourages a whole-
Figure 8. The Centre Food development is surrounded by varied architecture of all ages. Its closest neighbors are the Crawford Square housing development, the AUBA Triangle Shops, and the Hill House.

Figure 9. Crawford Square Development

Figure 10. AUBA Triangle Shops
building integrated design process, and is meant to stimulate competition and raise consumer awareness. Green buildings include products and design strategies that minimize environmental impact through reductions in energy costs, water use and emission of harmful chemicals. The certification process requires rigorous documentation of all incorporated strategies which are then reviewed by the USGBC for approval.

Parking for Centre Food will be provided behind the building to minimize its negative effects on the streetscape. For a project of this size, the City’s zoning code requires a large parking lot of approximately 110 spaces. This would bring a very suburban feel to an urban neighborhood, increase stormwater runoff into the City’s overburdened combined sewer system, and cause an urban heat island effect. The heat island effect is caused by dark colored roofs, parking lots, and roads. These surfaces reflect heat from the sun, raising the
Figure 13. The Centre Food store as seen approaching from downtown on Centre Avenue.

Figure 14. The Centre Avenue Cafe seen from Centre Avenue looking towards downtown.
Figure 15. The first floor plan includes the Centre Food store and café.
Figure 16. The second floor plan includes office space and vegetated roofs.
surrounding air temperature as much as eight degrees Fahrenheit. Sixty percent of Hill District residents do not own cars, and will walk or take the bus to the centrally located store. A zoning variance would likely be awarded to the development given that other pedestrian-oriented areas of the city have automatic reductions of fifty-percent in parking requirements. The design includes thirty-four new spaces that will be linked to the existing, underused AUBA parking lot to make more efficient use of both sites.

The minimization of parking spaces also opens an opportunity to retain some of the land on the site for urban farming and composting of grocery store waste. A community urban farm not only promotes a sustainable use of the site, but also serves as an additional economic base for the store by allowing the community to contribute to the fresh produce sold at the food store. The compost area will reduce landfill waste from store operations, while providing a valuable amendment to the garden. In addition, these green areas of the site will contribute to stormwater management and provide a visual amenity to the residents.

Overall, the Centre Food design combines the typical commercial building style in the Hill District with more modern styles. The two-story portion of the building is designed to emulate a row of older buildings while the café side is more contemporary. The entry serves as a transition between the two styles. The long vertical windows on the first floor create a transparent effect that fosters visual interest on Centre Avenue, while also maximizing the use of natural light.

Above the dry food aisles, skylights are used to provide a healthy and vibrant shopping experience while reducing lighting energy costs.

A prominent glazed two-story circulation space will serve as the main entrance to the building from both Centre Avenue and the parking area. This atrium will also connect the food store and café on the first floor. This circulation space, or lobby, will enable energy savings by reducing the loss of conditioned air to the outside.

The 2,663 sf café opens out to a 1,043 sf outdoor public eating space adjacent to the street which promotes pedestrian activity while providing a flexible social space for the neighborhood. In addition, the café helps hide the parking lot from the street and maximizes street frontage. When appropriate, the café will raise the garage doors and be naturally ventilated, saving energy costs and improving the indoor air quality.

Above the grocery will be 14,245 sf of leasable office space at the corner of Centre and Heldman. This area will be accessible from the main entry space. It is windowed on all sides in a regular pattern, providing freedom and flexibility for tenant design. Atop the café and the remaining area of the grocery store will be vegetated roofs. The vegetated roof over the grocery will serve as an extensive green roof, while the café roof will be intensive. Extensive green roofs grow sedums and other simple plants. These roofs serve to cool and insulate the building, absorb stormwater, and reduce the heat island effect. Intensive roofs provide all the benefits of extensive roofs, but have a thicker soil base that can grow a variety of plants. The café roof will be an
## Project Checklist

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### Project Totals

- Total Points: 69

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Table 2. Centre Food would score well against the criteria used by the U.S. Green Building Council for LEED certification. The Centre Food store aims for Silver certification, which requires 33 - 38 points.
additional gardening area for the urban farming group. The roof over the office area will be a light-colored EnergySTAR membrane that will contribute to lower energy use as well.

In addition to the sustainable strategies mentioned above, the store will incorporate local materials such as brick, glass, steel and aluminum, and non-toxic materials such as linoleum. Low-VOC paints, adhesives, and sealants will be used as well, which will provide higher quality indoor air than conventional construction. Water use will be reduced through the use of low-flow fixtures and hearty landscaping vegetation. Interior lights will be equipped with photo sensors and will dim or turn off when sufficient daylight from the windows and skylights is available. This will reduce energy costs for lighting and cooling. The building envelope will have high insulative properties, contributing additional energy savings. Carbon dioxide monitors and particulate filters will be used in conjunction with the mechanical system to insure high quality indoor air. During construction, waste will be divided and recycled or reused, to reduce the amount sent to the landfill. The contractor will protect ductwork in place during construction to insure they are free of drywall dust and other particulates when the building opens.

Figures 17 - 19. Interior views of the proposed Centre Food store.
A Community Partnership

Centre Food will be more than a food store. It will be a community asset, integrating multiple partners in a hub of nourishment for both the mind and body. Residents of the Hill District currently shop in different stores throughout the city, further fragmenting an already divided community. Centre Food will reunite the community in an economically sustainable business venture that will improve the health of Hill residents, spur economic development, and revitalize the community. The project is supported by a variety of partners.

Primary Partners

Community Partner: The Hill House

The Hill House will be the liaison between the community and Centre Food. Profits from the store will enable the Hill House to coordinate outreach activities, including training residents for work at Centre Food, urban farming, health and wellness activities, and cooking classes. These will supplement already existing workforce development, youth-oriented education, child care, literacy training, senior citizen care, health care, and community empowerment programs. The organization will also have the option to buy out the ownership shares of Ebony Development and other investment partners at Year Six or Year Twenty.

Tenant & Operator: Inner City Grocers, Inc.

Inner City Grocers is the tenant and operator of Centre Food. They will lease the grocery store space and operate the business, using branding and distribution networks maintained by the national food store chain SuperValu. Inner City Grocers has experience managing and operating non-profit businesses; they will reopen an inner-city grocery store in Pittsburgh’s North Side in May 2005. Their emphasis is on stocking local produce and goods not just from the city, but more specifically from the neighborhood, and employing community residents. This model will be utilized in the Hill District store.

The Developer: Ebony Development

Ebony Development will be the developer and equity partner for Centre Food. Headquartered in the Hill District, Ebony Development has already developed multiple buildings on Centre Avenue. Two of these buildings, Williams Square and One Hope Square, are adjacent to the selected development site.

Community Support

Growing: greenlots

greenlots works to convert vacant property into productive land including use as urban farms. These urban farms will be a crucial component of sustainable food production in the Hill District. greenlots will encourage community residents to get involved in urban farming, provide technical assistance, and help facilitate license agreements between property owners and community groups. The produce grown in these farms will then be sold at Centre Food.
**Teaching: Education Innovations**

NatureLABcommunity and Charter School, run by Education Innovations, is envisioned as a regional asset for science learning, work force development, entrepreneurship incubation, and community gathering. A central component of NatureLABcommunity is engaging students in growing fresh produce. Centre Food will engage Education Innovations as a supplier of local produce, labeling this produce within the store so that residents can take pride in purchasing food grown by the community, for the community, in the community. NatureLAB Charter School will also conduct entrepreneurial training for Centre Food.

**Cooking: East End Food Co-operative**

The East End Food Cooperative (EEFC) is a 6,000 member, community-owned natural foods and organic grocery store and vegetarian café with current sales of about $6 million per year. Co-op members will assist Centre Food by holding workshops on healthy food alternatives and on creating and preparing nutritious, good tasting food from basic, affordable ingredients. EEFC can also assist the Centre Food store with identifying local food sources and connecting them to the local farm community. Lastly, the Co-op will provide recipes for items served at the café, identifying food products to shoppers that are both nutritious and affordable.

**Other partners**

We envision a relationship with the Center for Minority Health at the University of Pittsburgh as well. The Center may provide educational and medical services to Hill residents, linking nutrition with overall health. Financial supporters include the Green Building Alliance, the Reinvestment Fund’s Fresh Food Financing Initiative, a regional commercial bank, and the Urban Redevelopment Authority. Political supporters include State Senator Jim Ferlo, State Representative Jake Wheatley, and City Councilman Bill Peduto.
Financial Analysis

In addition to the social, economic development, and spin-off benefits, The Centre Food building is an attractive investment in itself, providing the Hill House and Ebony Development with a ten-year internal rate of return of 11.7 percent.

The total development cost of the Centre Food development is $6.79 million. Land acquisition, site preparation, and construction costs account for $5.0 million of this total. The vacant site will not require demolition, though it will require $50,000 of site grading and preparation. Soft costs are projected at $1.15 million, equal to 23 percent of construction costs. These costs include additional costs to complete applications for LEED Silver certification. A 10 percent contingency allowance of $617,000 is included for the entire project.

Ebony Development will serve as project manager and equity partner, contributing, combined with its investment partners and the Hill House, $500,000. This will be pooled with grants from Allegheny County ($175,000), The Commonwealth of Pennsylvania discretionary fund ($25,000), The Reinvestment Fund ($250,000), and the Kresge Foundation ($50,000), for a total of $1,000,000 in equity, reflecting an investment of 15 percent of the project cost.

The remaining capital will be provided from a senior bank construction loan of $3.88 million (57.1% of project cost), and subordinated notes provided by the URA ($800,000), the Green Building Alliance Fund ($400,000), and the Reinvestment Fund ($400,000). Permanent financing will be provided by a senior conventional loan of $4.59 million (68%) along with the 20-year URA and Green Building Fund loans. While rates for a permanent loan cannot be locked in at this time, a 6.00% permanent loan, amortized over 30 years with balloon payment after 20 years was used to project financial projections. Schedule C displays all sources of development funds.

Projected Year One cash flow after debt service payments is $91,000 on NOI of $532,000, resulting in ROA of 7.8 percent and ROE (cash-on-cash) of 20.3 percent. Debt service coverage is projected at 1.23 in Year One, increasing to 1.35 by Year Two, and stabilizing at 1.13 after property taxes on the development resume in Year Seven. The development is located in a Keystone Opportunity Zone (KOZ), resulting in waiver of all county, city, and school district property taxes through Year Five. Keystone Opportunity Zones are defined—

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Focus Area</th>
<th>Program Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Kresge Foundation</td>
<td>United States</td>
<td>The Kresge Foundation grant is derived from their Green Building Initiative program, developed to help 501(c) organizations such as the Hill House cover incremental professional costs incurred in order to build and develop a green, rather than conventional, building.</td>
</tr>
<tr>
<td>The Reinvestment Fund</td>
<td>Pennsylvania</td>
<td>The Pennsylvania Fresh Food Financing Initiative is an innovative private-public partnership that works to increase the number of grocery stores in underserved communities across the state.</td>
</tr>
</tbody>
</table>

Table 3. Funding from The Kresge Foundation and The Reinvestment Fund will help finance Centre Food.

Financing the Centre Food Development
parcel-specific areas with greatly reduced or no tax burden for property owners, residents and businesses. KOZs were designated by local communities and approved by the State of Pennsylvania.

The Hill House Association will have purchase options to buyout the other entity partners in Year Six, when taxes will resume if the building is held by a for-profit entity, or at Year Twenty, when the balloon payment on the permanent loan is due.

**Development Costs**

Hard costs for the development are estimated at $5.0 million. This is derived from estimated construction costs of $105/sf for the grocery, $115/sf for the café, and $67/sf for the office space. Construction costs include only the building shell and a reasonable build out of office space. Additional features such as the garden rooftops and parking/landscaping account for $150,000 and $100,000 of the cost estimate respectively. It is estimated that green building practices, including the garden roofs, account for $250,000 of this estimate, which are partially offset by financing vehicles available only to LEED-certified green buildings, such as the low-interest Green Building Alliance loans. The remaining additional costs will be recovered via savings in utility expenses that are projected at 25 to 30 percent.

Schedule A displays all relevant assumptions related to construction, while Schedule C displays a detailed breakdown of development costs.

**Operational Finances**

Inner City Grocers has agreed to triple-net lease 27,512 sf for 10 years, with two five-year lease options. The agreed lease rate is $16/sf in Year One with a 12 percent rent escalation to $17.90, effective during Year Six. Inner City Grocers will also lease the 3,706 sf café space at $16/sf with a 10-year lease. The development will collect $499,000 in rental revenues from Inner City Grocers, Inc during Year One. Inner City Grocers will be responsible for electric and gas utility bills.

The 14,275 sf of office space on the second floor is assumed to be 90 percent occupied at $16/sf, including all utilities, allowing for a six-month absorption period. The proposed office space is highly marketable due to its close proximity to Grant Street, the most high profile corporate address in downtown Pittsburgh; convenient access to public transit; and the advantageous KOZ location. The KOZ will result in waiver of all business income taxes for firms locating their offices in the development.

Two percent of annual Net Operating Income, approximately $10,000 per year, will be held in cash reserve for future maintenance expenditures. Schedule A displays all assumptions relevant to leasing, while Schedule D contains operating cash flow statement and Schedule C has sources and uses of funds for ongoing operation of the building.
Financial Return & Sensitivity Analysis

The projected return on equity is 20.3 percent in Year One, 30.2 percent in Year Two, and stabilizes at 11 percent annually, after property taxes resume in Year Six. The expected Internal Rate of Return (IRR) is 11.7 percent over a ten-year period.

The current vacancy rate in the small, but growing Hill District office sub market is 11 percent and improving. A hypothetical scenario of 20 percent vacancy of the office space still yields a positive ($74,000) Year One cash flow after debt service, and a 16.8 percent Year One ROE. A worst-case vacancy scenario, a sustained second floor office vacancy rate of 30 percent for a full 10 years, still yields positive cash flow in year one ($66,000), but ROA drops to 3.0 percent after property taxes resume in Year Six. IRR for this worst-case vacancy scenario is two percent.

Another risk native to a new construction development is interest rate risk, where interest rates may drastically increase during construction, before permanent financing is secured. This project, as with any other new development under consideration in the U.S at this time, is somewhat sensitive to large increases in the borrowing rate. However, the project’s revenues could sustain some upward pressure in interest rates, including rates slightly above 7.00%.

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>6.00 %</th>
<th>6.50 % (+50bp)</th>
<th>7.00 % (+100bp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Debt Service</td>
<td>$431,000</td>
<td>$449,000</td>
<td>$467,000</td>
</tr>
<tr>
<td>Year One ROE</td>
<td>20 %</td>
<td>17 %</td>
<td>13 %</td>
</tr>
<tr>
<td>Stabilized ROE</td>
<td>11 %</td>
<td>7 %</td>
<td>5 %</td>
</tr>
<tr>
<td>10-Year IRR</td>
<td>1.17 %</td>
<td>7 %</td>
<td>1 %</td>
</tr>
<tr>
<td>10-Year Minimum DCR</td>
<td>1.13</td>
<td>1.08</td>
<td>1.04</td>
</tr>
</tbody>
</table>

Table 4. The Centre Food development is vulnerable to rising interest rates, but can withstand a rate increase to 7.00%.
## Schedule A. Project Assumptions

<table>
<thead>
<tr>
<th>Site</th>
<th>Source/Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Sale Price</td>
<td>$ 75,000 Ebony Development</td>
</tr>
<tr>
<td>Appraised Value (Pre-development)</td>
<td>$ 25,000 Allegheny County</td>
</tr>
<tr>
<td>Appraised Value (Post-development)</td>
<td>$ 8,150,107 120 % of development costs</td>
</tr>
<tr>
<td>Lot Size</td>
<td>67,792 sf</td>
</tr>
<tr>
<td>Maximum Floorplate</td>
<td>61,013 sf Per city LNC zoning</td>
</tr>
<tr>
<td>Maximum FAR</td>
<td>2.00 Per city LNC zoning</td>
</tr>
</tbody>
</table>

### Structure & Leasing

| Total Retail Space | 31,218 sf |
| Total Office Space | 14,275 sf |
| Leasable Sf of Building | 45,493 sf |
| Common/Mechanical Sf | 2,982 sf |
| Total Sf            | 48,475 sf |
| Actual FAR          | 0.715     |
| Estimated Construction Cost/Sf | $ 101.00 Ebony Development, Jon Machen, Mascaro Construction |
| Retail Rental Rate  | $ 16.00 Ebony Development            |
| Office Rental Rate  | $ 16.00 Ebony Development             |
| Retail Vacancy Rate | 0 %                                  |
| Office Vacancy Rate | 10 % Ebony Development               |

### Project

| Total Construction Costs | $ 4,895,925 |
| Total Hard Costs         | $ 5,020,925 |

### Revenue

| Monthly Office Rent Receipt | $ 19,033 |
| Monthly Retail Rent Receipt | $ 41,624 |
| Monthly Revenue            | $ 60,657 |
| **Estimated Annual Revenue** | $ 727,888 |

| Cost Inflation | 2.00 % |
| Estimated Months to Completion | 12 |
## Schedule B. Four-Year Operating Budget

<table>
<thead>
<tr>
<th>Operating Proforma</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Rent</td>
<td>$ 171,300</td>
<td>$ 228,400</td>
<td>$ 228,400</td>
<td>$ 228,400</td>
<td></td>
</tr>
<tr>
<td>Retail Rent</td>
<td>$ 499,488</td>
<td>$ 499,488</td>
<td>$ 499,488</td>
<td>$ 499,488</td>
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<tr>
<td>Vacancy Allowance</td>
<td>$(17,130)</td>
<td>$(22,840)</td>
<td>$(22,840)</td>
<td>$(22,840)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$ 653,658</strong></td>
<td><strong>$ 705,048</strong></td>
<td><strong>$ 705,048</strong></td>
<td><strong>$ 705,048</strong></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>KOZ</td>
<td>KOZ</td>
<td>KOZ</td>
<td>KOZ</td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>$ 431,227</td>
<td>$ 431,227</td>
<td>$ 431,227</td>
<td>$ 431,227</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>$ 26,895</td>
<td>$ 27,301</td>
<td>$ 27,714</td>
<td>$ 28,132</td>
<td></td>
</tr>
<tr>
<td>Gas/Electric (Office only)</td>
<td>$ 12,000</td>
<td>$ 12,181</td>
<td>$ 12,365</td>
<td>$ 12,552</td>
<td></td>
</tr>
<tr>
<td>Water/Sewer</td>
<td>$ 3,000</td>
<td>$ 3,045</td>
<td>$ 3,091</td>
<td>$ 3,138</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>$ 30,000</td>
<td>$ 30,000</td>
<td>$ 30,000</td>
<td>$ 30,000</td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>$ 40,000</td>
<td>$ 40,604</td>
<td>$ 41,217</td>
<td>$ 41,839</td>
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</tr>
<tr>
<td>Rubbish</td>
<td>$ 3,000</td>
<td>$ 3,045</td>
<td>$ 3,091</td>
<td>$ 3,138</td>
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</tr>
<tr>
<td>Legal/Accounting</td>
<td>$ 3,000</td>
<td>$ 3,000</td>
<td>$ 3,000</td>
<td>$ 3,000</td>
<td></td>
</tr>
<tr>
<td>Contingency</td>
<td>$ 3,268</td>
<td>$ 3,525</td>
<td>$ 3,525</td>
<td>$ 3,525</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$ 552,391</strong></td>
<td><strong>$ 553,930</strong></td>
<td><strong>$ 555,231</strong></td>
<td><strong>$ 556,552</strong></td>
<td></td>
</tr>
</tbody>
</table>
### Schedule C. Source and Uses of Development Funding

#### Funding Sources

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ebony Development and the Hill House Equity</td>
<td>$500,000</td>
<td>7%</td>
</tr>
<tr>
<td>State and County Government Grants Grant</td>
<td>$200,000</td>
<td>3%</td>
</tr>
<tr>
<td>The Reinvestment Fund Grant</td>
<td>$250,000</td>
<td>4%</td>
</tr>
<tr>
<td>The Kresge Foundation (LEED) Grant</td>
<td>$50,000</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>$1,000,000</td>
<td>15%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Loan Senior Debt</td>
<td>$4,591,756</td>
<td>68%</td>
</tr>
<tr>
<td>Urban Redevelopment Authority Sub Debt</td>
<td>$800,000</td>
<td>12%</td>
</tr>
<tr>
<td>Green Building Fund Sub Debt</td>
<td>$400,000</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td>$5,791,756</td>
<td>85%</td>
</tr>
</tbody>
</table>

#### Development Costs

<table>
<thead>
<tr>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6,791,756</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>L/Cost 7.5% 5.50 % 18.5</td>
</tr>
<tr>
<td>L/value 7.1 %</td>
</tr>
<tr>
<td>Annual Debt Service $431,227</td>
</tr>
</tbody>
</table>

### Construction Financing

#### Principal

<table>
<thead>
<tr>
<th>APR</th>
<th>Term (yrs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.50%</td>
<td>18.5</td>
</tr>
</tbody>
</table>

### Permanent Financing

#### APR | Term (yrs) |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5.98%</td>
<td>25</td>
</tr>
</tbody>
</table>

#### Schedule B. Source and Uses of Development Funding

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Acquisition</td>
<td>$75,000</td>
<td>1.1%</td>
</tr>
<tr>
<td>Site Preparation</td>
<td>$50,000</td>
<td>0.7%</td>
</tr>
<tr>
<td>Building Construction</td>
<td>$4,895,925</td>
<td>72.1%</td>
</tr>
<tr>
<td>Total Hard Costs</td>
<td>$5,020,925</td>
<td>75%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>L/Cost 7.5% 5.50 % 18.5</td>
</tr>
<tr>
<td>L/value 7.1 %</td>
</tr>
<tr>
<td>Annual Debt Service $431,227</td>
</tr>
</tbody>
</table>

### Development Costs

<table>
<thead>
<tr>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6,791,756</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>L/Cost 7.5% 5.50 % 18.5</td>
</tr>
<tr>
<td>L/value 7.1 %</td>
</tr>
<tr>
<td>Annual Debt Service $431,227</td>
</tr>
</tbody>
</table>
Schedule D. 10-Year Operating Proforma

<table>
<thead>
<tr>
<th>Operations</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent Revenue</td>
<td>$653,658</td>
<td>$705,048</td>
<td>$705,048</td>
<td>$705,048</td>
<td>$705,048</td>
<td>$789,654</td>
<td>$789,654</td>
<td>$789,654</td>
<td>$789,654</td>
<td>$789,654</td>
</tr>
<tr>
<td>Property Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOI</td>
<td>$532,494</td>
<td>$582,345</td>
<td>$581,044</td>
<td>$579,723</td>
<td>$577,831</td>
<td>$492,558</td>
<td>$490,608</td>
<td>$488,629</td>
<td>$486,620</td>
<td>$484,580</td>
</tr>
<tr>
<td>Cash Reserve Allocation</td>
<td>$(10,650)</td>
<td>$(11,647)</td>
<td>$(11,621)</td>
<td>$(11,594)</td>
<td>$(11,557)</td>
<td>$(9,851)</td>
<td>$(9,812)</td>
<td>$(9,773)</td>
<td>$(9,732)</td>
<td>$(9,692)</td>
</tr>
<tr>
<td>Cash from Operations (CFO)</td>
<td>$521,844</td>
<td>$4569,423</td>
<td>$569,423</td>
<td>$568,129</td>
<td>$556,274</td>
<td>$482,707</td>
<td>$480,796</td>
<td>$476,887</td>
<td>$476,887</td>
<td>$474,888</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investing</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investing Flows</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Cash Flow</td>
<td>$90,617</td>
<td>$139,471</td>
<td>$138,196</td>
<td>$136,902</td>
<td>$135,047</td>
<td>$51,480</td>
<td>$49,569</td>
<td>$47,629</td>
<td>$45,660</td>
<td>$43,661</td>
</tr>
<tr>
<td>Cash at Start of Year</td>
<td>$90,617</td>
<td>$230,089</td>
<td>$368,285</td>
<td>$505,186</td>
<td>$640,233</td>
<td>$691,713</td>
<td>$741,282</td>
<td>$788,911</td>
<td>$834,571</td>
<td>$878,232</td>
</tr>
<tr>
<td>Cash at End of Year</td>
<td>$90,617</td>
<td>$230,089</td>
<td>$368,285</td>
<td>$505,186</td>
<td>$640,233</td>
<td>$691,713</td>
<td>$741,282</td>
<td>$788,911</td>
<td>$834,571</td>
<td>$878,232</td>
</tr>
<tr>
<td>Return on Assets (ROA)</td>
<td>7.8 %</td>
<td>8.6 %</td>
<td>8.6 %</td>
<td>8.5 %</td>
<td>8.5 %</td>
<td>7.3 %</td>
<td>7.2 %</td>
<td>7.2 %</td>
<td>7.2 %</td>
<td>7.1 %</td>
</tr>
<tr>
<td>Return on Equity (ROE)</td>
<td>20.3 %</td>
<td>30.2 %</td>
<td>30.0 %</td>
<td>29.7 %</td>
<td>29.3 %</td>
<td>12.3 %</td>
<td>11.9 %</td>
<td>11.5 %</td>
<td>11.1 %</td>
<td>10.7 %</td>
</tr>
<tr>
<td>Debt Coverage Ratio</td>
<td>1.23</td>
<td>1.35</td>
<td>1.35</td>
<td>1.34</td>
<td>1.34</td>
<td>1.14</td>
<td>1.14</td>
<td>1.13</td>
<td>1.13</td>
<td>1.13</td>
</tr>
<tr>
<td>Cash Reserve</td>
<td>$10,650</td>
<td>$22,297</td>
<td>$33,918</td>
<td>$45,512</td>
<td>$57,069</td>
<td>$66,920</td>
<td>$76,732</td>
<td>$86,505</td>
<td>$96,237</td>
<td>$105,929</td>
</tr>
</tbody>
</table>

10-year IRR 11.7 %
Letters of Support:

Primary Partners
The Hill House Association
Inner City Grocers, Inc.
Ebony Development, LLC

Community
East End Food Co-operative
Eat ‘n Park Hospitality Group
Education Innovations, Inc.
greenlots
Pittsburgh Social Accelerator

Financial
Green Building Alliance
McCormick Baron Salazar
The Reinvestment Fund
Urban Redevelopment Authority

Political
Jim Ferlo, State Senator
Bill Peduto, City Councilman
Jake Wheatley, Jr., State Representative
Primary Partners:

Non-profit Partner: The Hill House Association
Tenant: Inner City Grocers, Inc.
Developer: Ebony Development
April 1, 2005

Ms. Jean Smith
Vice President
JP Morgan Chase Community Development Corporation
One Chase Plaza
New York, NY 10081

Dear Ms. Smith,

Hill House Association is enthusiastic about our role as the non-profit partner for “Centre Food: Bringing a Non-Profit Food Store to Pittsburgh’s Hill District,” Carnegie Mellon University’s submission to the 2005 JP Morgan Chase Community Development Competition.

Since 1962, Hill House has served Hill District residents through a ‘shopping mall’ of social services including workforce development, youth-oriented educational, child care, literacy, technology, senior citizen, health, and community empowerment programs. For over 20 years, our partnership with Carnegie Mellon has fostered the development of numerous academic studies relating to all aspects of life in the Hill District. From urban design proposals for new housing developments to mentorship programs between Carnegie Mellon students and Hill District youth, Carnegie Mellon’s contribution to our community has reinforced our execution of effective, high quality services to Hill District residents. We are excited to channel our existing team dynamism into a project as valuable as the non profit food store.

The Hill District has had to endure the challenges of the absence of a neighborhood grocery store for nearly two decades. The lack of readily available fresh food has forced residents to either spend extra time and money to travel to a full service grocery store outside the neighborhood, or to eat unhealthy food sold by convenience stores, the only sources of food retail in the neighborhood. The lack of fresh food in the community has contributed to a preponderance of preventable health problems such as diabetes and obesity among residents.

It is a Hill House priority to assist in bringing a high quality food store to the Hill District, particularly because a full service grocery store is a critical component of any development strategy for our neighborhood. We have worked with the Urban Redevelopment Authority, local
politicians, and developers on numerous grocery store proposals that have not come to fruition. This proposal offers an alternative model for the grocery store through an environmentally sound design and a business-savvy non-profit grocer with a business model that will keep the profits in the community.

The Hill House’s role in this proposal is manifold. Our first role is to house the planning process for the store, which will involve convening all partners detailed in this proposal. The second is to coordinate all community outreach associated with the non-profit grocery store. Because this plan involves multiple organizations, such as Education Innovations, Green Lots, and the East-End Food Co-op, which come from outside of the Hill District, it is crucial that the Hill House act as the liaison for communications between these organizations and the community. Finally Hill House will also coordinate its own social services, including workforce training and health care activities, with planned Centre Food programming. The Hill House will essentially coordinate all activity that makes Centre Food more than just a food store.

Given that Hill House has recently confirmed plans to develop a “General Store” across the street from the proposed Centre Food site, we see our own project as an excellent complement to a grocery store such as Centre Food. These stores together will begin to form a critical mass of retail that will spur economic development in the corridor. Both stores fit well into the larger development plan for the corridor, which includes retail, office space, a library, senior housing, and a new headquarters for Pittsburgh’s chapter of the Urban League.

Lastly, the Hill House will consider leasing portions of the office space planned for the second floor. Our organization has been in need of space for years, and Centre Food’s location directly across the street from our headquarters makes it an ideal location for expanded meeting space. The Hill House will have a small equity state in the building, with an option to buyout the other equity partners after 20 years at below-fair value, amount to be negotiated.

The proposal developed by the Carnegie Mellon team presents a strong, award-worthy solution that meets a critical need in our community. We are proud to serve as the non-profit partner in such a worthwhile and timely project, and look forward to continuing its development in accordance with our vision for the Hill District.

Sincerely,

Evan S. Frazier
Executive Director
March 21, 2005

Ms. Jean M. Smith  
Vice President  
JP Morgan Chase Community Development Competition  
One Chase Manhattan Plaza  
New York, NY 10081

Dear Ms. Smith,

On behalf of Inner City Grocers, Inc., I would like to express my strong support for the “Centre Food: Bringing a Non-Profit Food Store to Pittsburgh’s Hill District Neighborhood” project. We see the building being developed by the project team as an excellent location for our next food store. We look forward to being the owner/operator of Centre Food.

The mission of Inner City Grocers is to operate small to medium size grocery stores in underserved, urban areas of Pittsburgh. To date, the parent of Inner City Grocers has built four successful community-oriented non-profit businesses, and Inner City Grocers reflects an extension of our successful business model. Our first grocery venture, Spring Garden Shop N’ Save, will open in May. Spring Garden is an inner-city Pittsburgh neighborhood that lost its grocery store when the owner passed away. Inner City Grocers’ first project has been to reopen this Shop ‘N Save, with a focus on local products, employing community residents, and use of profits to fund community revitalization.

The store will create 75 new jobs for community members and has received financial backing from foundations and major financial institutions. Inner City Grocers is the first Pittsburgh-area recipient of the state’s newly developed Fresh Food Financing Initiative, a public-private strategy that has pooled $40 million in state and private funding to help seed new grocery stores in underserved markets throughout Pennsylvania.

Inner City Grocers has plans to implement a similar model in the Hill District, and was working with the community and other partners in the Hill District prior to speaking with the Carnegie Mellon team. We have invested $50,000 in a market study to size the unmet demand for a grocery store in the Hill District, on the site selected by the project team. The Centre Food proposal provides Inner City Grocers with a sustainable design and development plan and financing concept that moves us forward in our goal to implement our non-profit grocery store model in a neighborhood with a great need for these services. The proposal also identifies community partners that will help us best serve the Hill
District. Inner City Grocers provides this proposal with the strength of a proven and sustainable business as tenant for the planned development on Centre Avenue.

We have the financial and management expertise to make Centre Food into a profitable and sustainable economic engine for the Hill District. We also have established relationship with SuperValu, a, publicly traded food distributor with over $20 billion in revenues, as well as distributors of locally produced products. We are active in the revitalization of Pittsburgh’s North Side, and we want to spread this revitalization to other areas of the city. The Hill District has been without a grocery store for long enough. Funding of this proposal is support of a model that will not just provide food, but invigorate a community.

Sincerely,

Jeffrey Dzamko
Chief Executive Officer
Inner City Grocers, Inc.
April 1, 2005

Ms. Jean Smith, Vice President
JP Morgan Chase Community
Development Corporation
One Chase Plaza
New York, NY 10081

Dear Ms. Smith,

On behalf of Ebony Development, LLC, I would like to express support and interest in the Centre Food redevelopment project sponsored by the Hill House Association and presented by students from the David A. Tepper School of Business and the H. John Heinz School of Public Policy and Management at Carnegie Mellon University.

Plunging into the industry feet first, Ebony Development’s first project was a 15,000 square feet office building along the Centre Avenue Corridor. Today Ebony Development, LLC (Ebony Development), recently nominated as third among Pittsburgh Business Times’ 100 fastest growing companies, has grown into a multi-million dollar development business and a recognized urban real estate development leader. We specialize in creating quality urban designs, improving life quality, and developing sustainable solutions for urban redevelopment, brownfield development, and mixed-use and infill development in urban neighborhoods.

Our development philosophy “to return hope and generate life back into urban neighborhoods through economic revitalization and commercial and residential development throughout the country,” is guided by principles of sustainable development which incorporate good urban design, innovative ideas, and strategic mix-use and land use planning. To this end, we have successfully developed 50,000 sf of office space on site adjacent to that of this project site. We have personally witnessed the reluctance of major corporations to invest in the Hill District.

We believe that the Centre Food proposal provides a unique opportunity for community focused organizations to create partnerships that will not only serve the needs of the community, but will also recycle much needed funds back into the neighborhood.

Once a vibrant, thriving community known as “Pittsburgh Harlem”, the Hill District has become an area desperately in need of a jump start. We are impressed by the innovative structure of a non-profit food store as the primary tenant, something that the previous unsuccessful proposals did not include. We also applaud the student team for creating an attractive design that is both socially and environmentally conscious. The “green” features of the building combined with the proposed community services will truly make this an exciting project to be involved in. Our business and our families are in the Hill District and we believe that this project is in the best interest of all of our friends and neighbors.
This project will undoubtedly draw attention back to the Hill District and will prompt those previously reluctant to invest in the area to reconsider the prospects. We are dedicated to the development of a grocery store in this community and are seeking to actively participate.

The construction of a full-service supermarket will provide significant benefits to the neighborhood, such as:

- Preserve and protect investment already made
- Provides mixed-use (retail & housing) opportunities
- Decreases public health problems related to obstacles to buying healthy, fresh food
- Generates employment opportunity
- Connects with a proposal to redevelop the entire business corridor
- Addresses the overall transformation and enhancement of main business corridor
- Enhances and improves the physical environment qualities
- Restores and preserves the architectural character of the street
- Promotes safety and security in an urban environment

If you have any questions or concerns, please contact our office at (412) 434-6571.

Sincerely,
Ebony Development, LLC

Janai Williams
Chief Operations Officer
Community:

East End Food Co-operative
Eat ‘n Park Hospitality Group
Education Innovations, Inc.
greenlots
Pittsburgh Social Accelerator
March 28, 2005

Ms. Jean M. Smith, Vice President
JP Morgan Chase Community Development Competition
One Chase Manhattan Plaza
New York, NY 10081

Dear Ms. Smith,

The East End Food Cooperative expresses its enthusiastic support for the project, “Centre Food: Bringing a Non-Profit Food Store to Pittsburgh’s Hill District Neighborhood.” The Centre Food store will provide necessary access to healthful food and promote economic and physical well-being in one of Pittsburgh’s most depressed and disadvantaged neighborhoods. The project’s neighborhood focus will target these benefits intensely on the neighborhood in a way a national chain store cannot.

The East End Food Cooperative (EEFC) is a 6,000 member, community-owned natural foods and organic grocery store and vegetarian café with current sales of about $6M per year. Providing healthful food to our community is a core part of the EEFC mission. EEFC is a not-for-profit business that exists to serve the needs of our community. Our mission further encompasses strong values and commitment to improving the vitality of our local economy, promoting ethical and socially responsible business practices and emphasizing mutual respect of people for each other, for their community and for their environment. We see people working together on the neighborhood community level as the most effective and sustainable way to realize local needs.

Thus we see the Centre Food project and its stated goals as consistent with our own commitment to this approach and these values. The plan to bring a grocery store and community outreach program to the Hill District is especially exciting to us since we considered opening a cooperative there several years ago but did not have the capacity then to undertake the effort. We recognize that this neighborhood has been in dire need of a food store for well over 25 years.

EEFC is located at the nexus of North Point Breeze, Homewood and Wilkinsburg – three low-income and distressed neighborhoods in Pittsburgh’s East End. Thus we are keenly aware of the problems that these neighborhoods have in attracting traditional grocery stores and other investment in their communities. We believe that the Centre Foods project provides a successful model for overcoming these barriers by investing the community identity and ownership in the store and, with the benefits accruing to the
community rather than an outside corporate entity, community participation in and support for the store is immediate and sustainable.

An important aspect of the Centre Food plan is its community outreach efforts and close association with the Hill House organization. At EEFC, we see the positive impact a grocery store has on attracting other businesses to the community, providing a catalyst to local economic development. But we also see the impact we can have with outreach events. For example, we donate 1 percent of our daily sales to a different local organization each month through our “One Percent Wednesday” event. This both creates a real direct benefit to the community and reinforces that the store belongs to and serves its community.

At EEFC, an important component of our outreach program involves tapping into the skill and energy of our members to further our mission and values. Our members earn a 10% discount on their food purchases by volunteering two hours per week in the store or on projects approved by the board. Thus we see the Centre Food project as such a candidate project for our member involvement. For example, we could assist Centre Food by holding workshops on healthful food alternatives and on creating and preparing nutritious, good tasting food from basic, affordable ingredients.

EEFC can also assist the Centre Food store with identifying local food sources and connecting them to the local farm community. Purchasing locally produced food is one way in which Centre Food can further meet its goal of improving the local economy. EEFC will also provide technical assistance to Centre Food in the operational plans for both the food store and café. This assistance can include recipes for items served at the café, identifying food products to shoppers that are both nutritious and affordable, etc.

The East End Food Cooperative is proud to support Centre Food and believes the establishment of a community owned grocery store in the Hill District is a fundamentally important step to rebuilding the business district there, revitalizing the community and providing the community with a new hope and enthusiasm for positive change. We eagerly look forward to the realization of this valuable project.

Sincerely,

Lisa Stolarski, Board President
The Board of Directors, East End Food Cooperative
Ms. Jean Smith
Vice President
JP Morgan Chase Community
Development Corporation
One Chase Plaza
New York, NY 10081

Dear Ms. Smith,

On behalf of Eat N' Park Hospitality Group, I write with enthusiasm and firm support for Carnegie Mellon University’s submission to the 2005 JP Morgan Chase Community Development Competition, “Centre Food: Bringing a Non-Profit Food Store to Pittsburgh’s Hill District.”

Founded in 1949, Eat'n Park Hospitality Group began as the first drive-in restaurant with carhops in the Pittsburgh Area. Within the past decade, Eat N’ Park Hospitality has expanded to include two contract foodservice divisions; Parkhurst Dining Services and Cura Hospitality. Parkhurst is responsible for high quality dining services to corporations, cultural and educational institutions throughout Pennsylvania, West Virginia, Ohio, and Maryland. This division is currently responsible for the foodservice at Carnegie Mellon University. The other contract division, Cura Hospitality, provides food service to assisted living facilities throughout Pennsylvania, New Jersey and Maryland. These divisions ensure the freshness and high quality of foods we provide to Carnegie Mellon and our other clients, by supporting and selling as much regionally produced food as possible.

Because Eat'n Park Hospitality Group recognizes the health benefits of eating fresh food that is produced in the closest proximity to its consumers possible, I share the concerns of the team regarding the current lack of fresh food availability in the Hill District. Pittsburgh’s prime location in Southwestern Pennsylvania allows neighborhoods such as the Hill District to have ready access to the vast certified producers of local food both around the Pittsburgh metropolitan area as well as across the states of Pennsylvania, Ohio, Maryland and Virginia. Eat'n Park Hospitality Group’s role in this equation is to assist with the overall supply of food and to minimize the supplier base into the non-profit food store, which in turn will contribute to affordable prices for customers.
I am excited that the team recognizes the health benefits and the regional social and economic benefits of buying and consuming local food. I will be happy to assist the team in making the necessary connections with reliable sources of local food which may actually be sold at the non-profit food store. I am also happy to advise and provide the necessary resources to determine the ways in which urban farms in the Hill District can connect to and further strengthen the local food economy. I actively support the efforts of the team and look forward to developing the project further into fruition.

Sincerely,

Jamie Moore,
Manager of Purchasing
Eat'n Park Hospitality Group
March 30, 2005

Ms. Jean Smith
Vice President
JPMorgan Chase Community Development Corporation
One Chase Plaza
New York, NY 10081

Dear Ms. Smith:

I strongly support Carnegie Mellon's proposal Centre Food: Bringing a Non-Profit Food Store to Pittsburgh's Hill District. Education Innovations has spent the last 2 years planning NatureLABcommunity and NatureLAB Charter School, both of which will be located within one mile of the site of the proposed food store. The NatureLAB Charter School will be a center for innovation in science education, using NatureLABcommunity as its outdoor science classroom. NatureLABcommunity is envisioned as a regional asset for science learning, workforce development, entrepreneurship incubation, and community gathering.

Located on 26,000 sq ft. at 2001 – 2015 Fifth Avenue, NatureLABcommunity will feature greenhouses, outdoor classrooms, a performance space, and working mini-farm. We have received $60,000 to date to seed these ideas, and have formed partnerships with Earth Force, the National Aviary, the Pennsylvania Resources Council and the Pittsburgh Parks Conservancy. Programming in NatureLABCommunity will begin this spring, while the opening of NatureLAB Charter School is scheduled for September, 2006.

We see many opportunities for collaboration between Centre Food, NatureLABCommunity, and NatureLAB Charter School. Not only do we already have a working relationship with the Hill House, Centre Food's non-profit partner, but our organizations share complementary missions. A central component of NatureLABcommunity is engaging students in growing fresh produce. Centre Foods aims to sell local produce grown in the neighborhood. Centre Food is modeled on a non-profit food store which will open in May 2005 in the North Side, another low-income neighborhood in Pittsburgh; this store is already prioritizing the inclusion of local products in its stock. If Centre Food comes into being, it will engage Education Innovations as a supplier of local produce, labeling this produce within the store so that residents can take pride in purchasing food grown by the community, in the community.

NatureLABcommunity will also conduct entrepreneurial training for Centre Food. Entrepreneurial training is more than job training; workers at Centre Food will not just learn how to operate a cash register and stock shelves, they will learn how to
run the business. Local teenagers and young adults will learn the skills necessary to grow more economic activity in their neighborhood.

Our goal for the Hill District and Uptown extends beyond NatureLABCommunity and the NatureLAB Charter School. We want to create a new infrastructure of sustainable food production and consumption which involves the entire community. The partnership between Centre Food and NatureLAB is a critical part of this infrastructure.

Sincerely,

Salvador Wilcox,
CEO
March 21, 2005

Ms. Jean Smith  
JPMorgan Chase Community Development Corporation  
One Chase Plaza  
New York, NY 10081

Dear Ms. Smith:

greenlots heartily supports Carnegie Mellon University’s proposal for the 2005 JPMorgan Chase Community Development Competition, “Centre Food: Bringing a Nonprofit Food Store to Pittsburgh’s Hill District.”

The Hill District is one of the most depressed areas of the City but has tremendous potential for revitalization due to its proximity to the downtown business district. Unlike the urban renewal efforts of the 1970s (that razed a large portion of the community to make way for a hockey stadium), this proposal is unifying rather than divisive, and brings economic and social advantages to the people who reside in that community. The project’s inclusion of dedicated space for urban farming is furthermore in accordance with the overall mission of greenlots.

greenlots is a not-for-profit organization that seeks to revitalize communities from the ground up. It promotes the development of a comprehensive vacant land use policy for the Pittsburgh region and advocates smart land use at the grassroots level. greenlots encourages community residents to get involved in transforming vacant land in ways that build value in their neighborhoods, and it provides the technical assistance residents need to develop sustainable projects.

For the Centre Food project, greenlots will also facilitate license agreements between property owners and community groups to establish agricultural enterprises. As we assess vacant lots throughout the region and compile a database of lots that have high potential for food production, and we will target land in the Hill District that can be used for agriculture and thus reinforce the store’s social and commercial functions.

We are excited to contribute to this project and applaud the innovative approach the team has taken in addressing the critical issue of food access in this community.

Sincerely,

Danae Clark  
Director
Pittsburgh Social Enterprise

ACCELERATOR

April 1, 2005

Ms. Jean Smith
Vice President
JPMorgan Chase Community Development Corporation
One Chase Plaza
New York, NY 10081

Dear Ms. Smith:

I am writing to express my support for the Centre Food: Bringing a Non-Profit Food Store to Pittsburgh’s Hill District Neighborhood project, submitted by Carnegie Mellon for the 2005 JPMorgan Chase Community Development Competition. The Pittsburgh Social Enterprise Accelerator is dedicated to helping nonprofit organizations develop successful social enterprise ventures. Such ventures provide a nonprofit with an unrestricted earned-income stream that supports the organization’s work in the community and leads to greater independence and financial stability. As a non-profit social enterprise venture, Centre Food will not only fill a community’s need for fresh food, but also provide additional financial investment in an area that warrants economic development and revitalization.

The Accelerator is designed around some of the more practical and high-impact aspects of start-up business incubators. We invest in promising social enterprise ventures, leveraging our capital, expertise, and credibility, and engaging additional investment and technical assistance as required, to support high-potential social ventures and accelerate their growth and long-term impact in the community. Centre Food represents the kind of innovative, entrepreneurial concepts that we seek out and support, and it is a project that we would certainly consider for our portfolio. The project has demonstrated an ability to leverage multiple community resources and has strong potential for success. We are well acquainted with Jeff Dzarnko and his strong track record with social enterprise ventures to date. He is a high-energy community leader, and the team has the potential to make this project a tangible reality.

I am confident that you will find the same positive aspects of this proposal and support it as well. Please feel free to contact me directly if you would like further discuss this submission.

Sincerely,

Tim Zak
President
Financial:

Green Building Alliance
McCormick Baron Salazar
The Reinvestment Fund
Urban Redevelopment Authority
March 24, 2005

Ms. Jean Smith, Vice President
JPMorgan Chase Community Development Corporation
One Chase Plaza
New York, NY 10081

Dear Ms. Smith:

I wish to voice my enthusiasm for the Centre Food: Bringing a Non-Profit Food Store to Pittsburgh’s Hill District Neighborhood project, as submitted by Carnegie Mellon University for the 2005 JPMorgan Chase Community Development Competition. I have high hopes for this project as the first green inner-city grocery store in Pittsburgh. Incorporating sustainable design principals demonstrates dedication to quality development and sensitivity to the residents and community organizations involved.

Carnegie Mellon’s School of Architecture is in the forefront of the sustainable design movement. The professors are involved in various research projects and maintain leadership positions in many non-profit organizations that focus on sustainable design. All students are exposed to sustainable design strategies in numerous courses and volunteer opportunities. I am confident that the proposal put forth is well researched and well designed, and that it will provide the community with continued benefits over the years.

As executive director of the Green Building Alliance, I strive to raise awareness of green building principles, while also assisting in the development of various local projects. The Pittsburgh region leads the nation in its number of LEED-certified buildings, a testament to our dedication to providing healthy buildings that are economically viable. The Centre Food project is special for many reasons. Non-profits operate on very tight budgets and green strategies will enable the Hill House and Inner City Grocers to save in operational costs due to energy-efficiency and the use of more durable materials. This savings can then be dedicated to achieving the core goals of the Hill House. A green building will also provide improved indoor air quality through the utilization of non-toxic materials and adhesives, and enhanced mechanical and ventilation strategies. Community members, many of whom live in older homes or government housing (both of which are apt to have lower quality indoor environments), will have a healthy place to buy food, have a cup of coffee, and meet with neighbors. In addition, a local grocery store will reduce pollution from transportation and encourage residents to walk, improving their overall health.

The Green Building Alliance operates the Green Building Fund, which provides a source of flexible financing to qualified developers who plan to integrate green design into their projects. We provide loans from $200,000 to $400,000 at fixed rates and financial support for the soft costs associated with the LEED® Rating System. Centre Food is exemplary of the projects we seek to fund, and we are a willing financial partner in this effort. In sum, I am pleased to endorse CMU’s submission to JPMorgan Chase, and look forward to its fruition.

Sincerely,

[Signature]

Rebecca Flora, AICP
Executive Director
April 2, 2005

Ms. Jean Smith
Vice President
JPMorgan Chase Community Development Corporation
One Chase Plaza
New York, NY 10081

Dear Ms. Smith:

We are in the business of completing successful residential housing developments and are dedicated to making the Hill District neighborhood a wonderful place to live. While we are very good at what we do, we are only one component in the overall plan to revitalize an inner-city community. Finding solutions to other issues, such as the lack of access to a fresh and healthy source of food for our residents, is vital in our effort to create sustainable community developments. Our efforts are strengthened by additional projects that attract more financial investment and economic development to our neighborhoods. This is why we fully support the Centre Food: Bringing a Nonprofit Food Store to Pittsburgh’s Hill District Neighborhood project submitted by Carnegie Mellon for the 2005 JPMorgan Chase Community Development Competition.

Our firm has invested $62 million in the Hill District neighborhood, completing Crawford Square (a 426 unit mixed-income housing development) and Bedford Hill Homes I (a 147 unit mixed-income housing development). We are currently in the planning stages for Bedford Hill Homes II, which will include 171 units of mixed income housing and Lou Mason Jr. Apartments which will provide approximately 100 units of affordable housing for senior citizens and a branch of the Carnegie Public Library along Centre Avenue. This planned additional investment totals another $38 million. Our commitment to the potential of this area is reflected in the immense investments we have already made and continue to make.

We design and implement affordable housing developments not just in Pittsburgh, but across the country. We know from experience that having a local source for fresh and healthy food is a basic necessity of any residential community. The increase in residential development occurring in the Hill District (evidenced by the success we have had in renting and selling units in our developments) has created strong market demand for a grocery store and a central place for residents to gather. We strongly believe that the Hill District needs a local food store to provide both new and current residents with access to fresh produce and products.
MCCORMACK
BARON
SALAZAR

The Centre Food project fulfills these needs and is a wonderful complement to our residential developments in the Hill District. This is why we wholeheartedly support this project proposal and hope that you will consider it a winner as well.

Sincerely,

Karl Schlachter
Sr. Vice President
McCormack Baron Salazar, Inc.
March 31, 2005

Ms. Jean Smith
Vice President
JPMorgan Chase Community Development Corporation
One Chase Plaza
New York, NY 10081

Dear Ms. Smith:

The Pennsylvania Fresh Food Financing Initiative enthusiastically supports the vision expressed in the Centre Food: Bringing a Non-Profit Food Store to Pittsburgh’s Hill District project submitted by Carnegie Mellon for the 2005 JPMorgan Chase Community Development Competition.

The goal of the Fresh Food Financing Initiative program is to increase the number of supermarkets in underserved communities across the Commonwealth of Pennsylvania. The initiative is designed to meet financing needs of supermarket operators and developers in these communities where capital and credit needs cannot be met entirely by conventional financial institutions. The Fresh Food Financing Initiative is a public-private partnership of The Food Trust, the Greater Philadelphia Urban Affairs Coalition (GPUAC), and The Reinvestment Fund (TRF).

The initiative’s financing program spans the full spectrum, providing grants and loans for pre-development costs, land acquisition, equipment, and construction and permanent financing. The Food Trust and TRF have worked with Inner City Grocers on a previous non-profit grocery in urban Pittsburgh. We are eager to support the development of a full-service supermarket in Pittsburgh’s Hill District.

To this end, the Hill District location is eligible for Fresh Food Financing Initiative funding in the form of a grant and/or a loan. The Food Trust also is willing to provide technical assistance and workforce services to the supermarket operator, as well as work with the community to increase permanent employment opportunities for minorities, women and disabled persons.

Regards,

Hannah Burton
Senior Associate, The Food Trust
Pennsylvania Fresh Food Financing Initiative
March 29, 2005

Ms. Jean Smith
Vice President
JP Morgain Chase Community Development Corporation
One Chase Plaza
New York, NY 10081

Dear Ms. Smith:

The Urban Redevelopment Authority (URA) of Pittsburgh supports the “Centre Food: Bringing a Non-Profit Food Store to Pittsburgh’s Hill District Neighborhood” project submitted by Carnegie Mellon for the 2005 JPMorgan Chase Community Development Competition. This endeavor will bring a grocery store to a community that has suffered without one for over twenty years. Providing a neighborhood source of fresh and healthy food is a critical component in any comprehensive redevelopment plan that includes rejuvenating the residential aspects of a neighborhood and attracting new businesses and investment into a community. For these reasons, the URA is committed to working with CMU’s project team to make this proposal a reality.

The Centre Avenue Corridor was targeted for revitalization, as it had been the historic focus of community life. Over time, the area deteriorated, with up to 47% of the properties tax delinquent. We have since been actively acquiring property along Centre Avenue and the surrounding neighborhood, and our redevelopment plan for the area includes more new housing, a library, community services, a retail streetscape, and a grocery store. The 2.5 acre site that the project team has selected for their project was assembled by the URA in the late 1990s with the goal of attracting a grocery store. The site is exceptionally well suited for the proposed use. It benefits from an excellent location, street frontage on Centre Avenue, sufficient size and scale to support grocery store operations, sufficient infrastructure, easy access for loading docks, conducive topography, convenient public transportation access, and an underserved market. Despite these qualities and many years of effort on our part, we have not yet successfully attracted a grocery store to the Hill. “Centre Food” offers a viable alternative not only to develop this site for its intended use, a grocery store, but to keep the profits in the community through the non-profit model. “Centre Food” would be an excellent asset for the Hill District, and an excellent fit within the redevelopment vision for the Centre Avenue corridor.

This project would be an excellent candidate for many of our gap financing loan programs, such as the Urban Development Fund and the Pittsburgh Business Growth Fund, as well as possible state funding through the First Industries program. We would consider transferring site control of the proposed grocery site at a cost that would allow a
committed grocery store operator to assemble project financing and operate profitably. It is also important to note that much of this site is located in a Keystone Enterprise Zone, which means that a developer or tenant will pay no city, county, school, or state taxes through 2010.

We are proud to support this proposal and will leverage our resources to bring the “Centre Food” project to fruition.

Sincerely,

Urban Redevelopment Authority of Pittsburgh

Robert Rubinstein
Director – Business Development Center

www.ura.org
Political:

Jim Ferlo, State Senator
Bill Peduto, City Councilman
Jake Wheatley, Jr., State Representative
March 21, 2005

Ms. Jean Smith
Vice President
JPMorgan Chase Community Development Corporation
One Chase Plaza
New York, NY 10081

Dear Ms. Smith:

I am writing to express my support for the “Centre Food: Bringing a Non-Profit Food Store to Pittsburgh’s Hill District Neighborhood” project submitted by Carnegie Mellon for the 2005 JPMorgan Chase Community Development Competition. The Hill House is one of the premier social service organizations in the City of Pittsburgh. The first settlement house in the country, the Hill House has been in operation since 1962, serving the needs of the Hill District through a wide variety of social services. The Hill House has been working with the Urban Laboratory at Carnegie Mellon on development in the Hill District for over 20 years; Carnegie Mellon’s design and urban planning expertise are well complemented by the Hill House’s strong community base. The two organizations have developed the great team synergy required to bring such a project as Centre Food to fruition.

A grocery store is a crucial need in the Hill District, a lower-income neighborhood with a substantial population that has gone without such a store for over two decades. While I have been working on economic development strategies to bring grocery stores to underserved urban neighborhoods in the Pennsylvania state senate, this non-profit food store proposal offers a more immediate solution to our problem here in Pittsburgh. The non-profit model is particularly attractive to the Hill District because profits will stay in the community and go towards further revitalization of the neighborhood.

Not only this, but the health benefits of bringing fresh produce to inner-city neighborhoods have been well-documented. My constituents in the Hill District suffer from diabetes and cancer at rates higher than the national averages. I am committed to minimizing these health disparities.
There is a significant need in this community for economic activity and for fresh food. The Centre Food project brings both, and builds on existing development in the neighborhood. The project would be a great community asset, and receives my full endorsement.

Sincerely,

[Signature]

Jim Ferraro
Pennsylvania State Senate
38th District
Ms. Jean Smith  
Vice President  
JPMorgan Chase Community Development Corporation  
One Chase Plaza  
New York, NY 10081  

Dear Ms. Smith:

As a member of Pittsburgh’s City Council, I believe in making the City of Pittsburgh a vibrant place to live for all residents. That is why I fully support the *Centre Food: Bringing a Non-profit Food Store to Pittsburgh’s Hill District Neighborhood* project submitted by Carnegie Mellon for the 2005 JPMorgan Chase Community Development Competition.

The recent “Back to Prosperity” report authored by the Brookings Institute showed the need for Pennsylvania to focus on revitalizing its urban cores. I have long been an advocate of smart growth policy, and bringing a grocery store to an urban, densely populated neighborhood will have many more benefits for the region than opening another large megastore in the suburbs. The recent successful opening of Whole Foods in East Liberty, another low-income neighborhood in Pittsburgh, has shown what one grocery store can do to spark community revitalization. This Whole Foods had the largest opening week sales of any Whole Foods in the country. Since it has opened, restaurants, a yoga studio, and other stores have opened in formerly vacant neighboring blocks. With the substantial density and market demand located in the Hill District and proximate neighborhoods, a similar renewal could easily be sparked by an economic engine such as Centre Food.

This project is also appealing because the design process has been community driven. I firmly advocate incorporating community input in the development process. After hosting a community meeting, the student team included resident input in their site selection, building design, and floor plan. The components of the food store are based on a community needs survey. The team’s partnership with the Hill House Association, a highly respected non-profit organization within the Hill District, is further evidence of community inclusion in the project’s design. Carnegie Mellon based their proposal on a substantial analysis of neighborhood needs, which makes the project more realistic and sustainable.

Centre Food is well aligned with my vision for building a new Pittsburgh for the 21st century. I endorse this community development proposal and hope that you will see the
substantial benefits that it will provide to not just the Hill District, but to the City of Pittsburgh.

Sincerely,

William Peduto
April 1, 2005
Ms. Jean Smith
Vice President
JPMorgan Chase Community Development Corporation
One Chase Plaza
New York, NY 10081

Dear Ms. Smith:

I am pleased to express my support for the Centre Food: Bringing a Non-Profit Food Store to Pittsburgh’s Hill District Neighborhood project as submitted by a team of students from Carnegie Mellon University for the 2005 JPMorgan Chase Community Development Competition. As a board member of the Hill House, I can personally attest to the quality and breadth of services it provides. The Hill House is a neighborhood anchor, serving the needs of area residents since 1962. Over many years, Carnegie Mellon Architecture students have engaged in various studio projects and neighborhood studies and have also participated in various volunteer efforts as well. The strong relationship between the school and the Hill House provided the wonderful synergy that produced this project.

My office has been deeply involved in this matter. Act 22 of 2004, “The First Industries Program,” authorized $150 million in financial assistance under the agriculture and tourism project. This money was slated for planning grants, direct loans, and loan guarantees for supermarkets in eligible areas. Therefore, I have hosted meetings with Ebony Development, the Reinvestment Fund, Food Trust, and the Urban Redevelopment Authority in my office to help speed negotiations between these organizations. This meeting, along with other efforts that my office has made, has been another step forward in the process of bringing a grocery store to the Hill District.

As a member of the Pennsylvania House Committees on Children & Youth and Health and Human Services, and Chair of the Health Subcommittee, I realize the importance of health, work-force development, and community involvement. Inner-city residents such as those in the Hill often have poor access to fresh and nutritious food, and this could cause or exacerbate health problems within the community. My constituents in the Hill
District suffer from diabetes and cancer at rates higher than the national averages. I am committed to minimizing these health disparities. These residents, some on fixed incomes, must rely on mass transit or private transportation services to reach a full-service grocery store, resulting in fewer trips, increased expense, and sometimes long travel times. A neighborhood store would provide an easily accessible and less expensive food source. In addition, the Hill House and Education Innovations plan to utilize the store for entrepreneurial and work-force development. Structuring this venture as a social enterprise managed by community entities ensures it will not leave on the whim of a corporate manager and will consistently support and respond to neighborhood needs.

The Centre Food project successfully addresses the need for a local food source, local employment and training while also assisting in the Hill’s continuing reemergence as a desirable and unique neighborhood. As a Member of the Finance and Appropriations committees, I will strive to secure support for this worthwhile project.

Sincerely

Jake Wheatley, Jr.