

Pennsylvania Housing Finance Agency

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**Commonwealth Cornerstone Group provides new markets
tax credits to help finance new mixed-use office space,
hotel and retail construction in downtown Pittsburgh**

HARRISBURG – Commonwealth Cornerstone Group (CCG) has completed a \$5 million new markets tax credit (NMTC) financing transaction that will help fund the construction of Gardens at Market Square, a \$100 million, environmentally friendly, mixed-use commercial building to be located in the Fifth and Forbes revitalization area of downtown Pittsburgh.

The planned 400,865 square foot project includes ground floor retail (14,346 square feet), Class A office space (127,979 square feet), and a 198-room, limited-service hotel. These will all be supported by a 340 space, above-ground parking garage. The project developer is Millcraft Investments Inc.

The project also has obtained a \$7 million NMTC allocation from Pittsburgh Urban Initiatives which, in combination with the CCG \$5 million allocation, will provide gap financing for this project that will remediate a blighted area by demolishing several buildings and then constructing a LEED silver-certified building in their place. The expected result is an increase in property values and the revitalization of the Fifth and Forbes community into a vibrant, income-producing area.

“We believe this project has tremendous potential to support the continued revitalization of downtown Pittsburgh, with all the accompanying jobs and increased tax revenue associated with such new construction,” said Brian A. Hudson Sr., CCG chairman and executive director of the Pennsylvania Housing Finance Agency (PHFA). CCG was created in 2004 by PHFA to serve as a nonprofit community development entity.

“Commonwealth Cornerstone Group seeks to fund projects that can serve as economic magnets, attracting additional investment and producing economic growth as a result. We believe this project fits that profile.”

Based upon an independent economic impact study commissioned by the Urban Redevelopment Authority of Pittsburgh, Gardens at Market Square is expected to create approximately 749 direct full-time equivalent (FTE) permanent positions to support its

operations and approximately 569 direct FTE construction positions during the 24-month construction phase. All of the construction jobs will use union workers and the hotel to be constructed will use union labor. The Gardens at Market Square is expected to produce one-time additional tax revenues of approximately \$6.7 million and annual tax revenue of more than \$12 million to state and local taxing bodies.

About Commonwealth Cornerstone Group

The goal of CCG through its administration of new markets tax credits is to fund projects in key areas of communities that have historic or cultural value and offer opportunities to spark economic revitalization. CCG utilizes NMTC's to provide loans and equity investments for business expansion, mixed-use development, and community facilities across Pennsylvania. Examples of past developments that have benefited from CCG's investment of these tax credits include Bakery Square in Pittsburgh, the Coal Street Community Facility in Wilkes-Barre, and Schmucker Hall in Gettysburg. Learn more at: www.commonwealthcornerstone.org/.

About Millcraft Investments Inc.

Millcraft is a real estate developer and management company with a 50-year history of creating and maintaining prominent, large-scale office and mixed-use developments. Prior NMTC projects developed by Millcraft include Market Square Place, a historic renovation of the 120,000 square foot former G.C. Murphy building into retail, residential, and YMCA space. Millcraft used NMTCs to transform a former Lazurus department store into Piatt Place, a 370,000 square foot retail and office project. Both Market Square Place and Piatt Place used NMTC allocations from CCG. Millcraft is also an experienced hotelier that owns and manages several hotel properties.

About the New Markets Tax Credit Program

The New Markets Tax Credit Program was established by Congress in 2000 to spur new or increased investments in operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax return in exchange for making equity investments in specialized financial institutions called community development entities, such as Commonwealth Cornerstone Group. The program is administered by the U.S. Department of the Treasury.

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