South Hills TRID Study

Allegheny County
Borough of Dormont
Municipality of Mt. Lebanon
Port Authority of Allegheny County

Presentation of Results
March 5, 2008

AGENDA

TRID, TOD, and South Hills

Three TRID Strategies

Strategic Opportunity Sites

The Economics of TRID

Next Steps

TRID, TOD, AND SOUTH HILLS

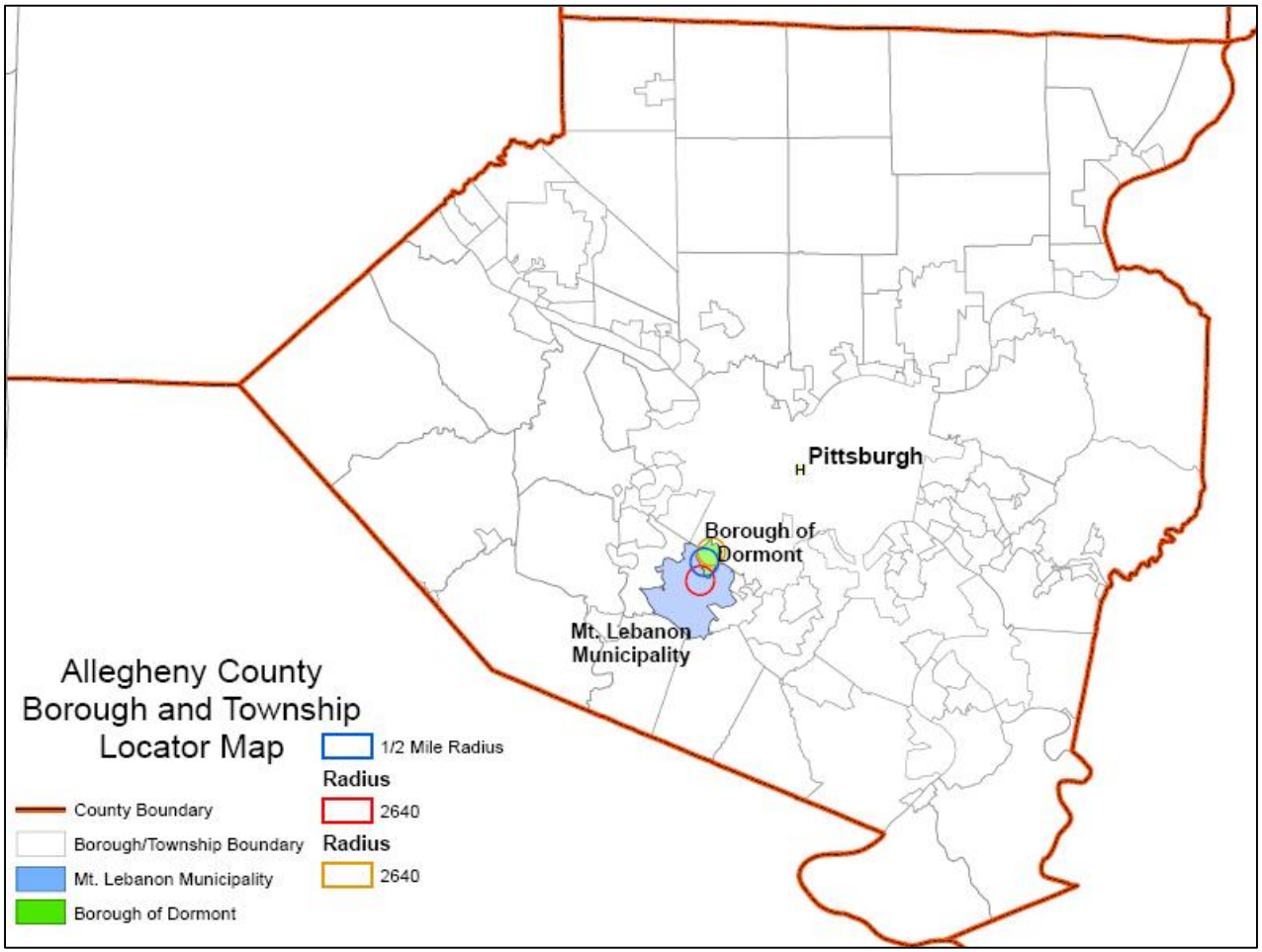
What's Transit-Oriented Development?

1. Compact, relatively dense development within walking distance of a transit station
2. A "24/7" mix of uses—transit *origins* (housing) and *destinations* (jobs, retail, schools, medical, civic)
3. A safe, interconnected, and inviting pedestrian environment—sidewalks, plazas, lighting, signage, and the street floors of buildings.
4. A new approach to parking—less of it, shared wherever possible, and (except for curbside spaces) out of view.

The TRID Legislation Calls For…

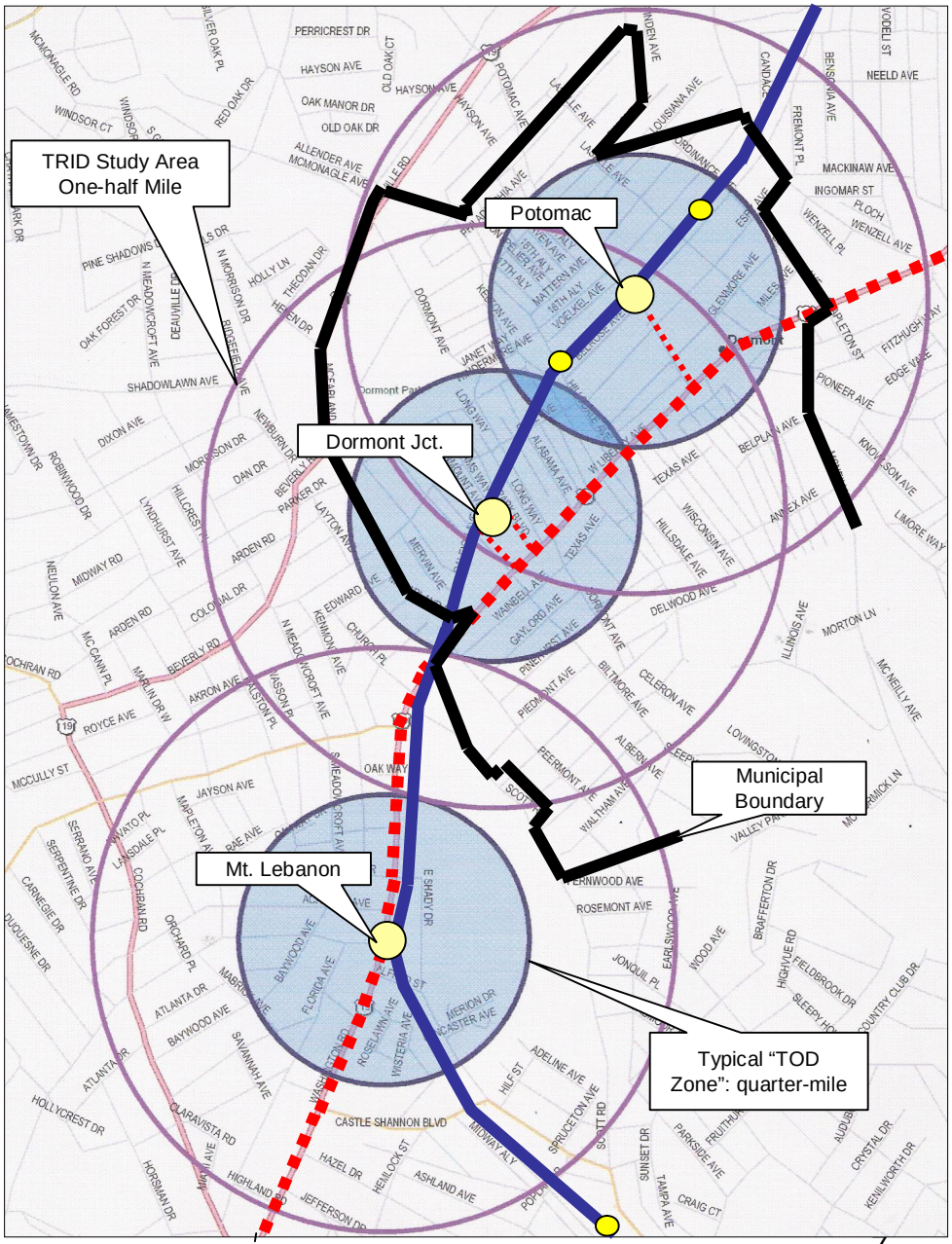
- Integrated district planning—transit, other infrastructure, public facilities, and private development.
- Intergovernmental collaboration—County, Borough of Dormont, Municipality of Mt. Lebanon, Port Authority, Commonwealth of Pennsylvania
- Joint development—added legal powers and flexibility to develop the best TOD on public land near the stations
- Tax Increment Value Capture—automatic eligibility, at the Borough or Municipality's option
- State funding and financial assistance—priority status

The View from 30,000 Feet



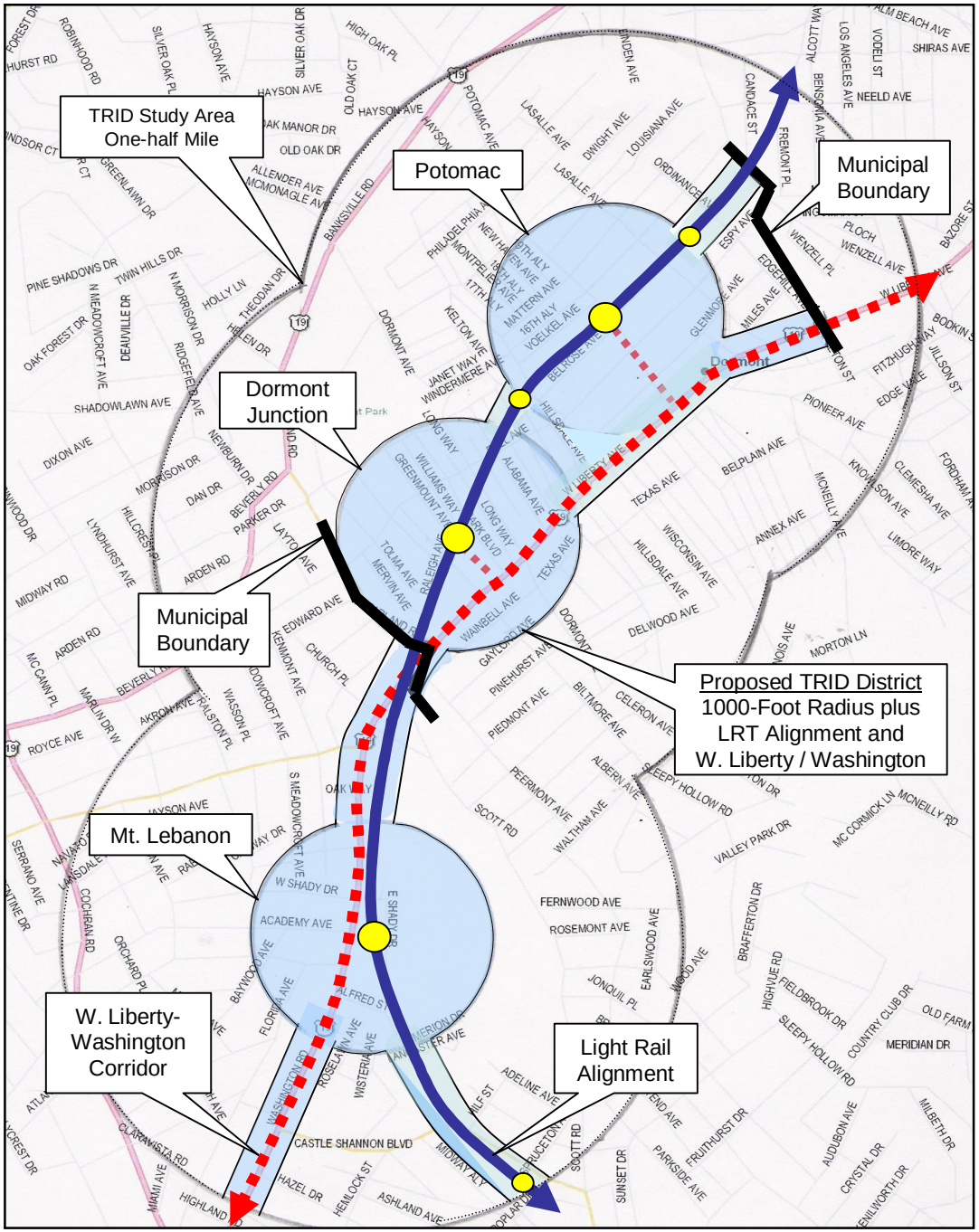
Zooming In: The Three Stations

- Potomac and Dormont Junction are less than a half-mile apart.
- Dormont Junction and Mt. Lebanon are just ¾ mile apart
- Much of the Potomac and Dormont Junction “half-miles” are in Mt. Lebanon (and Pittsburgh).
- A continuous neighborhood and commercial corridor along West Liberty/Washington and the T.
- It looks more like one transit district than three separate ones.

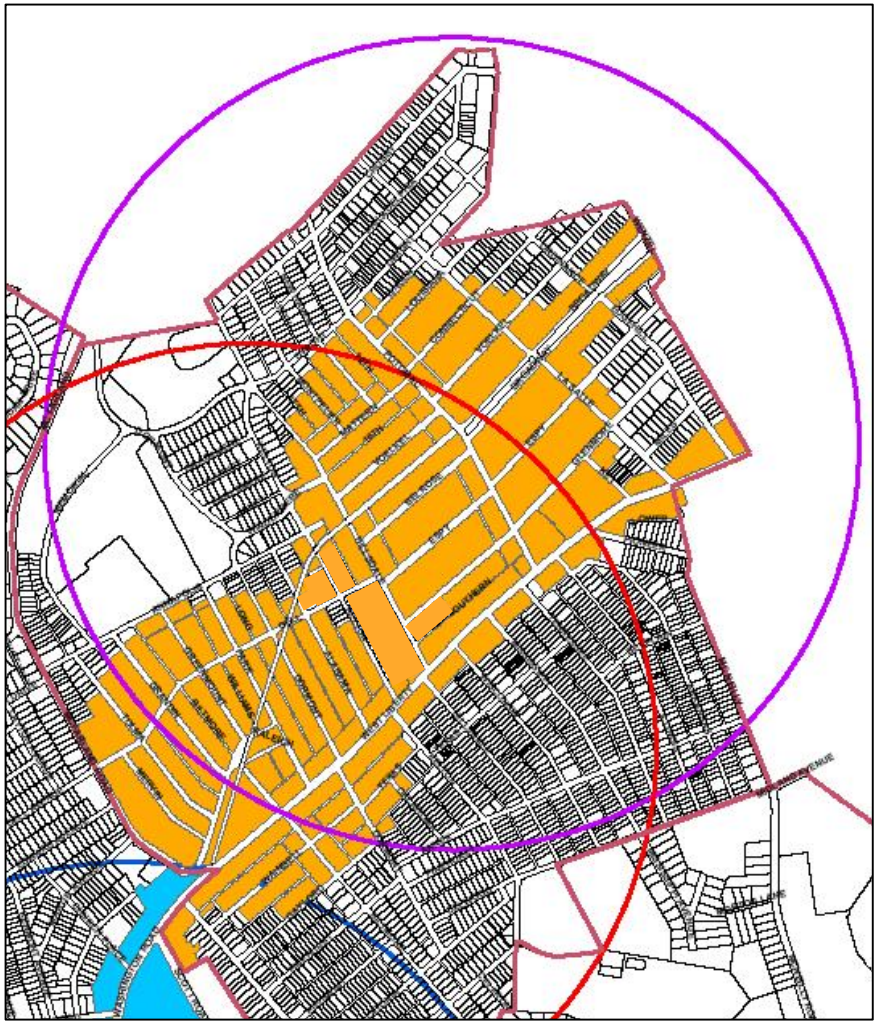


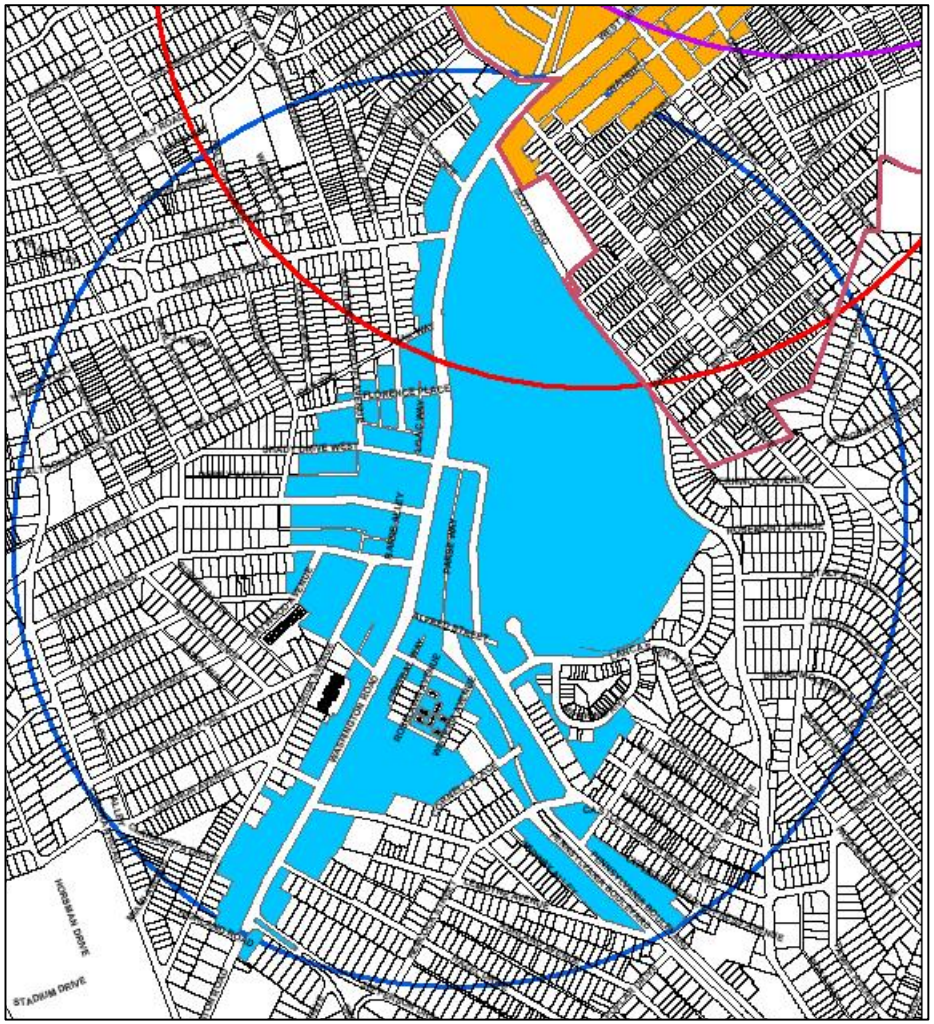
Proposed TRID

- One TRID, consisting of:
- All properties wholly or partly within a 1000-foot circle around each station, *plus*:
- The LRT alignment
- The West Liberty / Washington Road Corridor
- One joint management entity; separate approval and value capture areas for Dormont and Mt. Lebanon



Proposed TRID: Actual Boundaries





What Happens in the TRID?
Three TRID Strategies

1. Existing Residential Streets

- Most of the 1000-foot circle at Potomac and Dormont Junction, about half the circle at Mt. Lebanon
- The lifeblood of South Hills—the goal: strengthen link to T, enhance property values
- Priority for pedestrian amenities (streets, sidewalks, parks, signage, lighting, water)

Potomac Avenue Station

Cornell Village, Markham, Ontario

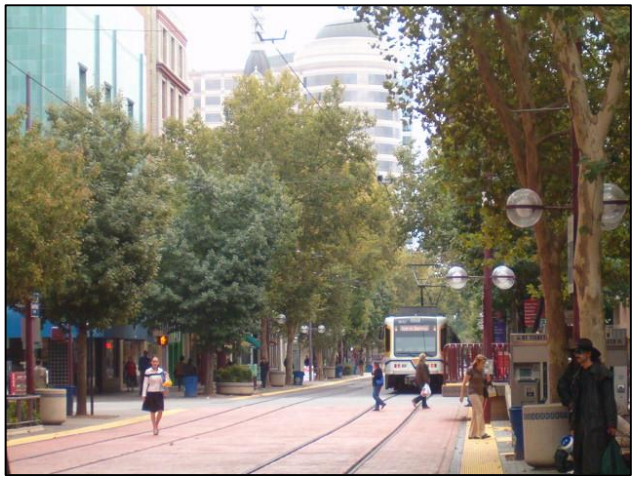
Three TRID Strategies

2. Commercial Districts

- Potomac Avenue, West Liberty Avenue, Washington Road
- Fill in “holes”, up-grade facades, invest in amenities (sidewalks, parks, signage, lighting), promote the street
- The best strategy is the Main Streets Program—already going strong in Mt. Lebanon, planned in Dormont
- Businesses will benefit from infusion of new housing, creating additional retail demand

Potomac Avenue

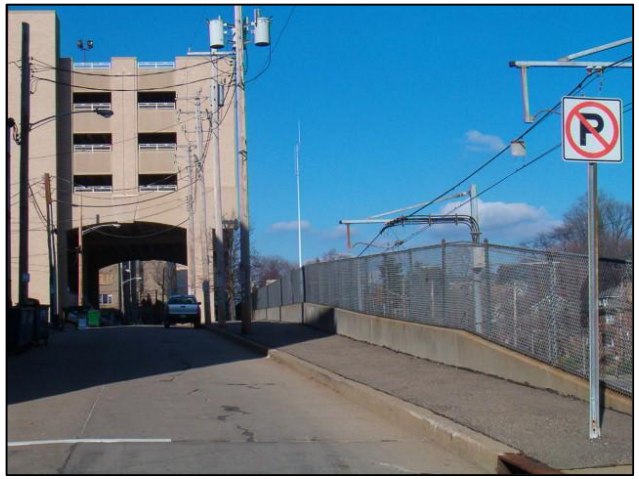
K Street, Sacramento



Three TRID Strategies

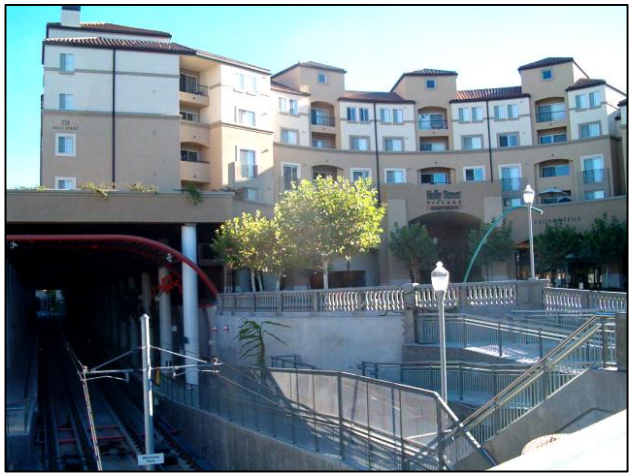
3. Strategic Opportunity Sites

- Unique properties ripe for redevelopment
- Each is the “hole in the donut” for its station area
- Likely to involve cost premiums—structured parking, topography, etc.
- Mt. Lebanon Air Rights / Parse Way; Dormont Junction Park-and-Ride Lots; Potomac / LRT Crossing
- Secondary sites can be added as well: for examples, Dormont’s Hillsdale / West Liberty parcel, or municipal parking lots



Mt. Lebanon Air Rights

Holly Village, Pasadena



Focus: Strategic Opportunity Sites

- Each “SOS” includes strategic property in public ownership. The objective—create private development next to (or over) the station.

- For adjoining *privately* owned land, redevelopment remains entirely at the discretion of the owner.

- A wide range of development outcomes could occur—we’ve studied what could reasonably happen on these sites, based on the South Hills market and each site’s physical characteristics.

- For each “SOS”, we’ve developed a Low-Density Concept and a High-Density Concept. They’re not mutually exclusive, but they illustrate the range of what could realistically happen.

- A strategic principle: *incremental development*.

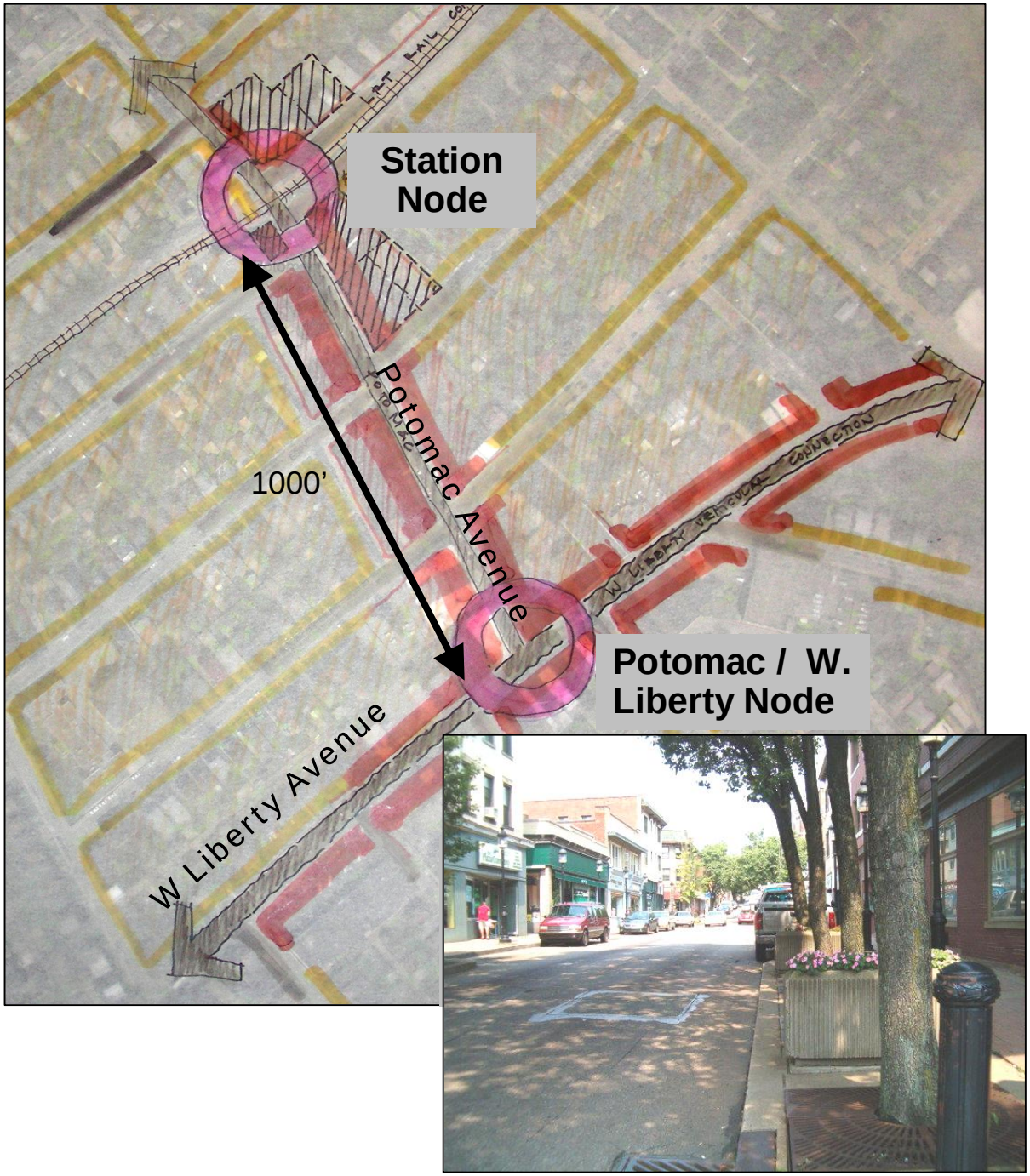
STRATEGIC OPPORTUNITY SITES

- **POTOMAC**
- **DORMONT JUNCTION**
- **MT. LEBANON**

Potomac Station

Context Plan

View Toward Potomac / West Liberty



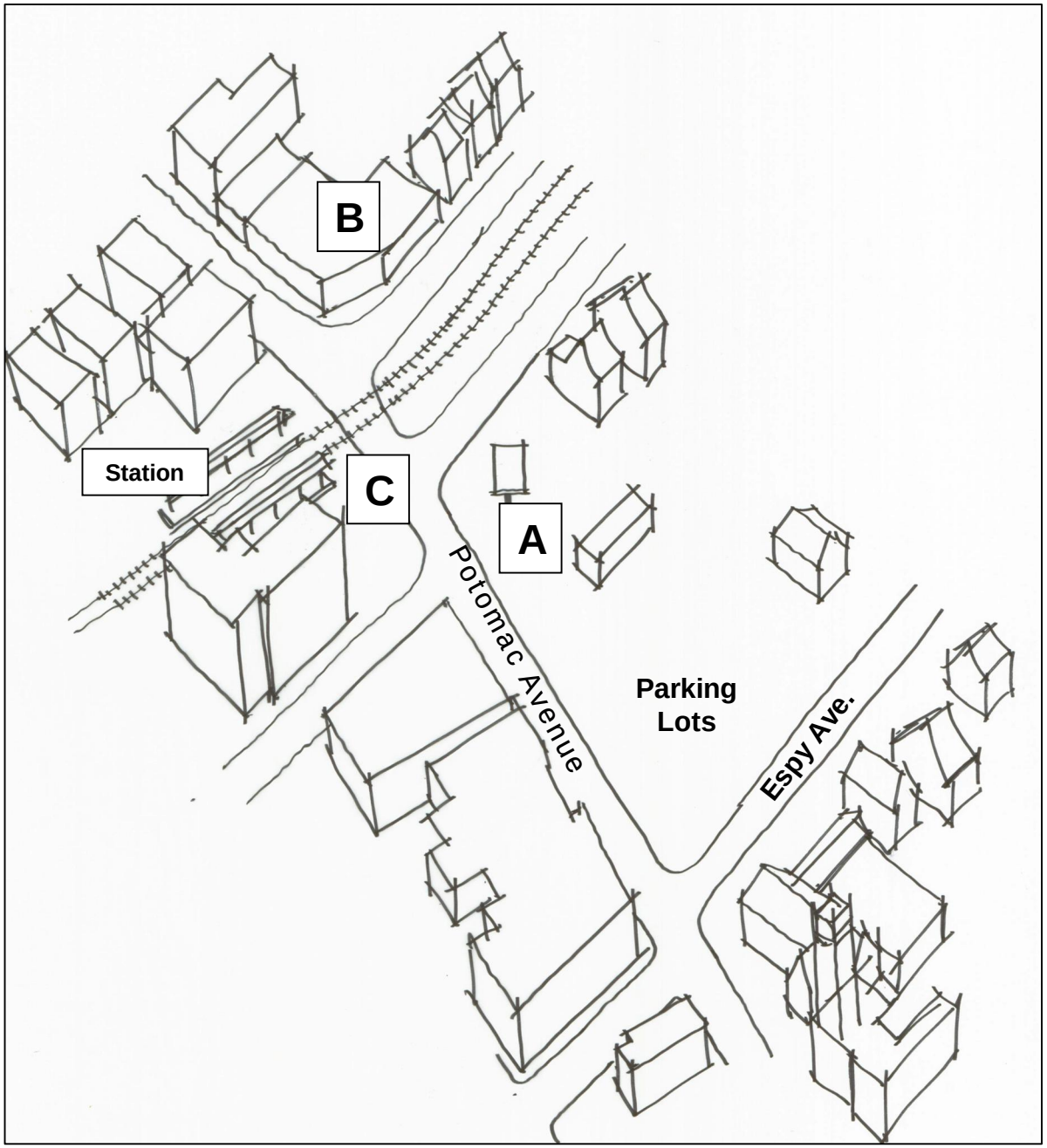
Potomac Station

Existing Conditions

A: Gas Station and Parking Lots

B: One-Story Retail Block

C: Dormont Place Open Area

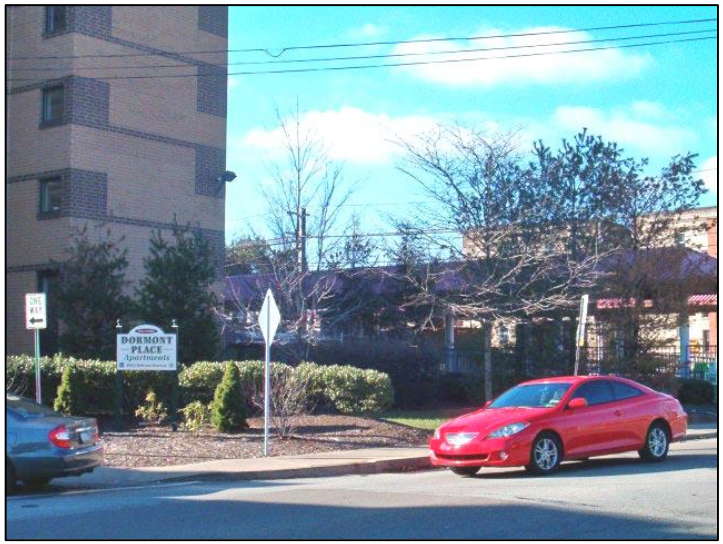


Potomac Station

Existing Condition Photos

A. Gas Station, Parking Lots (SE Corner)

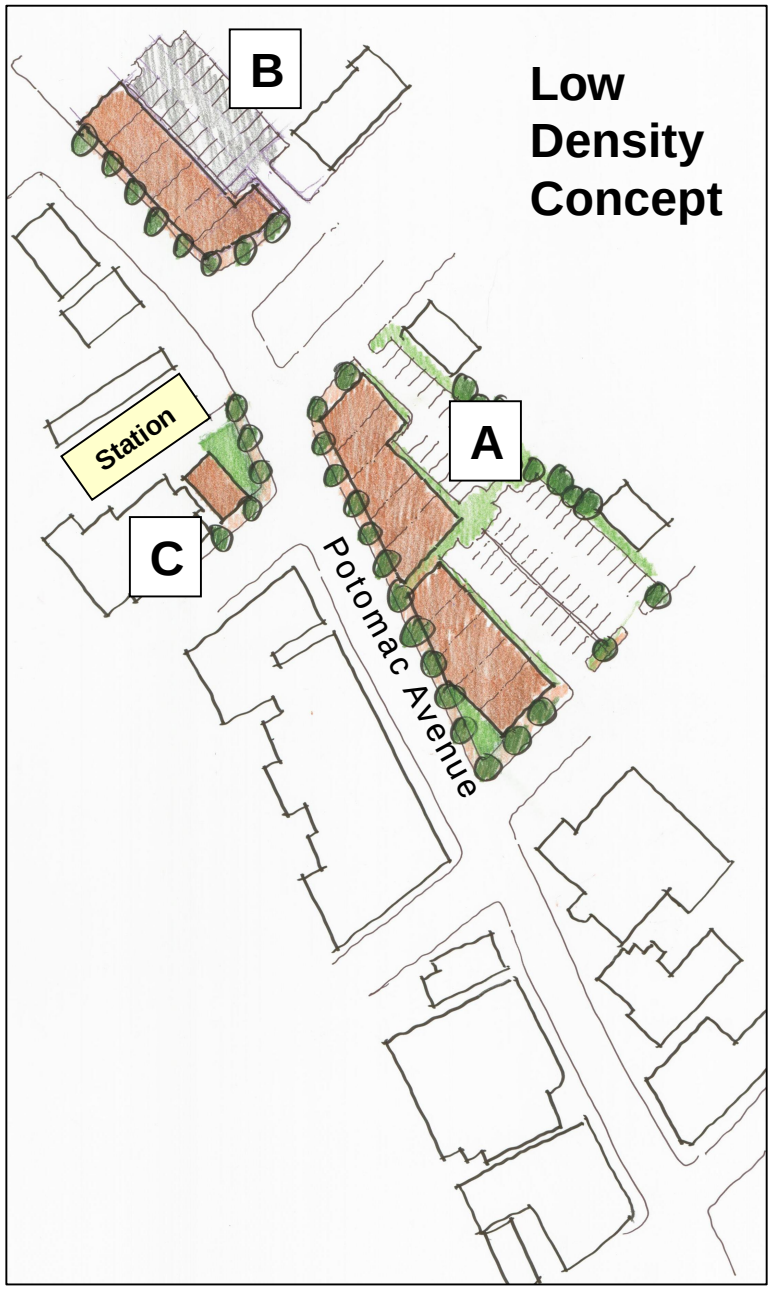
B. One-story Block (NE Corner)

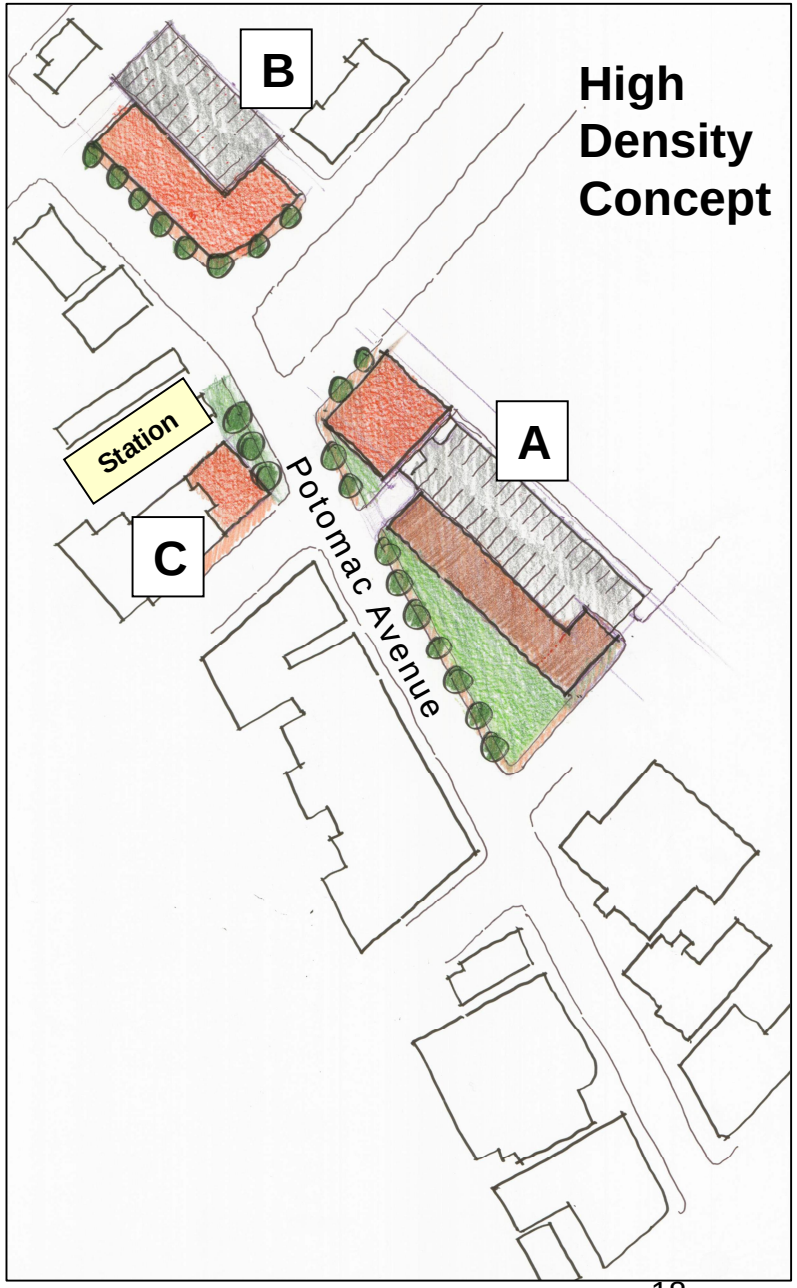


C. Dormont Place Open Area (SW Corner)

Potomac Station

Alternative Concepts





Potomac Station

Aerial View

Low Density Concept

A:

1 Level of Retail-10,000 sf

1 and 2 Levels of Res.-15 units total

52 parking spaces

B:

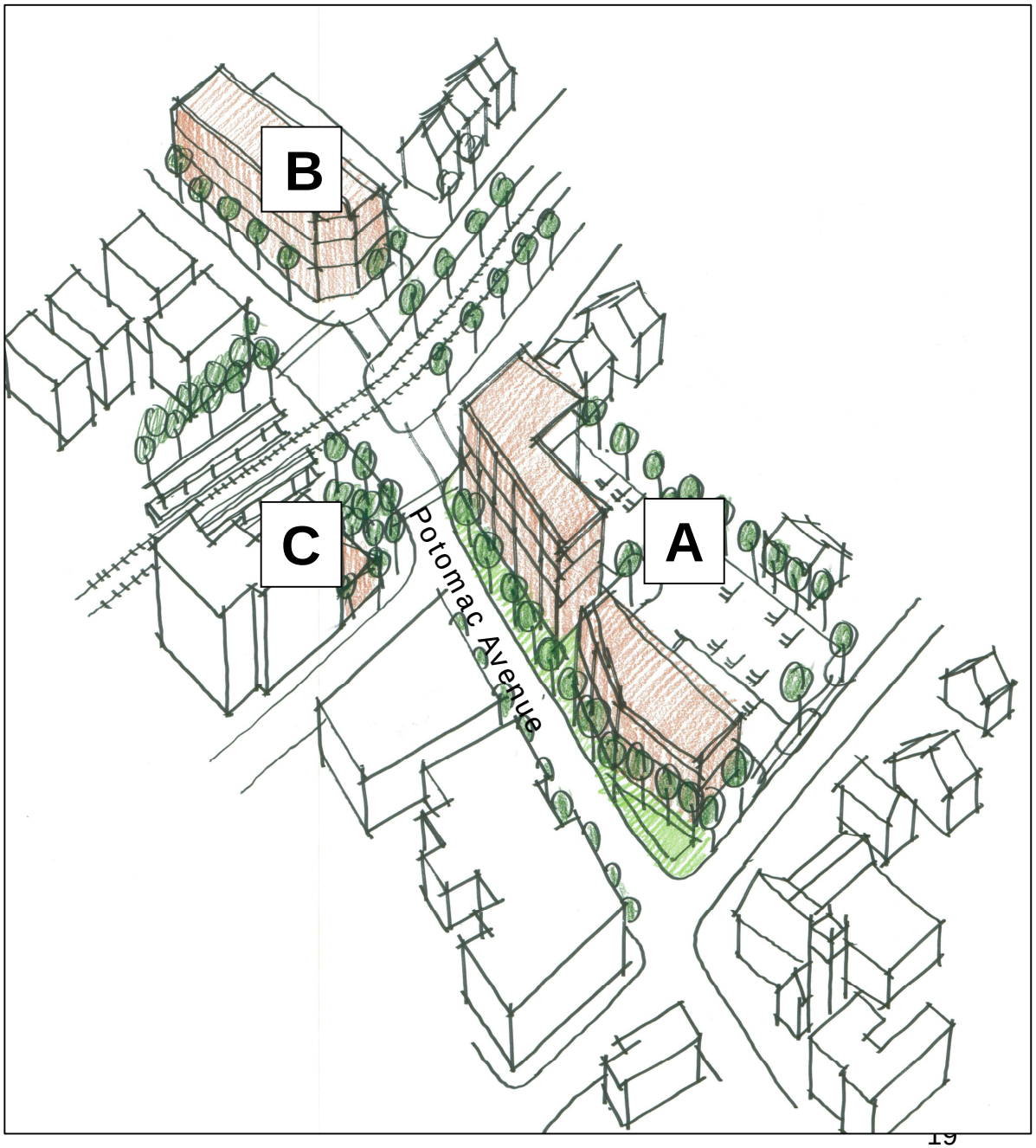
1 Level of Retail-6,000 sf

2 Levels of Res.-10 units total

18 parking spaces.

C:

1 Level of Retail-1,350 sf



Potomac Station

Aerial View

High Density Concept

A:

1 Level of Retail-10,000 sf

3 Levels of Res.-30 units

68 parking spaces (deck; shared by public, development, and church)

B:

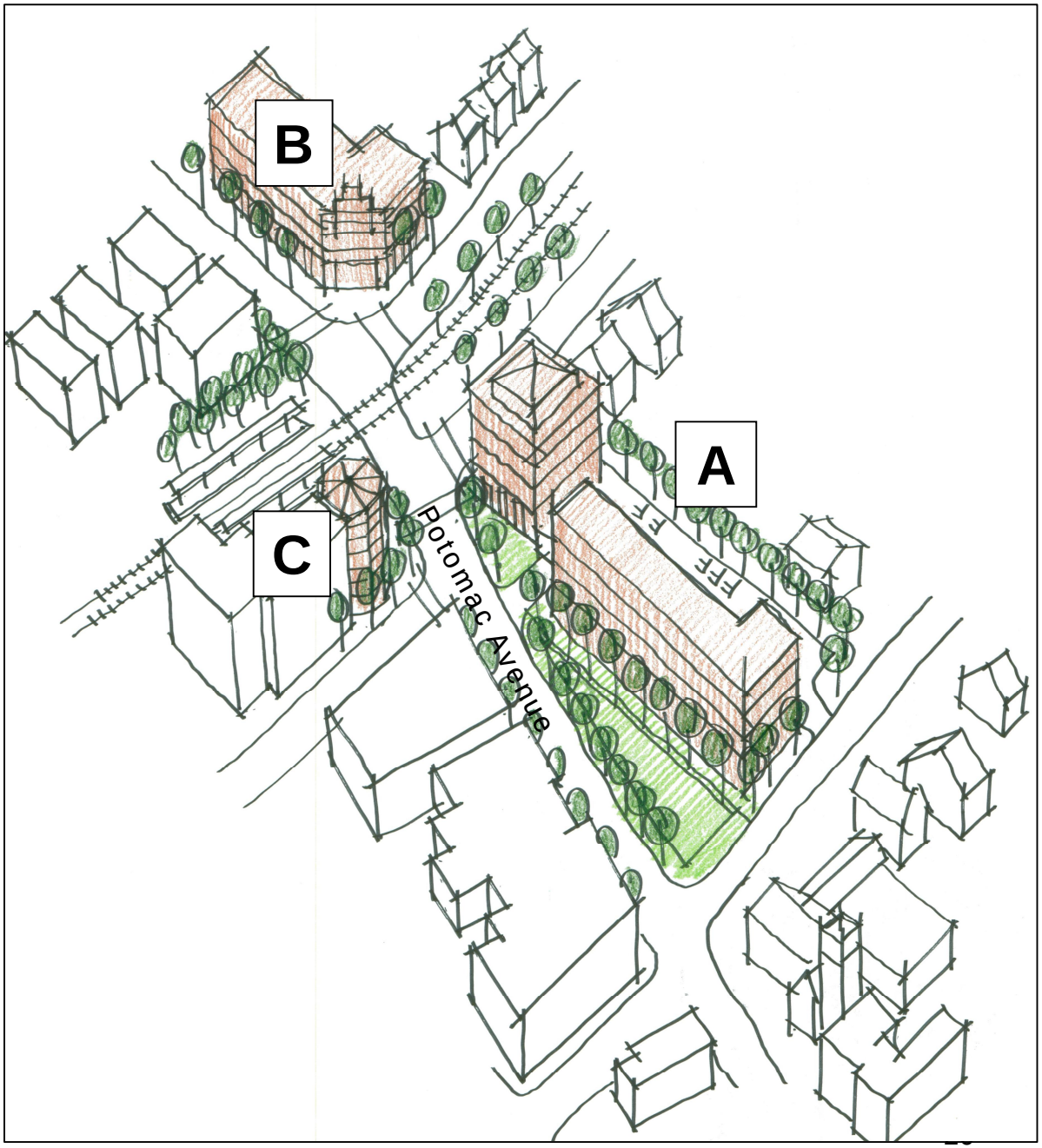
1 Level of Retail-6,000 sf

3 Levels of Res.-15 units total

35 parking spaces (deck)

C:

6 Levels of Res.-12 units total

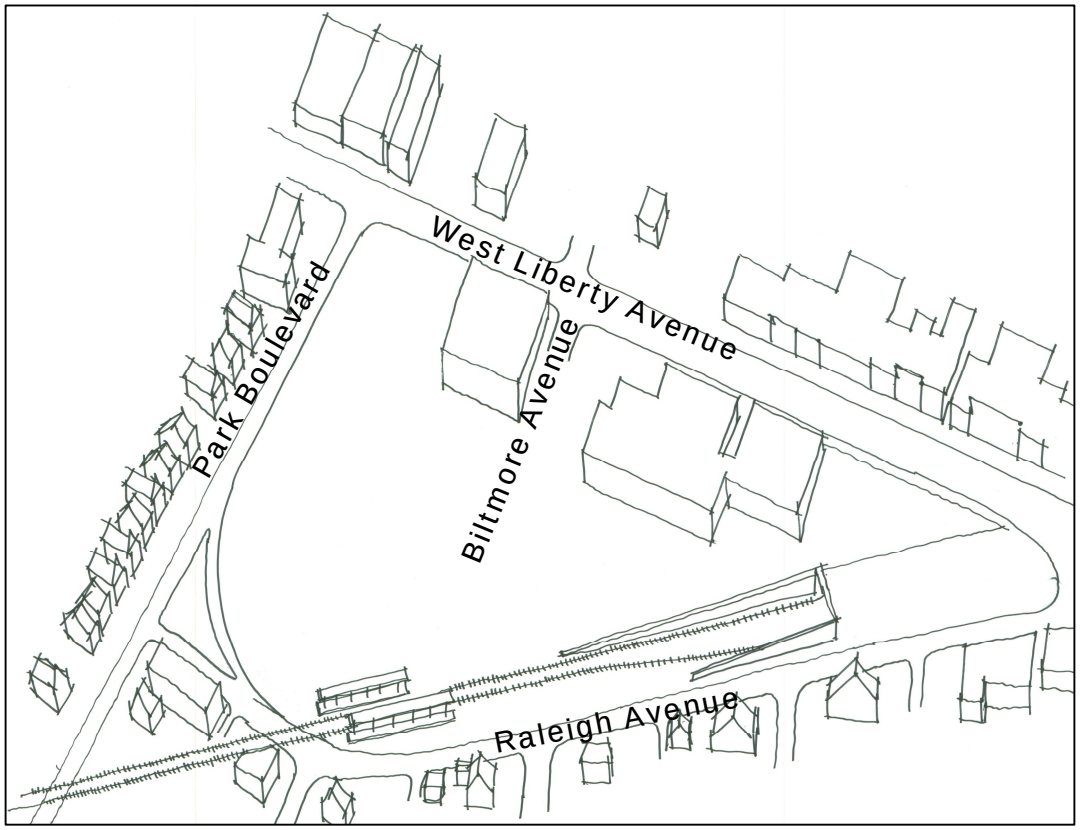


Potomac Station

Perspective View

Dormont Junction Station

Existing Conditions



Parking Lots and Dealerships from Station

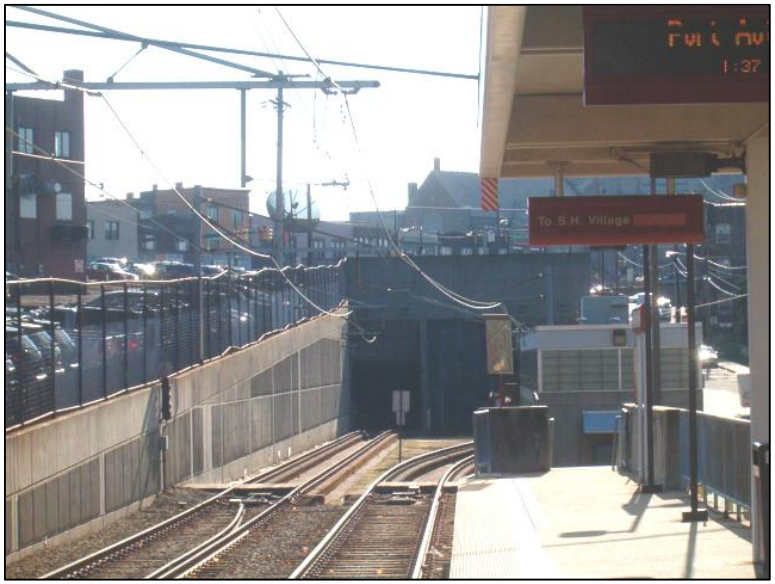
Station and Parking lots from Biltmore

Dormont Junction Station

Existing Conditions (continued)

West Liberty & McFarland (point of triangle)

Residential Neighborhood at Raleigh Avenue



Portal under West Liberty & McFarland

Dormont Junction Station

Low Density Site Plan

A:

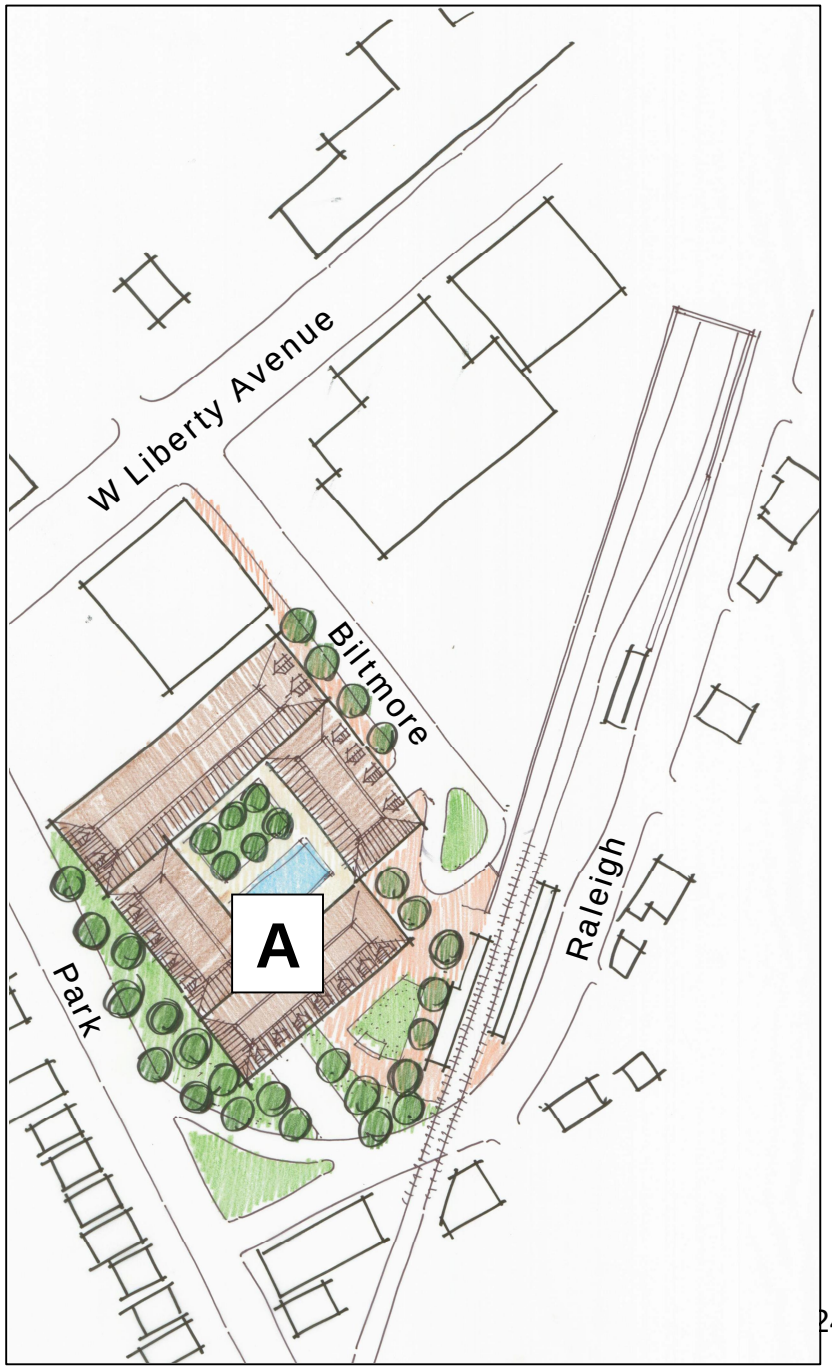
1 Level of Retail-9,000 sf

3-4 Levels of Residential-125 units

310 pkg. sp. total:

132 spaces for Park-and-Ride

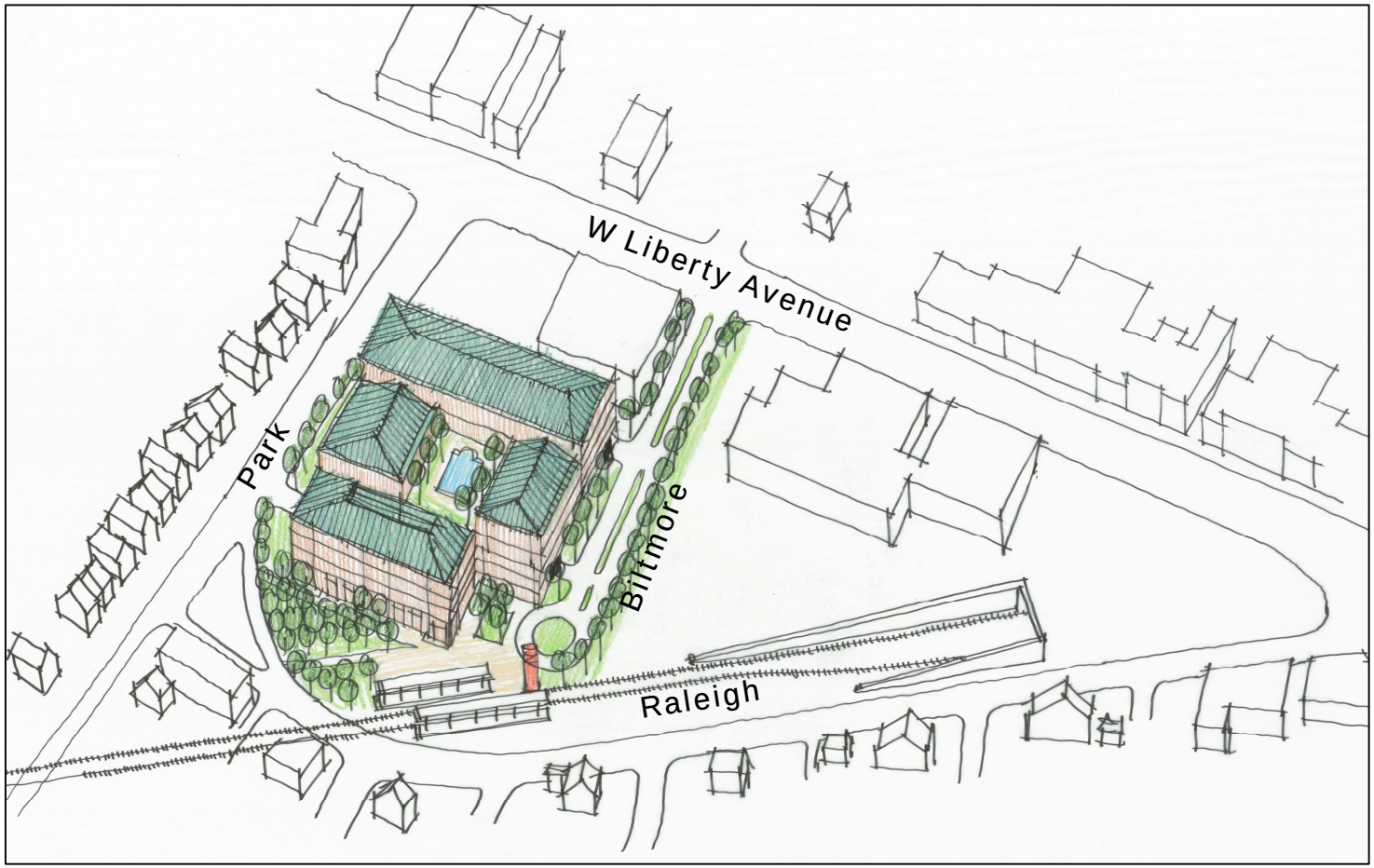
178 spaces for residential and retail



Dormont Junction Station

Aerial View

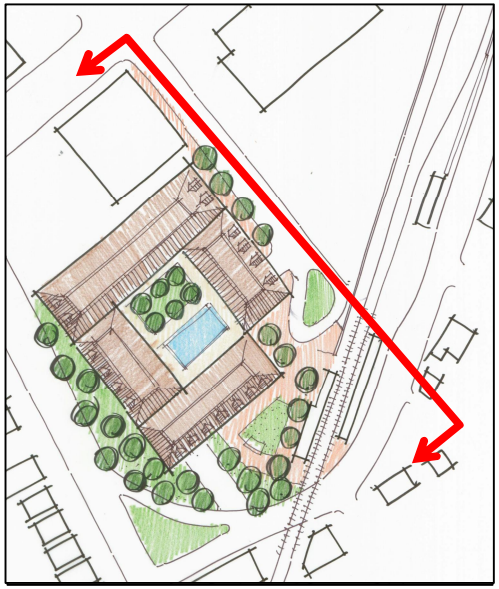
Low Density Concept

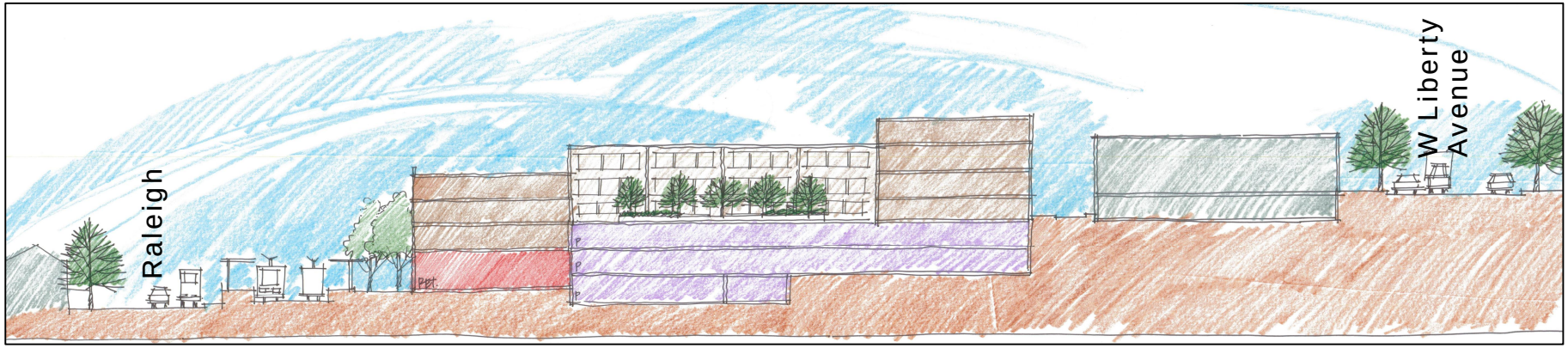


Dormont Junction Station

Cross-Section

Low Density Concept





Dormont Junction Station

Perspective View: Station Plaza Level

Dormont Junction Station

High Density Site Plan

A:

1 Level of Retail-9,000 sf

4-5 Levels of Res.-128 units

B:

1 Level of Retail-10,800 sf

5 Levels of Res.-74 units total

425 parking spaces

C:

1 Level of Retail-11,000 sf

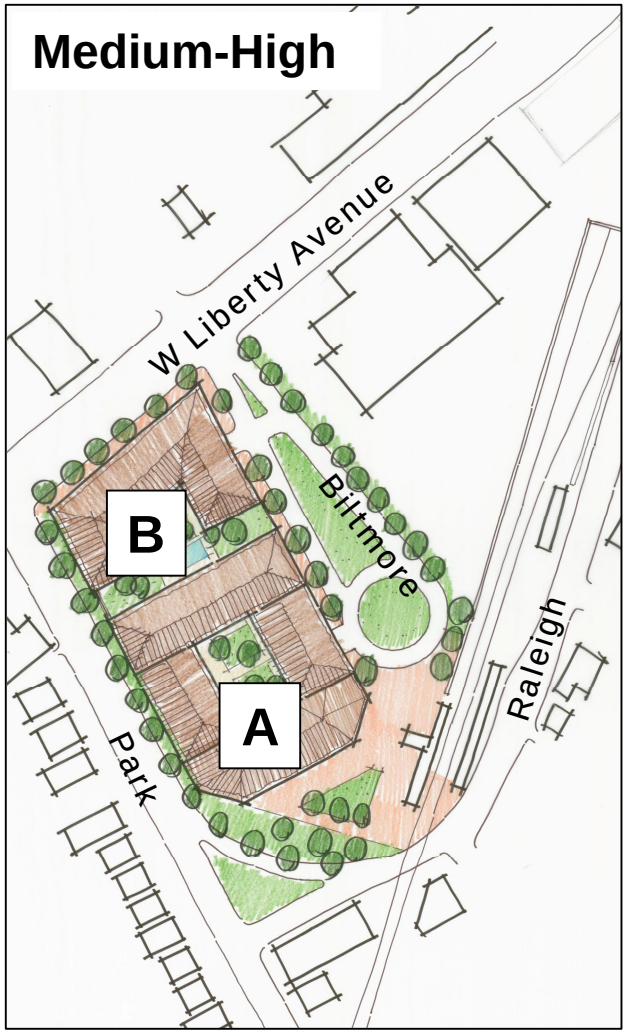
5 Levels of Res.-142 units total

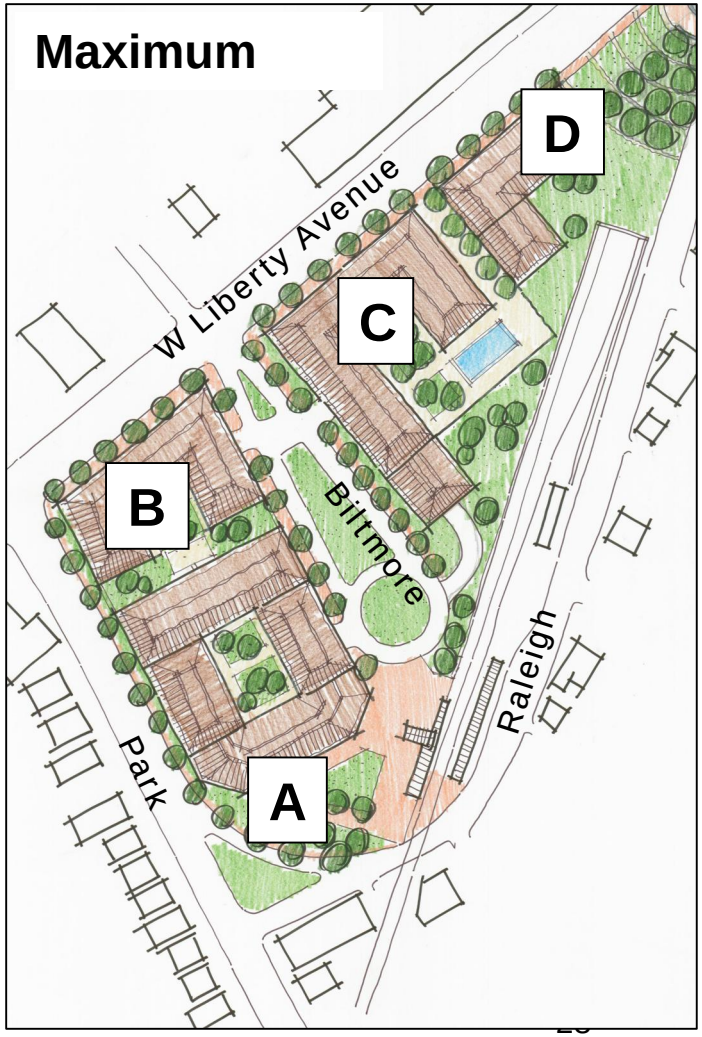
300 parking spaces (development and public)

D:

Existing Restaurant

14,000 sf public open space at West Liberty and McFarland





Dormont Junction Station

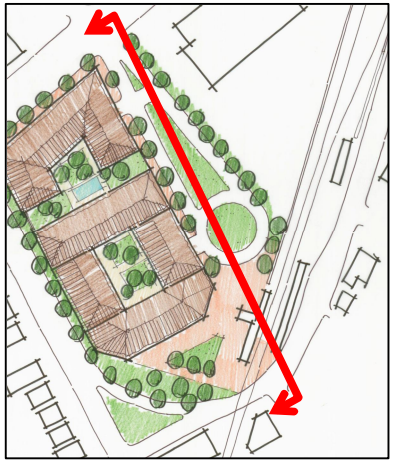
Aerial View

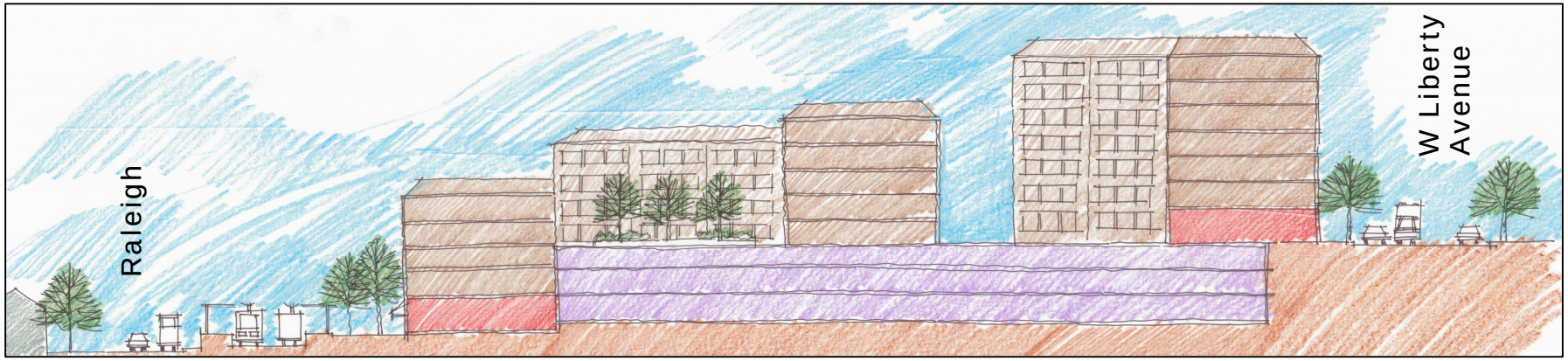
High Density Concept

Dormont Junction Station

Cross-Section (Interior)

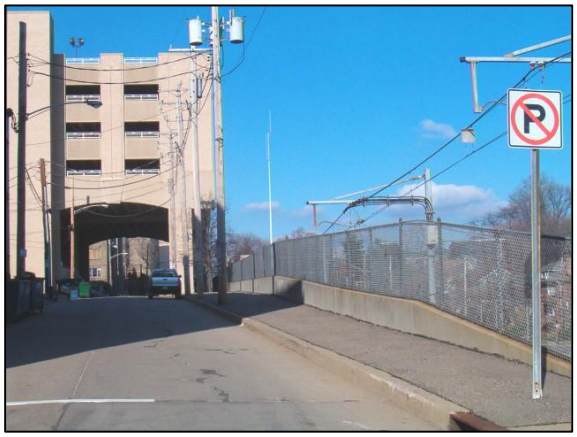
High Density Concept



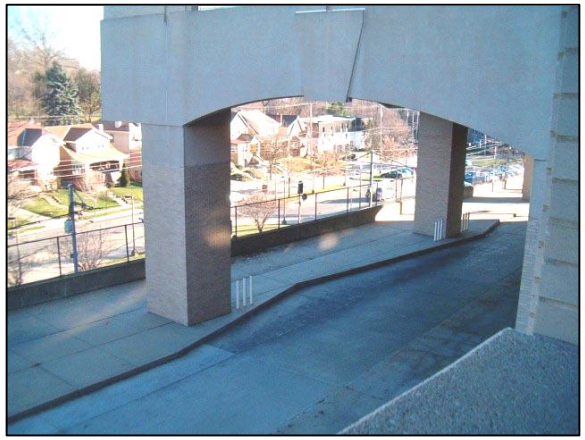


Mt. Lebanon Station

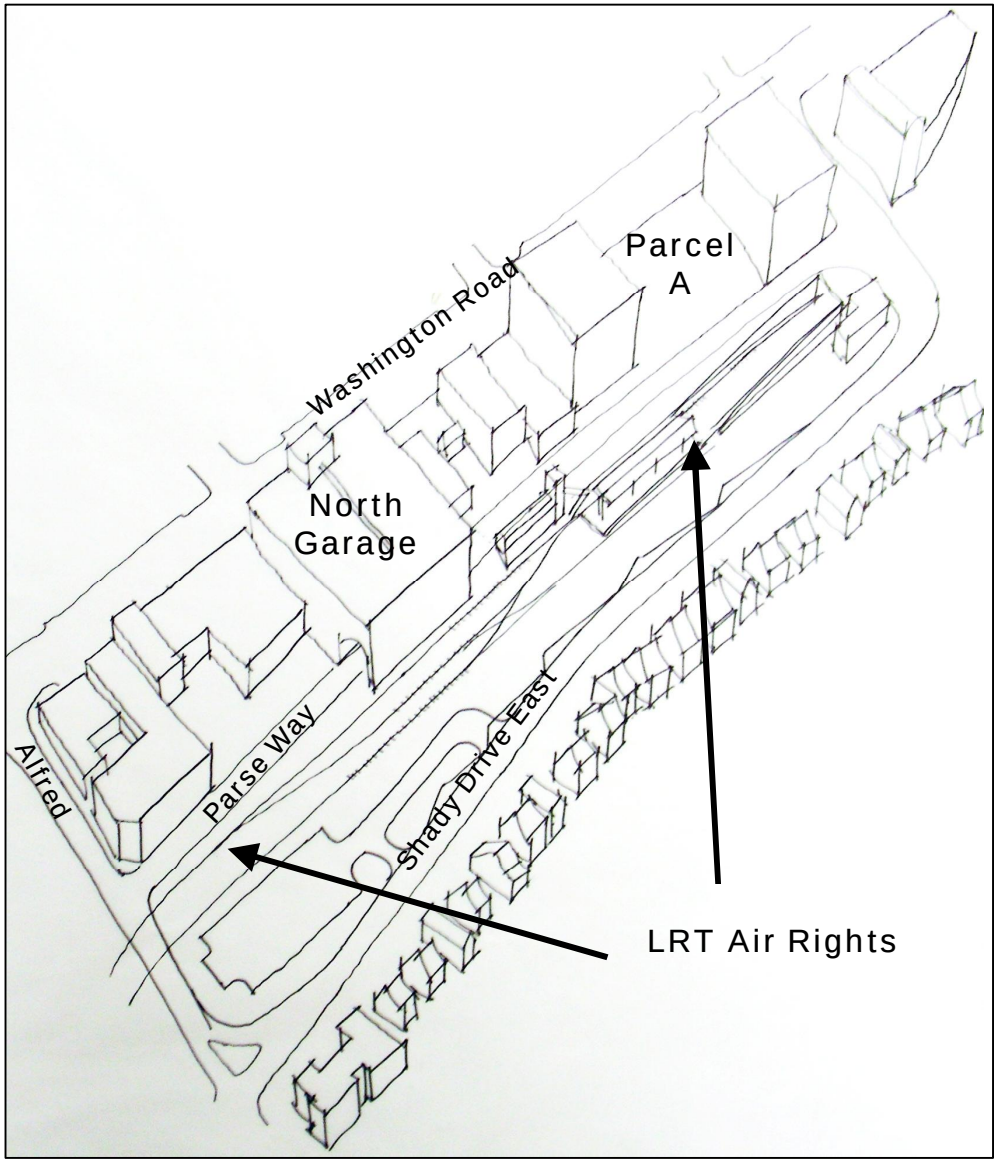
Existing Conditions



LRT, Parse Way, and Garage Looking North



Homes on Shady Drive East from Parse Way



Mt. Lebanon Station

Existing Conditions (continued)

Air Rights Site Looking North from Park-and-Ride Lot

Washington Road Business District

Station, Bus Berths, and Air Rights Looking South

Mt. Lebanon Station

Alternative Concepts

Mt. Lebanon Station

Aerial View

Low Density Concept

A:

1 Level underground parking: 56 sp.

3 Levels of Res.- 42 units total

B:

Hotel (as currently planned)

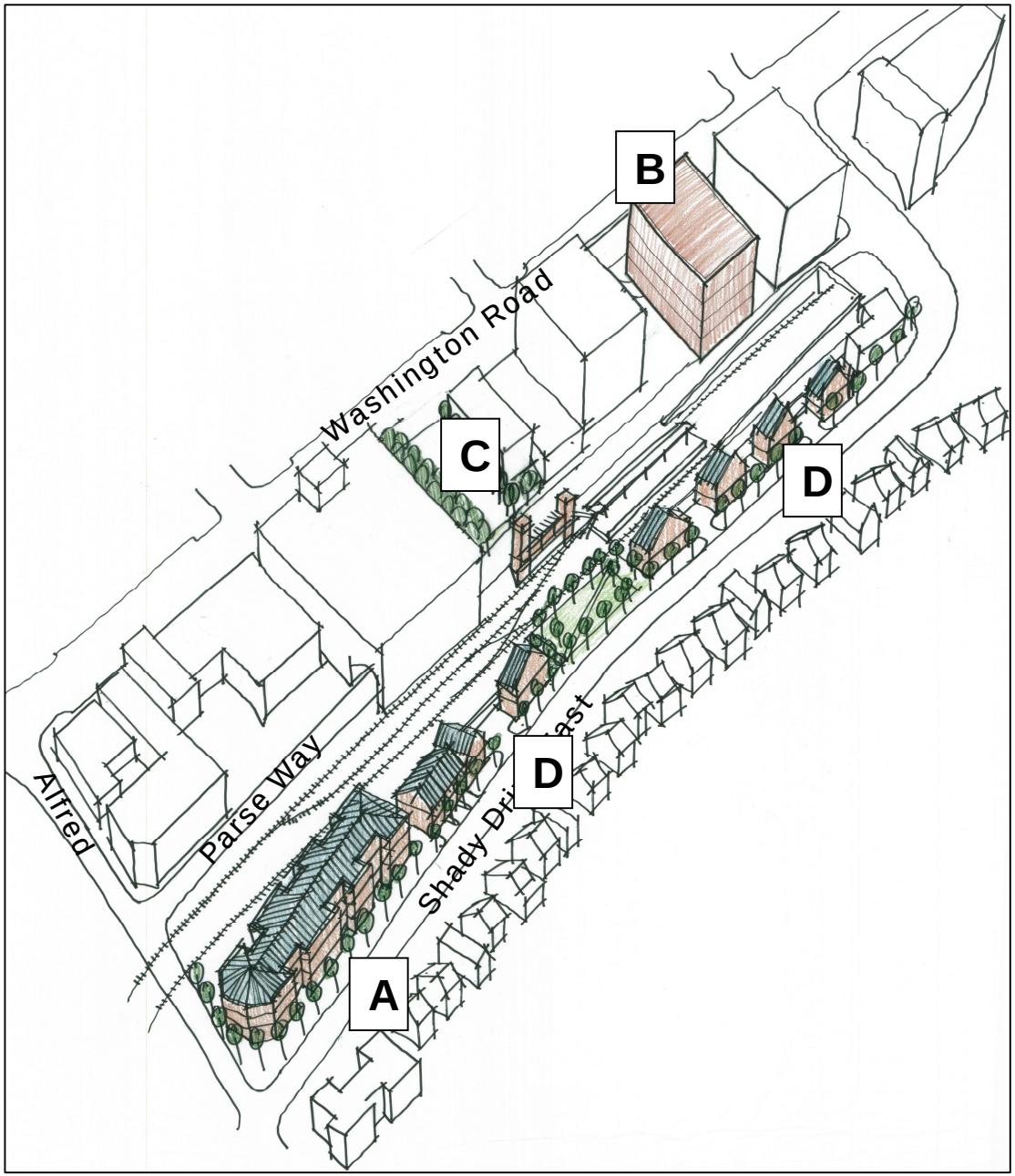
C:

Grand Stairway to Station

Parse Way Improvements

D:

11 townhouse units with parking



Mt. Lebanon Station

Perspective View

Mt. Lebanon Station

Aerial View

High Density Concept

A:

1 Level of pkg. 56 sp.

3 Levels of Res.- 42 units total

B:

Hotel (as currently planned)

C:

Grand Stairway to Station

Parse Way Improvements

D:

90 res. units on 8 levels

90 pkg. sp.

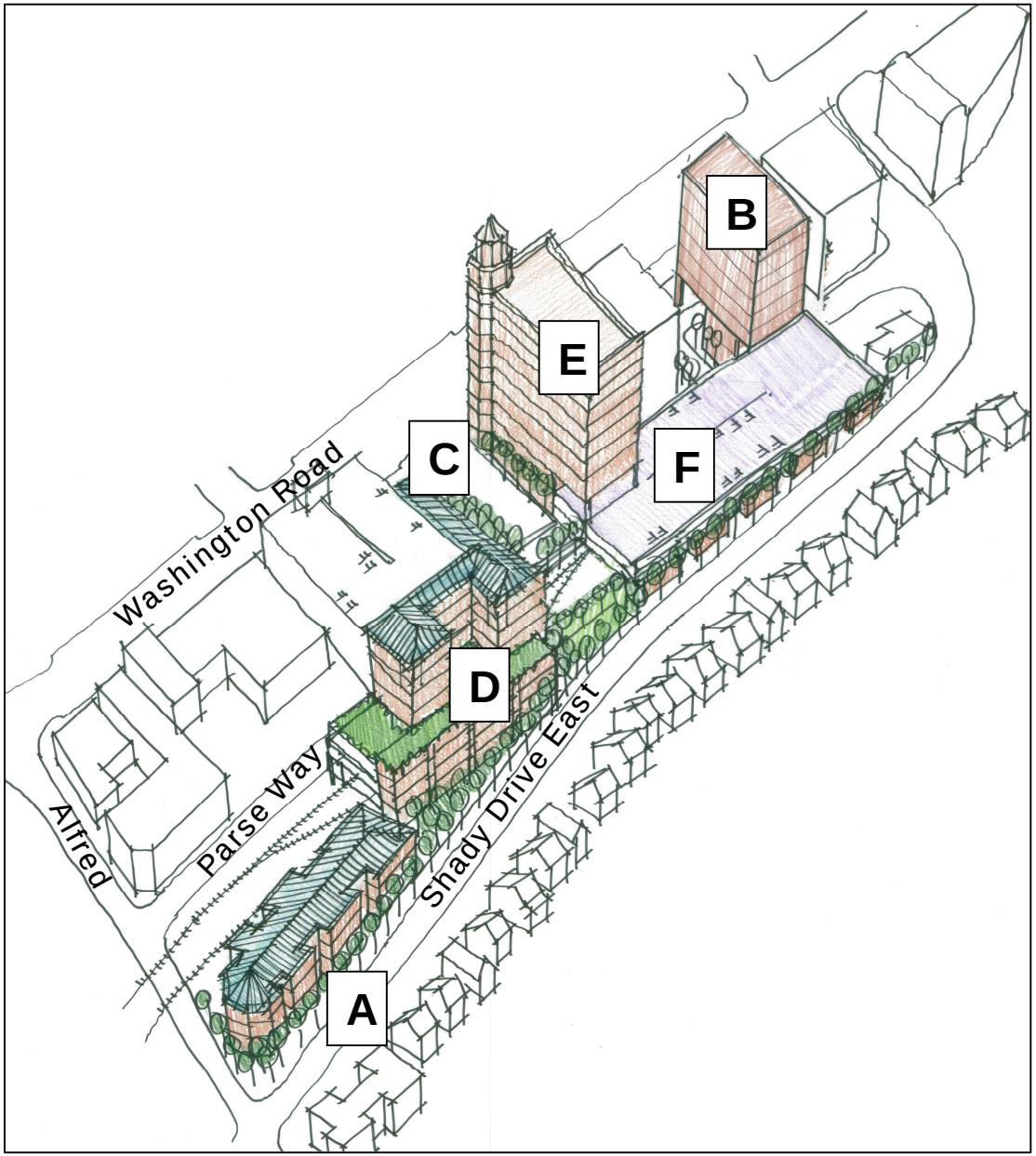
E:

1 level retail- 10,500 sf

9 levels res./ office-94,500sf

F:

3 level pkg. structure, 330 sp. +/-

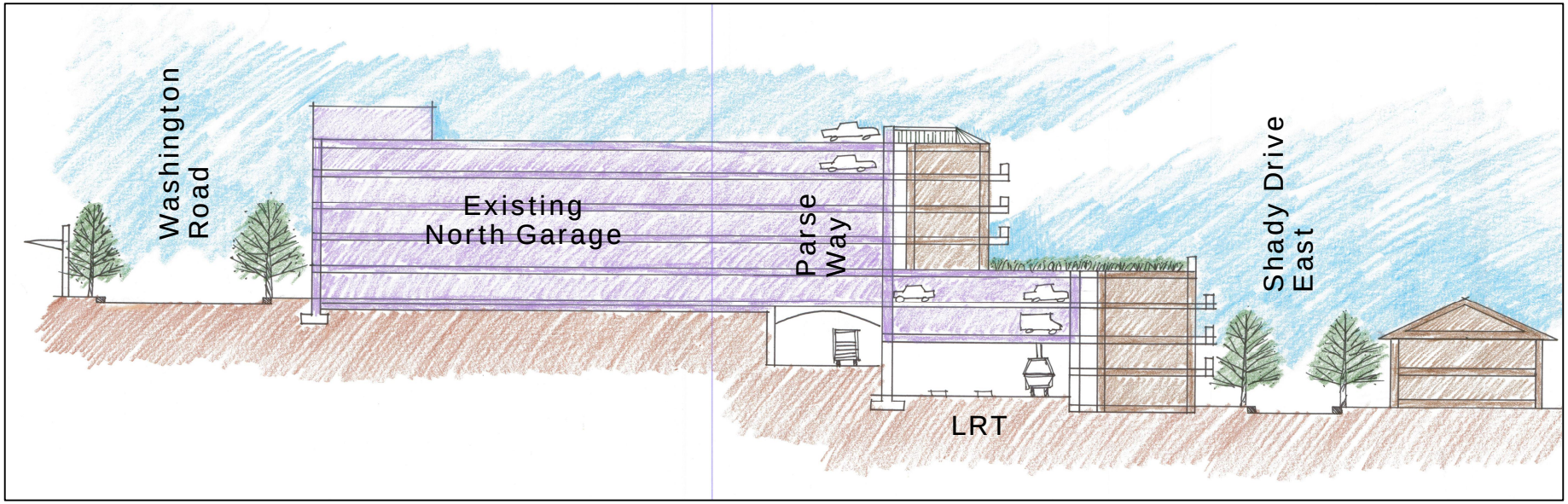


Mt. Lebanon Station

Cross-Section 1

High Density Concept:

Lofts “Wrapping” Garage

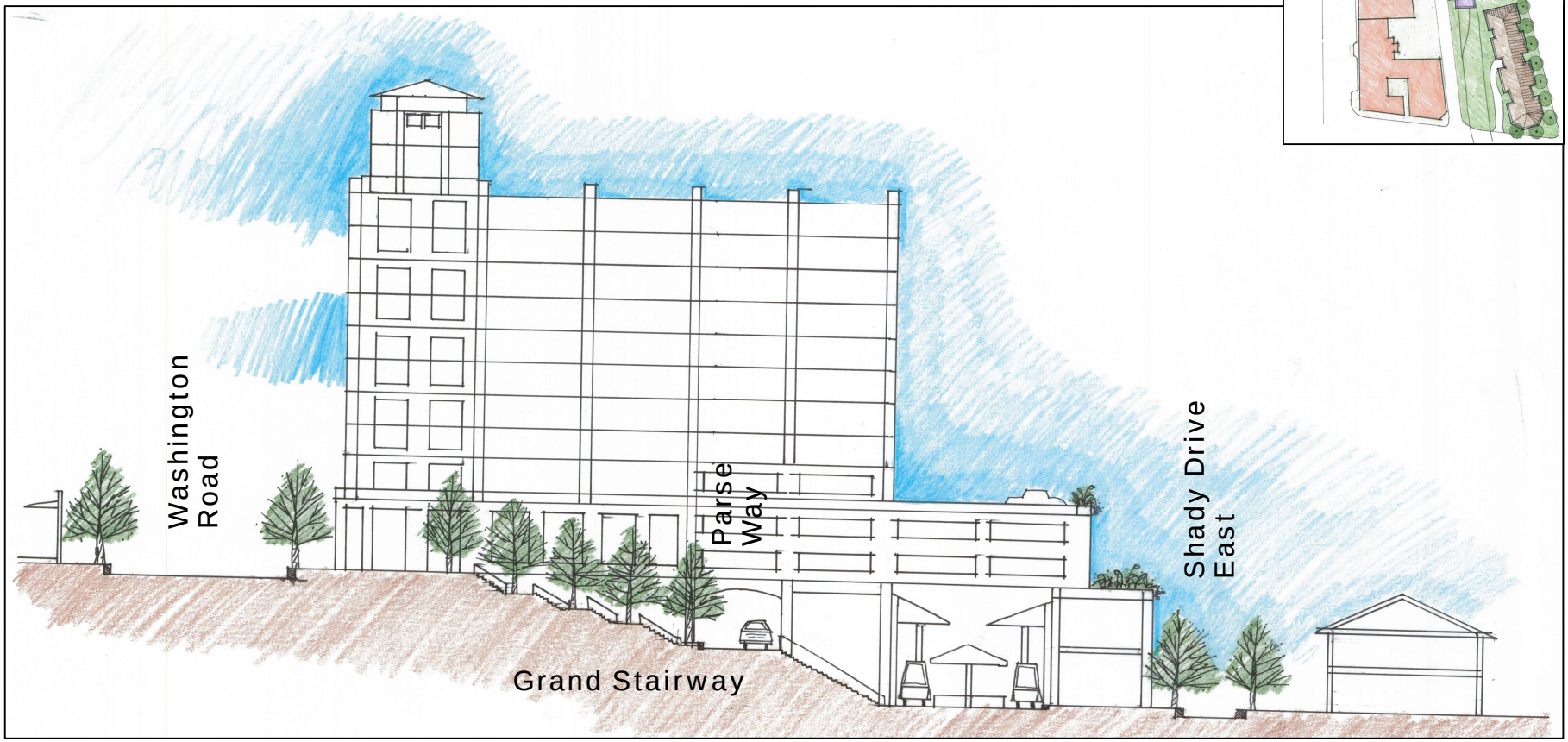


Mt. Lebanon Station

Cross-Section 2

High Density Concept:

Office or Residential Tower Using Air Rights



IMPLEMENTATION

THE ECONOMICS OF TRID

The Potential Payoff

Station:	Potomac Avenue	Dormont Junction	Mt. Lebanon	Total
Investment				
Low-Density	$6.6 million	$30.8 million	$30.1 million	**$67.5 million**
High-Density	$12.8 million	$87.6 million	$88.5 million	**$188.9 million**
Housing Units				
Low-Density	25	125	53	**203**
High-Density	57	344	132	**533**
Constr. Jobs				
Low-Density	70	300	300	**670**
High-Density	130	900	900	**1930**

The Potential Payoff

Station:	Potomac Avenue	Dormont Junction	Mt. Lebanon	Total
LRT Riders				
Today	430	390	470	**1290**
Low-Density	460	510	560	**1530**
High-Density	490	940	800	**2230**

How Do We Get There?

- The market will determine ***when*** development is ready to happen, but the purpose of the TRID is to influence ***where*** it happens—in the heart of Dormont and Mt. Lebanon.

- With the increasing cost of owning and driving a car, transit-focused communities are increasingly attractive to developers.

- PA's Transit Development Plan will look at additional feeder service, reinforcing Dormont and Mt. Lebanon as transit hubs.

- "Setting the table" for TOD has extra costs of its own: transit, underground parking, public amenities, air rights. It's a chicken-and-egg problem. How to pay for these?

- The TRID value capture approach: use the tax revenue from the new development to pay for the public improvements, including transit.

TRID Value Capture: Two Strategies

Strategy 1: District-Wide

- The idea: capture the added value of new sales, fix-ups, and infill development to pay for Main Streets and support transit.
- The TRID Statute makes the whole TRID a “value capture district”.
- All three jurisdictions—the Municipality, County, and School District—contribute a share of the TRID’s *new* tax revenues for 20 years.
- Based on recent trends, we assume a very modest annual valuation growth, and no increase in millage rates.
- The better the TRID does, the more new tax revenues it generates.

Dormont District-Wide

- Today, the TRID contains $177 million in assessed valuation—2/3 of the Borough's tax base.
- Assume valuation in the TRID increases only .5%-1% a year over 20 years.
- Several million dollars are generated to fund Main Streets and transit
- This commitment gives a leg up on applying for state and Federal grants.

DORMONT: DISTRICT-WIDE TRID

Sources & Uses

Public Costs	
Street, Sidewalk, Amenities Allowance	2,000,000
Facade Loans, etc., Allowance	2,000,000
Transit Improvements, Allowance	2,000,000
Total Costs	**6,000,000**

Sources	Total	Borough	County	School
TRID Value Capture: District-Wide	4,907,822	1,717,738	575,442	2,614,642
National Trust for Historic Preservation	1,000,000			
State and Other Grants	1,000,000			
Total Sources	**6,907,822**			

TRID Value Capture Calculation:						Whole Borough:
Taxable Assessed Valuation		177,000,000				267,398,850
Millage Rates		0.04000	0.01400	0.00469	0.02131	
Existing yield (2007 conditions, $2002)		7,080,000	2,478,000	830,130	3,771,870	
Growth Factor, Years 1-10	0.50%					
Growth Factor, Years 11-20	1.00%					
Year 1		7,115,400	2,490,390	834,281	3,790,729	
Year 2		7,150,977	2,502,842	838,452	3,809,683	
Year 3		7,186,732	2,515,356	842,644	3,828,731	
Year 4		7,222,666	2,527,933	846,858	3,847,875	
Year 5		7,258,779	2,540,573	851,092	3,867,114	
Year 6		7,295,073	2,553,275	855,347	3,886,450	
Year 7		7,331,548	2,566,042	859,624	3,905,882	
Year 8		7,368,206	2,578,872	863,922	3,925,412	
Year 9		7,405,047	2,591,766	868,242	3,945,039	
Year 10		7,442,072	2,604,725	872,583	3,964,764	
Year 11		7,516,493	2,630,772	881,309	4,004,412	
Year 12		7,591,658	2,657,080	890,122	4,044,456	
Year 13		7,667,574	2,683,651	899,023	4,084,900	
Year 14		7,744,250	2,710,488	908,013	4,125,749	
Year 15		7,821,693	2,737,592	917,093	4,167,007	
Year 16		7,899,910	2,764,968	926,264	4,208,677	
Year 17		7,978,909	2,792,618	935,527	4,250,764	
Year 18		8,058,698	2,820,544	944,882	4,293,271	
Year 19		8,139,285	2,848,750	954,331	4,336,204	
Year 20		8,220,678	2,877,237	963,874	4,379,566	
Expected Cumulative Yield at Current Valuation		141,600,000	49,560,000	16,602,600	75,437,400	
Projected Yield With Growth Factor		151,415,645	52,995,476	17,753,484	80,666,685	
Cumulative Gross Increment		9,815,645	3,435,476	1,150,884	5,229,285	
Participation Rates			50%	50%	50%	
TRID Value Capture		4,907,822	1,717,738	575,442	2,614,642	
Weighted Average Participation Rate		50%				
New Taxes Retained Over 20 Years (Not Diverted to TRID)		*4,907,822*	*1,717,738*	*575,442*	*2,614,642*	

Mt. Lebanon District-Wide

- Today the TRID contains $367 million in assessed valuation—17% of the Municipality's total tax base.
- Assume valuation in the TRID increases only .5%-1% a year over 20 years.
- Millions available to fund Main Streets, transit, and the Grand Stairway / Parse Way improvements.
- A leg up on applying for state and Federal grants.

MT. LEBANON: DISTRICT-WIDE TRID

Sources & Uses

Public Costs					
Basic Improvements: Grand Stairs, Parse Way, Alfred, East Shady		3,400,000		$2,400,000 basic civil work; $1,000,	
Other Sidewalks, Amenities Allowance		2,000,000			
Facade Loans, etc., Allowance		2,000,000			
Transit Improvements, Allowance		2,000,000			
Total Costs		**9,400,000**			
Sources		**Total**	**Borough**	**County**	**School**
TRID Value Capture: District-Wide		8,416,916	1,220,249	1,194,774	6,001,893
National Trust for Historic Preservation		1,000,000			
State and Other Grants		1,000,000			
Total Sources		**10,416,916**			
TRID Value Capture Calculation:					
Taxable Assessed Valuation		367,500,000			
Millage Rates		0.03304	0.00479	0.00469	0.02356
Existing yield (2007 conditions, $2002)		12,142,200	1,760,325	1,723,575	8,658,300
Growth Factor, Years 1-10	0.50%				
Growth Factor, Years 11-20	1.00%				
Year 1		12,202,911	1,769,127	1,732,193	8,701,592
Year 2		12,263,926	1,777,972	1,740,854	8,745,099
Year 3		12,325,245	1,786,862	1,749,558	8,788,825
Year 4		12,386,871	1,795,796	1,758,306	8,832,769
Year 5		12,448,806	1,804,775	1,767,097	8,876,933
Year 6		12,511,050	1,813,799	1,775,933	8,921,318
Year 7		12,573,605	1,822,868	1,784,813	8,965,924
Year 8		12,636,473	1,831,983	1,793,737	9,010,754
Year 9		12,699,655	1,841,143	1,802,705	9,055,808
Year 10		12,763,154	1,850,348	1,811,719	9,101,087
Year 11		12,890,785	1,868,852	1,829,836	9,192,097
Year 12		13,019,693	1,887,540	1,848,134	9,284,018
Year 13		13,149,890	1,906,416	1,866,616	9,376,859
Year 14		13,281,389	1,925,480	1,885,282	9,470,627
Year 15		13,414,203	1,944,735	1,904,135	9,565,333
Year 16		13,548,345	1,964,182	1,923,176	9,660,987
Year 17		13,683,828	1,983,824	1,942,408	9,757,597
Year 18		13,820,667	2,003,662	1,961,832	9,855,173
Year 19		13,958,873	2,023,699	1,981,450	9,953,724
Year 20		14,098,462	2,043,936	2,001,265	10,053,262
Expected Cumulative Yield at Current Valuation		242,844,000	35,206,500	34,471,500	173,166,000
Projected Yield With Growth Factor		259,677,831	37,646,998	36,861,048	185,169,785
Cumulative Gross Increment		16,833,831	2,440,498	2,389,548	12,003,785
Participation Rates			50%	50%	50%
TRID Value Capture		8,416,916	1,220,249	1,194,774	6,001,893
Weighted Average Participation Rate		50%			
New Taxes Retained Over 20 Years (Not Diverted to TRID)		*8,416,916*	*1,220,249*	*1,194,774*	*6,001,893*

Borrowing Capacity (Assume issuance of debt based on Year 10 level):

Year 10 Annual Tax Increment			310,477
Debt Service Coverage / Avail. for Debt	1.33	6.00%	233,441
Bond Issue Amount			**2,677,553**
Surplus Bond Proceeds from Townhouses			1,147,059
Total Bonding Capacity for Grand Stairway / Parse Way			**3,824,612**

TRID Value Capture: Two Strategies

Strategy 2: Strategic Opportunity Sites

- The idea: the strategic sites face significant infrastructure and site costs. Use the future tax revenues of each project to pay for these.
- Create a tax increment window of up to 20 years for each strategic project.
- To the degree that these sites are now vacant—public parking lots and air rights—they are generating ***no*** property taxes today. High-density, high-value development on these sites will create a large tax increment.
- All three jurisdictions—the Municipality, County, and School District—would contribute a negotiated of these new revenues for 20 years.
- The analysis at this stage is conceptual—but we're in the ballpark! Three examples.

Dormont Junction Low-Density Concept

- Redevelopment of the light rail park-and-ride lot
- Cost premiums: underground garage; replacing the 132 park-and-ride spaces; new Biltmore Avenue and station plaza
- The project's tax increment can cover the extra costs with money left over for Borough and school needs
- Garage revenues could go to Port Authority for transit

DORMONT JUNCTION: PORT AUTHORITY SITE

Public Improvements				
Public Garage (Park-and-Ride plus retail)				
No. spaces / cost per space / total	132	32,068	4,232,943	Park-and-Ride Replacement
Earthwork, footings, air rights deck			1,155,411	
Biltmore Ave., Plaza, Signal			1,082,464	
Station platforms and amenities (allowance)			500,000	
Total Cost			**6,970,818**	
Sources of Funding				
Ground Rent:				
Value per sf / Area in sf / Land Value	$30	82,764	2,482,920	
Annual rent factor / Annual Rent	8%		**198,634**	
Incremental Tax Yield:				
No. res. units / AV per unit / Total AV	125	170,000	21,250,000	
SF Retail / AV per sf / Total AV	9,000	110	990,000	
Total Assessed Value of Project			22,240,000	
Borrowing Capacity:				
Debt Service Coverage / Avail. for Debt	1.33	6.00%	617,559	
Bond Issue Amount			**7,083,354**	
Bond Issue Capital Surplus / Gap (Sources Minus Uses)			**112,537**	
Plus: Surplus Annual Revenues			203,795	(Debt cushion > 1.00, available once bond paym

Land cost / unit:	
Annual:	1,589
PV:	$15,602

AV/sf	$200

Future Tax Yield	Total	Borough	County	School
Millage Rate	0.04000	0.01400	0.00469	0.02131
Future Yield	889,600	311,360	104,306	473,934
Existing AV / Yield	- 0	0	0	0
Tax Increment	889,600	311,360	104,306	473,934
Participation Rates		70%	70%	70%
TIF Value Capture	**622,720**	217,952	73,014	331,754
Total Annual Revenue (Rent+TIF)	**821,354**			

Annual Net New Taxes Retained (Not Diverted)	Total	Borough	County	School
	266,880	*93,408*	*31,292*	*142,180*
Existing Borough-Wide Revenues	10,695,954	3,743,584	1,254,101	5,698,269
Percentage of Existing Borough Revenues	2.50%	2.50%	2.50%	2.50%

Net PA Garage Revenues		
(Could be Retained by Dev. to Off-Set portion of TRID)		
Daily rate	$3.00	
Gross revenue @ 95% occ. weekdays		94,050
Gross revenue @ 15% occ. weekends		6,831
Total Gross Revenue		100,881
O&M per space / Total	$450	(59,400)
Net Operating Revenue		41,481
Cap Rate / Capitalized Value	10%	**414,810**

Mt. Lebanon Low-Density Concept

- Converting the small public park-and-ride lot at Alfred and East Shady Drive to 42 townhouses
- Cost premiums: underground garage; site excavation; new sidewalks, landscaping
- The project's tax increment can cover the extra costs with money left over for other TRID investments *and* Municipality and school budgets

MT. LEBANON AT-GRADE TOWNHOUSE DEVELOPMENT

Public Improvements

Site prep, excavation, footings, deck							
No. spaces / cost per space / total	56	10,000	560,000				
Streetscape and Track Allowance			200,000				
Total Cost			**760,000**				
Sources of Funding							
Ground Rent:							
Value per sf / Area in sf / Land Value	$35	20,000	700,000				
Annual rent factor / Annual Rent	8%		**56,000**				
Incremental Tax Yield:							
No. res. units / AV per unit / Total AV	42	170,000	7,140,000				
SF Retail / AV per sf / Total AV	0		-				
Total Assessed Value of Project			7,140,000				
Future Tax Yield			Total	Borough	County	School	
Millage Rate			0.03304	0.00479	0.00469	0.02356	
Future Yield			235,906	34,201	33,487	168,218	
Existing AV / Yield		-	0	0	0	0	
Tax Increment			235,906	34,201	33,487	168,218	
Participation Rates				70%	70%	70%	
TIF Value Capture			**165,134**	23,940	23,441	117,753	
Total Annual Revenue (Rent+TIF)			**221,134**				
Borrowing Capacity:							
Debt Service Coverage / Avail. for Debt	1.33	6.00%	166,266				
Bond Issue Amount			**1,907,059**				
Bond Issue Capital Surplus / Gap (Sources Minus Uses)			**1,147,059**				
Plus: Surplus Annual Revenues			54,868	(Debt cushion, available after bond payment)			
Annual Net New Taxes Retained (Not Diverted)			Total	Borough	County	School	
			70,772	*10,260*	*10,046*	*50,466*	

Land cost / unit:	
Annual:	1,333
PV:	$13,091

AV/sf	$200

Mt. Lebanon High-Density Concept

- Extending the North Garage over the tracks and adding 90 loft units
- Cost premiums: air rights construction of garage
- The project's tax increment can cover the extra costs with money left over for other TRID investments *and* Municipality and school budgets

MT. LEBANON AIR RIGHTS HOUSING AND GARAGE

Public Improvements							
North Garage Extension over LRT							
(Incl. AR deck)							
No. spaces / cost per space / total	45	46,313	2,084,063				
LRT Improvements			500,000				
Total Cost			**2,584,063**				
Sources of Funding							
Ground Rent:							
Value per sf / Area in sf / Land Value	$35	35,000	1,225,000		Land cost / unit:		
Annual rent factor / Annual Rent	8%		**98,000**		Annual:	1,089	
					PV:	$13,520	
Incremental Tax Yield:							
No. res. units / AV per unit / Total AV	90	170,000	15,300,000		AV/sf	$200	
SF Retail / AV per sf / Total AV	0		-				
Total Assessed Value of Project			15,300,000				
Future Tax Yield			Total	Borough	County	School	
Millage Rate			0.03304	0.00479	0.00469	0.02356	
Future Yield			505,512	73,287	71,757	360,468	
Existing AV / Yield		-	0	0	0	0	
Tax Increment			505,512	73,287	71,757	360,468	
Participation Rates				70%	70%	70%	
TIF Value Capture			**353,858**	51,301	50,230	252,328	
Total Annual Revenue (Rent+TIF)			**451,858**				
Borrowing Capacity:							
Debt Service Coverage / Avail. for Debt	1.33	6.00%	339,743				
Bond Issue Amount			**3,896,827**				
Bottom Line: Bond Issue Sources Minus Uses			**1,312,765**				
Plus: Surplus Annual Revenues			112,115	(Debt cushion > 1.00, available once bond paym			
Net New Taxes Retained by Jurisdictions			Total	Borough	County	School	
			151,654	*21,986*	*21,527*	*108,140*	

Next Steps: Evaluating and Implementing The TRID

- Adoption of TRID Study by the taxing bodies and the Port Authority
- Creation of the Management Entity
- Attraction of developer proposals
- Receive approvals from taxing bodies and Port Authority