



October 30, 2009

Honorable Doug Shields
President
Pittsburgh City Council
City-County Building, Fifth Floor
414 Grant Street
Pittsburgh, PA 15219

Dear President Shields:

Thank you for this opportunity to comment on YPA's nomination of the Paramount Pictures Film Exchange to be a City of Pittsburgh Historic Landmark. We nominated the Paramount building to be a historic landmark because of its historical significance, its relevance as a driver of community revitalization (through jobs, taxes, and economic impact), its sustainability, and the support we have received for this nomination. More than 50 people from around the region have written letters of support for this nomination—from students and Uptown residents to the Uptown Community Partners and Congressman Michael Doyle.

More importantly, YPA has assembled a development team which has crafted a development proposal for the reuse of the building as a LEED-certified medical clinic. Gordon Atlantic, Burt Hill, and Brian Wishneff & Associates propose to transform this vacant structure into a first-class medical facility that serves the people of Uptown and surrounding neighborhoods. Sound development proposals are essential to demonstrate the economic viability of historic sites.

Key to the reuse of the Paramount Pictures Film Exchange is its designation as a City Historic Landmark. Without protection, there are too many uncertainties for the site, which is bad for development. We strongly urge you to vote in favor of the Paramount Pictures Film Exchange to be a City Historic Landmark to guarantee the future of the Uptown neighborhood.

YPA provides tools so young people can save and maintain their history. YPA's programs encourage the next generation to take a leadership role in preserving their communities. Incorporated in 2002 as a 501(c)(3) nonprofit, YPA is the only organization of its kind in the United States. YPA is more than 350 members strong from 19 states, working to engage the next generation in historic preservation.



1. Historical Importance

The Paramount Pictures Film Exchange played a critical role in the distribution of some of the most popular movies of their time to Pittsburgh audiences for forty two years, from 1926 to 1968. Not only did this particular film exchange distribute major motion pictures, it was host to a number of famous movie stars, producers, and directors, such as Cecil B. DeMille. Constructed in 1926, its location in the Uptown neighborhood was no accident: fire codes and escalating real estate prices forced the film exchanges to congregate in a district known as Film Row. The Paramount building is the last remaining film exchange in its original condition along Pittsburgh's Film Row.

Every major motion picture produced by Paramount between 1926 and 1968 came through this film exchange before being distributed to local theaters. These include Fritz Lang's *Metropolis* (1927); Mae West's *She Done Him Wrong* (nominated for an Oscar in 1933), which saved Paramount from bankruptcy; *Betty Boop* (1930) and *Popeye the Sailor Man* (1932) cartoons; Cecil B. DeMille's *Cleopatra* (an Oscar winner in 1934); *For Whom the Bell Tolls*, which was the top box-office grossing movie in 1943 and won an Oscar; DeMille's *Samson and Delilah* (1949); *Sunset Boulevard* (1950); *Roman Holiday* (1953); Hitchcock's *The Man Who Knew Too Much* (1956); and *The Ten Commandments* (which won an Oscar in 1956). These movies all came through the Paramount Pictures Film Exchange before entering Pittsburgh theaters.¹

Evolution of the film exchange system: Paramount as industry leader

The film exchange concept was developed here in Pittsburgh, founded by the Warner brothers of New Castle, Pa., in 1904, who developed the Pittsburgh-based Duquesne Amusement and Supply Company (the precursor to Warner Bros. Pictures) to distribute films.² As the film industry grew, so did the need to distribute films to a growing number of neighborhood-based theaters. The film exchange became the sole distribution point for films produced by the major film studios.

Beginning in 1914, Lasky and Famous Players released their films through a start-up company called Paramount, organized by Utah Theater owner W.W. Hodkinson, who bought and merged several smaller firms. Paramount was the first successful nationwide distributor. Until this time, films were sold on statewide or regional basis.

¹ Various web sources including Paramount and Wikipedia websites, (<http://www.answers.com/topic/paramount-pictures>, http://en.wikipedia.org/wiki/She_Done_Him_Wrong, and [http://en.wikipedia.org/wiki/Roman_Holiday_\(1953_film\)](http://en.wikipedia.org/wiki/Roman_Holiday_(1953_film))).

² Tim Dirks, "Film History Before 1920," <http://www.filmsite.org/pre20sintro.html>.



Hodkinson also headed the development of the Paramount symbol (the mountain) in 1915. Hodkinson had his own company by 1923 at 1026 Forbes Ave., listed as Apex Film Service, and W.W. Hodkinson Corp.³

In the 1910s, Paramount Pictures became an industry pioneer in the distribution and exhibition of motion pictures. According to film historian Michael Quinn, “[b]lock booking, under which exhibitors were not only encouraged but required to rent entire programs, would come into effect only after the formation of Paramount in 1914.”⁴ Further, Quinn notes, “... Paramount Pictures Corporation, the company that distributed the product of Famous Players and several other firms, was the first national distributor to offer a complete feature program, releasing over 100 features a year beginning in mid-1914, and over 150 by 1916.”⁵

By 1915, Paramount became one of the big four motion picture companies to maintain a film exchange. Michael Aronson writes of Pittsburgh, “by 1915 a total of four ‘major’ feature exchanges, and more than two dozen smaller exchanges, existed within an unofficial two-tier system: big features for big houses and single and short multireelers for the smaller, neighborhood houses as “the perfect way to round out your crowd pleasing program.”⁶ The other three, MGM, Universal, and RKO, also maintained film exchanges in Pittsburgh. But it was Paramount that pioneered the unique booking and distribution system mentioned above.

Significance of Film Row’s Location

It is no accident that Film Row exists in the Uptown neighborhood, approximately one mile from Pittsburgh’s central business district. Fire regulations required film exchanges to be segregated from other commercial buildings due to the risk of fire.

³ Sources: The Pittsburgh Moving Picture Bulletin, December 14, 1923 and January 24, 1924; Platt map from 1927, Plate 54; the City Directory from 1930; and Aronson, Michael. *Nickelodeon City: Pittsburgh at the Movies, 1905-1929*. Pittsburgh, PA: University of Pittsburgh Press, 2008. .

⁴ Michael J. Quinn, “Distribution, the Transient Audience, and the Transition to the Feature Film.” *Cinema Journal* 40.2 (2001): 51.

⁵ Michael J. Quinn, “Paramount and Early Feature Distribution: 1914-1921.” *Film History* 11.1 (1999): 99.

⁶ Michael G. Aronson, “The Wrong Kind of Nickel Madness: Pricing Problems for Pittsburgh Nickelodeons.” *Cinema Journal* 42.1 (2002): 84.



The films being stored in film exchanges were very flammable, with nitrite being one of the key ingredients used in storage. Several deadly fires—namely in Albany in 1912, Memphis in 1914, Atlanta in 1915, and Chicago in 1916—prompted cities to take action to move film exchanges outside of the city’s commercial core.⁷

Cities such as Dallas, St. Louis, and Seattle passed strict film exchange laws that required films be stored in fireproof vaults or to have sprinkler systems installed. In St. Louis, film exchanges were required to move into buildings no taller than two stories. Not coincidentally, Pittsburgh’s Paramount Pictures Film Exchange in Uptown is two stories.

As a result of these new fire regulations, film row shifted from Forbes Avenue to the Boulevard of the Allies in the mid-1920s. Paramount was the first to relocate, and that was likely because they shared 1018 Forbes St. with Associated Exhibitors, Inc., Universal Film Exchange, Metro Pictures Corp., and Pathe Exchange, Inc. in 1923. This arrangement must have gotten cramped, especially as Paramount was becoming increasingly popular and financially secure.

According to the 1925-1926 volume of the Builders’ Bulletin of Pittsburgh, the Paramount Pictures Film Exchange was built at 1727 Boulevard of the Allies in 1926 by R.E. Hall Co. Architects of New York City. The owner of Paramount’s film exchange building at that time was Phil. Pitt Realty Corp. Construction bids for the building on April 10, 1926 show several Pittsburgh-based companies bidding for the project: Wm. Trimble & Sons Co. (1719 Pennsylvania Avenue, Manchester), B.A. Groah Construction Co. (847 W. North Avenue, Manchester), Pittsburgh Engraving & Contr. Co., Homewood Avenue (Homewood), and Walker & Curley Co. (Sharpsburg, PA).⁸ Ultimately, R.E. Hall chose New York-based Lippe Construction Co., which was located at 17 West 60th St., in New York City. Interestingly, R.E. Hall Co. was located in Manhattan, at 231 West 43rd St., right next to the Paramount Theater, which was also built in 1926.

As a result of the isolation of film exchanges, many U.S. cities supported a “Film Row” where all the film exchanges were located. This row became the place to find Hollywood studio exchanges and cinema supply stores. Cities such as Boston, Cincinnati, Detroit, and San Francisco all supported film rows. Boston’s Film Row was on Pleasant, Tremont, and Ferdinand streets and Columbus Avenue. San Francisco’s film exchanges lined three downtown streets.

⁷ Max Alvarez, “The origins of the film exchange,” *Film History*; 2005; 17, 4; pp. 446-451.

⁸ The Builders’ Bulletin. April 10, 1926 and May 8, 1926, Vol. X, No. 32, (No. 10, 1925-1926). Carnegie Library of Pittsburgh.



By 1930, Pittsburgh's Film Row, which had been located in the 1000 block of Forbes Avenue, Downtown, had been relocated to Uptown, along Boulevard of the Allies.⁹ The Pittsburgh City Directory for 1930 lists the following film exchanges and their addresses¹⁰:

1617 Boulevard of the Allies – Mellophone Corp. Motion Picture Apparatus, Murray Frank R., and Murray Sign Shop

1623 Boulevard of the Allies – Film Exchange Building, Columbia Pictures Corp., Pathe Exch. Inc., RKO Distributing Corp., Warner Bros. Pictures, Inc.

1627 Boulevard of the Allies – Independent Display Co.

1631 Boulevard of the Allies – Metro Goldwyn Mayer Distributing Corp.

1707-1709 Boulevard of the Allies – Universal Film Exchange Inc.

1727 Boulevard of the Allies – Paramount Publix Corp.

Only Paramount's film exchange remains today.

Significance of the film exchange: the company's link to the public

Film exchanges provided central location for people in the film industry to meet—from movie stars, producers, and directors, to theater operators and suppliers. According to movie producer A. C. Lyles, he visited Pittsburgh's Paramount Exchange in the 1940s and 50s to connect with people he knew in the industry. He said it was common practice for stars and producers to pop in at film exchanges when they were in town and see the people they knew in the industry. Lyles also said the film exchange had field workers who were assigned to specific theaters to help them do advertising.

Mr. Lyles, currently 90 years old, has worked for Paramount since 1928. Starting as a messenger boy, he advanced to the publicity department before becoming a producer by the 1950s eventually associate producing movies and TV shows starring Spencer Tracy, James Cagney, and Clint Eastwood, among others. YPA contacted him to get a better understanding of the role film exchanges played in Paramount's history. He told us that they were indispensable. The exchanges, located in metropolitan areas, were the production company's link to the public. They provided services (including pre-release screenings, film distribution, and advertising) directly to theatre owners, sometimes assigning individual field agents to work with each theatre.¹¹

⁹ Polk's Pittsburgh City Directory, 1926.

¹⁰ Pittsburgh City Directory, 1930.

¹¹ Phone Interviews with A.C. Lyles, September 21 and 24, 2009, and "Talkin' Westerns with A.C. Lyles", an interview by Jon Zelazny, May 14, 2009, posted online by *Hollywood Interview*, <http://www.imdb.com/news/ni0786141/>.



Lyles remembers visiting the Pittsburgh Paramount Film Exchange during the 1940s and 1950s. We asked him why a producer, someone who does not handle film distribution, would make such a visit. Lyles explained that he's been to nearly every film exchange in the country because it's one of the ways he would connect with people in the industry. He spent time at the Film Exchange in Pittsburgh to network with the workers there. He asserts that other producers and even movie stars would have made similar visits .

YPA knows for sure that big names from the Paramount company did indeed come to Pittsburgh. Cecil B. DeMille spent eight weeks here filming *Unconquered* which had its world premiere in Pittsburgh in 1947. The same project brought Paulette Goddard, Lizabeth Scott, Howard Da Silva, Hedda Hopper and others to the city.¹² When they walked through the doors of 1727 Boulevard of the Allies, they represent the monumental presence of Paramount in this city. Preserving the Film Exchange means preserving the last physical reminder of their presence.

Harry Goldstein, David Kimelman, Bob Caskey, Charles Mergen, George Elmo, James Levine. These names might not sound familiar to us today, but each one of them was employed at the Paramount Film Exchange between the 1920s and '50s. These are the men, the bookers, the salesmen, and managers, who Lyles would have visited. Besides the phone interviews with Lyles, some of the information comes from *Boxoffice*, a source of film news for the Pennsylvania and Ohio region.¹³ It circulated news regarding personalities in film, announcing birthdays, speaking engagements, meetings, promotions, screenings, and more.

This publication's frequent references between 1926 and 1955 to the employees of the Pittsburgh Paramount Film Exchange are just one demonstration how central this location and its employees were to the film industry as a whole. This research shows, then, how Pittsburgh was so well connected to the industry and played such a significant role in it during the glory days of the movie industry.

¹² "Premiere of Movie to be Gala Event," *Sun-Telegraph*, Sept. 23, 1947; "City Bows to DeMille in 'Unconquered' Glory," *Sun-Telegraph*, Oct. 2, 1947; *Cecil B. DeMille's 'Unconquered,'* Commemorative Book, 1947. Carnegie Library of Pittsburgh, Oakland.

¹³ Various issues of *Boxoffice* between 1930 and 1955.



The Paramount as icon of the modernist era: part of a “Modernist Trail”

The “modern era” is a loose term used to designate the period between about 1880 and 1945, a period in which the world underwent unimaginable change that was brought about by intellectual, scientific, artistic, and technological developments. The modern era, more than any other, was fueled and led by major international cities: Paris, New York, Milan, St. Petersburg, Chicago, and London.

However, smaller cities had key roles in bringing the world into the modern era, and among those cities Pittsburgh may be the most important. Pittsburgh produced the steel that made skyscrapers (the expression of modern architecture) possible. Pittsburgh was the home of Westinghouse, whose discoveries brought electricity to the world. Pittsburgh was the site of key labor struggles that helped create America's middle class. Pittsburgh was home to dozens of central figures of modernist art, as well: Martha Graham, Mary Cassatt, Kenneth Burke, Gertrude Stein, Malcolm Cowley, and many others.

The invention and dissemination of filmed entertainment was another central feature of the modern era. Scholars of the modernist period need to have the physical evidence of the past in order to conduct our research, and too many remnants of the mid-century film business have been obliterated. The Pittsburgh Film Exchange building is a fertile site for scholarship in cultural history and film studies and communications studies.

Moreover, the Film Exchange building could serve as one attraction in a future “Modernist Pittsburgh” tourist trail. The city of Buffalo, New York, has successfully preserved many of its magnificent modern buildings. It has gained recognition among preservationists and scholars for its efforts to care for its past. In the process, modernist Buffalo has become a tourist destination and has attracted conferences and meetings, such as that of the Modernist Studies Association, which will meet there in 2010.

Pittsburgh is rich in modernist sites, and the Film Exchange could join the site of the first nickelodeon, the first World Series, and the birthplaces of Cassatt, Stein, Graham, and Willa Cather. In addition, the modernist buildings by I.M. Pei (Washington Apartments) and Mies van der Rohe (Mellon Hall at Duquesne University), along with the Paramount Building, form a “Modernist Trail” that would be a worldwide attraction for tourists.



2. The Paramount Building's Historic Preservation Potential: Comparative Examples

There are several film exchanges that have been restored and reused in other cities across the country. These include Chicago, Detroit, and Kansas City, and Seattle. In Oklahoma City, for instance, the city supports a historic film exchange district.¹⁴ The Paramount Pictures Film Exchange in Seattle is now home to the Del Rey restaurant and lounge (below).¹⁵ See attached “Film Row Success Stories from Around the Country” for details of the other exchanges.



Paramount Pictures Film Exchange, Seattle.



Del Rey Restaurant, Seattle.

¹⁴ “Historic ‘Film Row’ Area Timeline,” accessed online at <http://www.scriptfolio.net/FILMROWTIMELINE.pdf> on August 3, 2009.

¹⁵ Clark Humphrey, *Images of America: Seattle's Belltown*, Arcadia Books, p. 39.



3. The Paramount Pictures Film Exchange and the Uptown Community Plan

The historic designation of the Paramount Pictures Film Exchange fits within Uptown Partners' new Community Plan, prepared this year by Rothschild Doyno Architects. Specifically, it falls within Uptown's "Focused on Locust" strategy, which states:

Uptown Partners works together with UPMC Mercy to pursue collaborative development in concert with future Hospital expansion. Includes new and restored homes, professional offices, neighborhood retail and services, pocket parks, adequate parking, new street trees and lighting, and transformed and improved industrial properties.¹⁶

The plan also addresses "Industrial Neighbors" and recommends:

- Consider opening up to street to create interest.
- Consider reusing properties over time.
- Accommodate traffic needs.

The Uptown Partners' Community Plan calls for a "Market Driven" approach to development using historic properties: "Foster and improve historic buildings through creative, adaptive reuse. Make a more pedestrian-friendly, business driven district through active ground floor uses and streetscape improvements that strengthen the identity of Uptown."¹⁷

With respect to hospital expansion along the Boulevard of the Allies, between Van Braam and Marion streets, the Uptown Partners' Community Plan states, "Hospital expansion at Boulevard of the Allies with integrated parking, acts as sound buffer to neighborhood and a transition in building scale." The Paramount Building sits in the next block along the Boulevard of the Allies.

In the market analysis portion of the plan, it notes the "power of Eds and Meds" and recommends professional medial office space, small neighborhood stores, small restaurants, entertainment venues, and a service industry, such as dry cleaning and banking.¹⁸ All of these uses, including housing, would be appropriate for a restored Paramount Pictures Film Exchange.

¹⁶ "Four Zones of Uptown," Uptown Partners Community Plan, 2009, p. 15.

¹⁷ "Four Zones of Uptown," Uptown Partners Community Plan, 2009, p. 17.

¹⁸ "Three Pillars for Market Restoration," Uptown Partners Community Plan, 2009, p. 3.



4. The Economics of Preservation: Jobs that Cannot be Outsourced

All across the country, there are a number of examples of the positive impact of historic designation on property values and marketability of historic sites—in Denver, South Carolina, Memphis, Texas, and Pennsylvania. In Denver, for instance, the Lower Downtown Historic District was transformed in less than ten years from abandoned warehouses to Denver’s premiere entertainment district.

An online article notes the following transformation:

Does historic district zoning negatively impact property values? This was the question that the Denver Colorado City Council sought to answer in 1988 when it designed the Lower Downtown Historic District.

More than 75 percent of the area’s property owners initially opposed the historic district. They feared a loss of property rights and a further erosion of property values. Today, the opponents are believers in the value of historic district zoning.

Before designation, the once thriving commercial area on the edge of downtown had a vacancy rate of 40 percent - and 30 percent of the properties had been foreclosed. Blighted conditions triggered precipitous decreases in property values.

By the summer of 1995, however, vacancy rates in Lower Downtown had dropped to less than 10 percent. The last foreclosed property was sold to a private developer in 1993. The area is now home to 55 restaurants and clubs, 30 art galleries, and 650 new residential units. Property values have doubled and private investment, not including Coors Field - the new home of the Colorado Rockies baseball team - has exceeded \$75 million.

So how did historic district zoning contribute to Lower Downtown’s success? The answer is simple: scarcity and certainty create value. Small businesses and investors were lured into the area by its charm and historic character - and by a knowledge that it would remain that way. In other words, historic district zoning gave investors assurance that their investments in rehabilitated, turn of the century buildings would not be undermined by billboards, parking lots, or other insensitive developments on



nearly properties. The city's \$2 million investment in streetscape improvements also reinforced private investment in Lower Downtown.¹⁹

On Bob Vila's website, he notes the positive economic impact of historic properties:

A 2000 study of South Carolina home sales shows that homes in Columbia's historic districts sold 26 percent faster than the overall market; while historic Beaufort owners saw a whopping 21 percent greater sale price. In Rome, Georgia, properties in designated historic neighborhoods increased in value 10 percent more than similar properties without historic designation between 1980 and 1996. Studies in Texas, New York, and Pennsylvania corroborate the positive effect an historic district designation has on property values, with overall increases between 5 percent and 20 percent. The stability of property value appears to extend to owner tenure as well: There is a reportedly lower owner turnover within historic districts than in neighborhoods lacking that distinction."²⁰

In fact, there is evidence that, in difficult economic times, "a growing number of homeowners are seeking to boost their property values by getting their neighborhoods designated as historic districts," according to the *Wall Street Journal*. The article continues:

The push for historic designation is partly a reaction to a flurry of development that has brought enormous changes to many neighborhoods, as developers have demolished older homes to make way for new construction. . . . A boost to property values is another big motivation. Values of homes in historic areas in Memphis, Tenn., rose 14% to 23% higher than those in non-historic areas, according to a 2005 study by researchers at Penn State and Rutgers Universities. A similar study of homes in Texas found historic designation was associated with value increases of between 5% and 20% over similar, non-historic neighborhoods.

Experts say designation can affect home value because it leads to neighborhood pride and better upkeep of homes and yards. Most designations encourage repairs to be made with high-quality material, such as wood, rather than vinyl, and prevent a hodge-podge of styles by blocking any new construction that doesn't fit in. Historic

¹⁹ "Historic Districts and Property Values," from the Planning Commission Journal, Number 23, Summer 1996, online at <http://www.anaheimcolony.com/proval.htm>.

²⁰ "Buying a Home in an Historic District," Bob Vila.com, http://www.bobvila.com/HowTo_Library/Buying_a_Home_in_an_Historic_District-Home_Buying-A1541.html



designation can also bring financial incentives such as tax credits and matching grant programs for home maintenance.²¹

Finally, YPA emphasizes that historic preservation is “green.” Preservation reduces the amount of materials sent to landfills, embodies sustainability, including mass transit and the reduction in the reliance on automobiles, and old buildings can be easily retrofitted to become more energy efficient, ADA-compliant, and utilizes labor that cannot be outsourced to function in a modern age.

Consider this fact:

Demolishing a 500,000-sq.-ft. building creates 40,000 tons of debris, enough to fill 250 railroad boxcars, a train two miles long, heading for the landfill. Constructing a new 500,000-square-foot building would release about as much carbon into the atmosphere as driving a car 30 million miles or 1,200 times around the world. . . . It takes 35 to 50 years for an energy-efficient new home to recover the carbon expended to construct it.²²

Historic preservation, therefore, is the best example of “smart growth”:

- Smart growth emphasizes density of development, mixed uses, and a pedestrian orientation. These are major characteristics of older neighborhoods. Saving them is smart growth.
- Communities have a major investment in the infrastructure of older neighborhoods the streets, schools, water and sewer lines, and so on. Making good use of this investment, instead of leaving it underused and duplicating it elsewhere, is smart growth.
- Reuse of older buildings allows for growth without consumption of land. Revitalizing Main Street means less demand for a new strip mall. Converting a warehouse into 40 dwelling units reduces the demand for new houses on 10 acres of farmland. That’s smart growth at its best.

²¹ Sara Schaefer Munoz, “Preserving the Tract Home: Historic Districts on the Rise,” Wall Street Journal, March 17, 2006, <http://www.realestatejournal.com/buysell/markettrends/20060317-munoz.html>

²² “Historic Preservation & Green Building: Finding Common Ground,” speech by Richard Moe, President, National Trust for Historic Preservation, Nov. 20, 2008, <http://www.preservationnation.org/issues/sustainability/sustainability-preservation-1.html>.



5. Development Proposal: “Paramount Medical Center”

Since YPA has nominated the Paramount Pictures Film Exchange to be a historic landmark, it has come to our attention that the owner, UPMC, has no plans for the property and is willing to sell it. With this in mind, YPA has assembled a development team—Gordon Atlantic, Burt Hill, and Brian Wishneff & Associates (a preservation consultant)—to assemble a development proposal for the reuse of the building into a LEED-certified medical clinic. The Uptown Community Partners would help manage the community relations aspect of the development.²³

Gordon Atlantic has agreed to serve as the lead developer for the project. The Paramount Medical Center offers storefront United States Green Building Council – Leadership in Energy and Environmental Design (USGBC-LEED) Patient Centered-Medical Home (PCMH) space within Pittsburgh’s Bluff neighborhood. The USGBC-LEED component of the facility has been positively associated with an enhanced patient care experience, and contributing to the well-being of pediatric, cancer, and asthma patients. Neighborhoods directly impacted by The Paramount Medical Center include Bluff, Crawford-Roberts, Middle Hill, Terrace Village, South Oakland, and West Oakland. The site is located within a Medically Underserved Area (MUA). However there are 2,389 hospital beds within a 2 mile radius. These facilities include University of Pittsburgh Medical Center – Presbyterian Hospital, University of Pittsburgh Medical Center – Magee-Women’s Hospital, and University of Pittsburgh Medical Center – Mercy Hospital. The site qualifies for significant federal historic tax credits, New Market Tax Credits, and aspects of the Pittsburgh Keystone Innovation Zone program.

Burt Hill provided conceptual drawings for the floor layout for the reuse of the Paramount building as a medical clinic (attached). Burt Hill is offering to be the contract architect on the project.

Finally, Brian Wishneff & Associates has offered to manage the federal historic tax credits for the Paramount building. Nationwide, Brian Wishneff & Associates has worked on over 50 Historic Tax Credit and New Market Tax Credit projects, totaling over \$1 billion in private investment and \$200 million in tax credit equity provided for its clients. The company has worked on projects ranging from \$1 million to \$300 million, with both tax-exempt entities and for-profit developers, giving them the experience and ability to adjust to the needs of our diverse set of clients.

Brian Wishneff & Associates proposes the following:

²³ The cost of this proposal is in excess of \$10,000, but it has been prepared pro bono by the development team and the full development proposal is 424 pages long.



- Even if the entity developing the building is a tax-exempt entity or cannot use the tax credits themselves, it can take advantage of historic tax credits through a structure that can be set up with a Tax Credit Investor, which is typically a large company with a significant tax liability. Through this structure, the foundation essentially sells the credits to the investor, so the investor receives a reduction in tax liability and the developer receives a cash investment that can be used for the renovation, operations, or any other use that is deemed appropriate. The company manages this process and under the developer's supervision, sets up the structure that will enable the developer to take advantage of the program and secure tax credit equity (cash) from the investor.
- The historic tax credit program is 20% of project costs. As an example, let's assume the renovation cost approximately \$5 million to complete. The tax credit equity that could be secured for this project would likely total about \$1 million for the project. The company works to increase this amount by working with the architect and contractor to increase what are called Qualified Rehabilitation Expenditures (QREs). The company also has an approach that will increase your QREs by 20%. The New Market Tax Credit program typically translates to about 20% of projects, so this would mean another \$1 million for the project from tax credit investors. The investors tax credit equity would literally be cash the investor would wire into a bank account set up for the developer, to be used by the developer. You can also use this equity to leverage other funds for the project.
- Because of the historic nature of this facility, the foundation is essentially entitled to historic tax credits for its rehabilitation.
- To their knowledge, Brian Wishneff & Associates is the only firm in the industry that represents and is hired by the project sponsor rather than the tax credit investor, which aligns its interests in terms of increasing the tax credit equity for the project and makes for a much more transparent transaction. Also, they work on a success-based fee, which means that they only get paid if they are successful to secure tax credit equity for the project; thus there is no risk for its clients. Once tax credit equity is secured for the project, it takes a small percentage, ranging from 5 - 14%.

In addition to this extensive proposal and development team, YPA would like to know if UPMC would donate the building to initiate the development process.



Given the historical significance of the property, the environmental and economical benefits of redevelopment, and the substantial development proposal, there are numerous reasons to support the designation of the Paramount Pictures Film Exchange as a City of Pittsburgh Historic Landmark. It is critical to protect this vital asset for Uptown and for Pittsburgh.

YPA urges you to vote in favor of historic designation for the Paramount Pictures Film Exchange.

Sincerely,

Dan Holland
Chief Executive Officer

Attachments:

1. Executive Summary of the Development Proposal
2. Executive Summary of the Historic Preservation Tax Credit Proposal
3. Architectural Drawings
4. Film Row Success Stories from Around the Country
5. The Economics of Preservation Brief
6. Letters of Support