

## Hotel, offices planned for Oakland

### Health department site to be redeveloped

Wednesday, June 10, 2009

By Mark Belko, Pittsburgh Post-Gazette

The Allegheny County Health Department building in Oakland could give way to a 120-room hotel, office or classroom space, and a parking garage as part of a \$35 million plan being pitched by an O'Hara developer.

Massaro Corp., in partnership with Kratsa Properties and Langholz Wilson Ellis, was selected yesterday by county officials to redevelop the three-acre property at 3333 Forbes Avenue, situated at the entrance to Oakland's bustling commercial, medical, and university corridor.

The team was among five developers, including Oxford Development Co. and the Cleveland-based Ferchill Group, that responded to a request for a proposal in November by the county seeking interest in revamping the site.

"All five proposals were very good, but this one was clearly the best one," said Dennis Davin, the county's economic development director.

As part of its proposal, the Massaro team will pay the county \$4.9 million for the building and property, which is assessed at nearly \$5.2 million but currently tax exempt. Mr. Davin said the \$4.9 million was the highest offer received for the property.

"That's one of the beauties of this and one of the reasons the decision was made to put this out to a request for proposals in the first place -- to put it back onto the tax rolls," he said.

Before any redevelopment can happen, the transfer must be approved by County Council. Mr. Davin said he hoped to get the sale before the body in the next two weeks.

Still to be decided is what happens to about 400 employees in the building, which houses health department administrative offices and its fee and permit center.

Mr. Davin said the building will probably be demolished as part of the redevelopment plans. The employees could end up staying on the property in a 135,000-square-foot building Massaro is proposing to build, or they could be moved elsewhere, possibly with the developer's help.

One possible relocation could be to the department's Clack Health Center complex in Lawrenceville, but Mr. Davin said it was too early to say.

The 135,000-square-foot building planned by Massaro could end up housing offices, classroom space or some combination of the two. The health department property fronts on both Forbes and Fifth avenues and is adjacent to the Carlow College campus.

In addition, the development team intends to build a 120-room hotel, most likely a Marriott, at the site, as well as a 500-space parking garage, an upgrade over the 80 spaces now available.

Mr. Davin said the Massaro proposal was the "most comprehensive" of the five received. Before any work can start, the county, in addition to getting council's approval, must negotiate a final sales and development agreement.

That likely will take at least 60 days. The project probably won't be nearing its completion until sometime in mid- to late 2011 or 2012. Massaro officials could not be reached for comment.

Besides Massaro, Oxford and Ferchill, others submitting proposals were Burns & Scalo Real Estate Services Inc. and Fourth River Development LLC, which teamed up with Carlow.

The project's timing couldn't be better. Earlier this year, a proposed \$150 million office, residential and hotel development was delayed indefinitely because of the economy and tight credit markets.

The developer, FWG Realty Inc., had planned to build more than 1 million square feet of space on a 10-acre site bounded by Fifth, Forbes and Craft avenues near the health department building for physicians offices and businesses, condominiums, a 200- to 250-room hotel and a parking garage. The project was to have been completed in phases over five to seven years.