No. 19-16-RE

A RESOLUTION

A Resolution of the Council of Allegheny County, Pennsylvania, made pursuant to the Local Economic Revitalization Tax Assistance Act ("LERTA"), Pa. Stat. Ann. tit. 72, § 4722 *et seq.* (1995), as amended, providing for: a program of temporary exemption from increases in Allegheny County Real Property Taxes, for specified time periods, resulting from improvements made by an owner of property located within the Twenty-Third Ward of the City of Pittsburgh, County of Allegheny, Commonwealth of Pennsylvania, generally known as the Troy Hill neighborhood, previously determined to be a deteriorated area; establishing a schedule for exempting increases in Allegheny County property taxes resulting from such improvements; and prescribing the requirements and procedures by which an owner of property located within the deteriorated area can secure the temporary exemption resulting from such improvements.

Whereas, Pennsylvania's Local Economic Revitalization Tax Assistance Act, Pa. Stat. Ann. tit. 72, § 4722 *et seq.*, (1995), as amended, (hereinafter referred to as "LERTA") authorizes local taxing authorities to enact a program whereby any increases in the assessed valuation of real property for the assessment and levying of real property taxes that is attributable to improvements made by the owner of an industrial, commercial, and other business property located within the geographic confines of a local taxing authority area determined to be deteriorating can be temporarily exempted based upon a schedule establishing the portion of the assessed valuation of the improvements to be exempted within a particular year after the improvements have been made; and

Whereas, on December 13, 2011, the City of Pittsburgh's Council enacted an ordinance supplementing the Pittsburgh Code, Title Two Fiscal, Article IX Property Taxes, Chapter 267, Exemptions for Industrial and Commercial Improvements, Section 267.03 Exemption Schedule, by adding a new section (e) Local Economic Stimulus, to adopt a new exemption schedule for all applications filed for projects with a building permit that is issued during the period of January 1, 2012 through June 30, 2012 as to which a building permit has been issued reflecting a cost in excess of One Million Dollars ($1,000,000) for the improvements or construction; and

Whereas, on June 19, 2012, the City of Pittsburgh's Council enacted an ordinance amending the Pittsburgh Code, Title Two Fiscal, Article IX Property Taxes, Section 267.03 Exemption Schedule, (e) Local Economic Stimulus, by amending certain language in subsection (e) to change the deadline for filing from June 30, 2012 to June 30, 2017; and

Whereas, the City of Pittsburgh Council's LERTA Ordinance requested that the Pittsburgh School District and the County of Allegheny enact similar legislation establishing a LERTA program to temporarily exempt increases in assessed valuation resulting from improvements made to industrial, commercial, and other business property within the deteriorated area in the City of

Pittsburgh more specifically described in Exhibit "A" from School District and County real property taxation; and

Whereas, the Council of the County of Allegheny finds that the implementation of a LERTA program to temporarily exempt increases in assessed valuation resulting from improvements made to industrial, commercial, and other business property within the deteriorated area in the City of Pittsburgh specifically described in Exhibit "A" from County real property taxation would contribute to the general welfare of the citizens of Allegheny County by spurring economic activity and development.

The Council of the County of Allegheny hereby resolves as follows:

SECTION 1. *Incorporation of Preamble.*

The provisions set forth in the preamble to this Resolution are incorporated by reference in their entirety herein.

SECTION 2. *Terms Defined.*

The following words and phrases when used in this Resolution shall have, unless the context clearly indicates otherwise, the meanings set forth below:

(a) "Assessed Valuation" – The fair market value of all buildings upon a parcel of real property as established by the Office of Property Assessments or, upon appeal, by the Court of Common Pleas of Allegheny County pursuant to the provisions of Article 210 of the Administrative Code of the County, the Second Class County Assessment Law, 72 P.S. § 5452.1 *et seq.*, the General County Assessment Law, 72 P.S. § 5020-101 *et seq.*, and other applicable laws of the Commonwealth of Pennsylvania or ordinances or regulations of the County, for the purpose of the assessment and levy of real property taxes by a Local Taxing Authority.

(b) "City" – The City of Pittsburgh.

(c) "Business Property" – A parcel of real property within the Deteriorated Area which is designated or recognized as having a business or commercial use under the City's Official Zoning Ordinance and Zoning Map in effect at the time that the Improvement is made. The term "Business Property" shall be synonymous with the term "Commercial Property."

(d) "Commercial Property" – See definition of "Business Property."

(e) "Construction" – The erection of a new building or buildings on previously unoccupied land or upon land on which existing buildings

will be or have been demolished or razed for the purpose of erecting a new building or an addition to an existing building to bring about higher standards of safety, health, economic use, or social amenity.

(f) "County" – The County of Allegheny.

(g) "County Council", "Council", or "Council of the County of Allegheny" – The legislative branch of Allegheny County government possessing powers and authority set forth in Article IV, Section 1.4-402 of the Allegheny County Home Rule Charter

(h) "Deteriorated Area" – That specific geographic area of the City having the boundaries described in Exhibit "A" hereto, which has been determined by the City's Council, after public hearing, to have property satisfying one or more of the following criteria:

1. The buildings within the area, by reason of their age, obsolescence, inadequate or outmoded design, or physical deterioration, have become economic and/or social liabilities.

2. The buildings within the area are substandard, unsanitary, unhealthy, or unsafe.

3. The buildings within the area are overcrowded, poorly spaced, or so lacking in light, space, and air as to be unwholesome.

4. The buildings within the area are faultily arranged, cover the land to an excessive extent, show a deleterious use of land, or exhibit any combination of the above which is detrimental to health, safety, or welfare.

5. A significant percentage of buildings within the area are more than twenty (20) years of age.

6. A substantial number of parcels within the area have remained vacant, unimproved, overgrown, or unsightly for a period of five (5) or more years indicating a growing or total lack of utilization of land for economically desirable purposes.

7. A disproportionate number of the properties located within the area are tax delinquent.

8. The area has been previously determined to be a blighted area under criteria set forth in the Act of May 24, 1945, P.L. 991, No. 385, known as the Urban Redevelopment Law.

9. The area has been previously determined to be an impoverished area under criteria set forth in the Act of November 29, 1967, P.L. 636, No. 282, known as the Neighborhood Assistance Act.

(i) "Deteriorated Property" – Any property owned by a Property Owner that is located within the Deteriorated Area or any such property which has been the subject of any order by an agency or authorized officer of a Local Taxing Authority requiring the unit to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations.

(j) "Exemption" – The temporary non-liability for the payment of additional County real estate taxes as set forth in a schedule resulting from an increase in Assessed Valuation attributable to the actual cost of Improvements made to Deteriorated Property within a Deteriorated Area.

(k) "Exemption Term" – Shall have the meaning set forth in Section 5 (a) herein.

(l) "Industrial Property" – A parcel of real property within the Deteriorated Area which is designated or recognized as having an industrial use under the City's Official Zoning Ordinance and Zoning Map in effect at the time that the Improvement occurs.

(m) "Improvements" – Repair, Construction, or Reconstruction, including alterations and additions, having the effect of rehabilitating a Deteriorated Property so that it becomes habitable or attains higher standards of safety, health, economic amenity, or is brought into compliance with laws, ordinances, or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed an Improvement.

(n) "Local Taxing Authority" – The County, the City, or the School District.

(o) "LERTA" – The Local Economic Revitalization Tax Assistance Act, 72 P.S. § 4722 *et seq.* (1995).

(p) "Office" – The County's Office of Property Assessments or such successor entity responsible by law or by ordinance for determining the Assessed Valuation of real estate for the assessment and levy of real estate taxes by a Local Taxing Authority.

(q) "Project" – Improvements made or carried out by a Property Owner during a single continuous period of time according to a common plan.

(r) "Property Owner" – Any natural person; partnership; unincorporated association; limited liability company; or corporation, nonprofit or otherwise, owning a Deteriorated Property within the Deteriorated Area. Whenever used in any provision of this Resolution, the term "Property Owner" as applied to partnerships shall mean and include all members thereof or as applied to corporations shall mean and include all officials or officers thereof. The term "Property Owner" shall be synonymous with the term "Taxpayer."

(s) "Reconstruction" – The rebuilding or renovation of a building or buildings previously erected for the purpose of changing the economic use or amenity of such building or to obtain higher standards of safety or health. The term "Reconstruction" shall be synonymous with the term "Repair."

(t) "Repair" – See definition of Reconstruction.

(u) "School District" – The Pittsburgh School District.

(v) "Tax Delinquency" – All County taxes, charges, fees, rents, or claims due and unpaid by the Property Owner of the Deteriorated Property or with respect to the Deteriorated Property as of the time of the application for an Exemption or at any time thereafter during the term of the Exemption. The term includes all penalties, additions, interest, attorney fees, and costs due on such delinquent taxes, charges, rents, or claims.

(w) "Taxpayer" – See Definition of Property Owner.

(x) "Tax Year" – The twelve (12) month period from January 1 to December 31 annually.

(y) "Treasurer" – The Treasurer of the County of Allegheny or any other successor entity or organization responsible for the collection of real estate taxes for the County.

SECTION 3. ***<u>Deteriorated Area</u>.***

Inasmuch as the City, by and through its City Council, pursuant to public hearing, has determined that a specific area of the City of Pittsburgh, constitutes a "Deteriorated Area" within the purview of LERTA, County Council does hereby determine as a fact that the industrial, commercial, and other business property located within the geographic area or region within the City of Pittsburgh, as bounded and described in Exhibit "A" attached hereto, satisfies the criteria set forth in Section 4725 of LERTA and collectively constitutes a "Deteriorated Area" for purposes of this Resolution.

SECTION 4. ***Exemption.***

(a) Grant of Exemption. Any Property Owner of a Deteriorated Property within the Deteriorated Area may apply to and receive from the County an Exemption from increases in County real estate taxes in the amounts and in accordance with the provisions and limitations set forth in this Resolution. The Exemption from increases in County real estate taxes authorized under this Resolution shall be specifically limited to the increased or additional Assessed Valuation placed by the Office upon the Deteriorated Property that is attributable to the actual costs of the Improvements to the Deteriorated Property undertaken or made by the Property Owner in conjunction with a Project. The Exemption shall not include the Assessed Valuation of the land that is part of the Deteriorated Property.

(b) Limited Scope of Exemption Granted. No exemption from County real estate or other County imposed taxes is granted other than the Exemption set forth in subsection (a) above.

SECTION 5. ***Exemption Schedule.***

(a) Exemption Term. The Exemption from increases in County real estate taxes granted to any Property Owner undertaking a Project shall be for an Exemption Term of ten (10) years in accordance with the following conditions and schedule:

Exemption Year	**Percentage of Assessed Valuation of Improvement Exempted from Taxation**
1st	*100%*
2nd	*100%*
3rd	*90%*
4th	*90%*
5th	*80%*
6th	*80%*
7th	*70%*
8th	*70%*
9th	*60%*
10th and Final	*60%*

Upon the completion of the Exemption Term set forth above, the Exemption shall end and the entire property (land and building) shall be fully subject to Allegheny County property taxes. The exemption shall not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in any single year.

(b) Commencement of Exemption Term. The Exemption Term set forth in Section 5 (a) above will commence in the Tax Year following the Property Owner's submission of a Notification of Completion of Improvements to the Office in accordance with Section 6 (e) below of this Resolution.

(c) Disqualifying Events. Notwithstanding Section 4 (a) above, a Property Owner who makes Improvements to a Deteriorated Property within the Deteriorated Area shall be disqualified from receiving an Exemption for the increased or additional Assessed Valuation of the Deteriorated Property attributable to the actual costs of the Improvements to the Deteriorated Property undertaken or made in conjunction with a Project if the following events occur:

1. The Deteriorated Property of the Property Owner within the Deteriorated Area is or, at any time during the Exemption Term, becomes subject to a Tax Delinquency.

2. Any or any other property owned in the County by the Property Owner is or, at any time during the Exemption Term, becomes subject to a Tax Delinquency.

3. The Property Owner fails to complete and provide in a timely fashion a LERTA Performance and Evaluation Report to the County's Department of Economic Development.

SECTION 6. ***Procedure for Obtaining Exemption.***

(a) Application for Exemption. A Property Owner desiring the Exemption pursuant to this Resolution shall make application for the Exemption by completing a form proscribed by the Office.

(b) Requested Information. On the application form, Property Owner shall provide all information pertaining to the Project and the Exemption as may be necessary to process such application for Exemption. Such information that may be requested on the form shall include, but not necessarily be limited to, the following:

1. Name and address of the Property Owner.

2. Block and Lot Number of the Deteriorated Property or Properties to which the Property Owner intends to make Improvements as part of the Project.

3. The initial Assessed Valuation of the Deteriorated Property or Properties.

4. The current year County taxes on the Deteriorated Property or Properties.

5. The date on which the City issued a building permit for the Improvements.

6. The description of the Improvements that the Property Owner intends to make as part of the Project.

7. The anticipated date of completion of the Improvements.

8. The actual or anticipated costs of the Improvements.

9. Specific citation to applicable laws, ordinances or regulations when Improvements are being made to bring the property into compliance with laws, ordinances, or regulations governing safety or health.

10. A statement indicating that the Deteriorated Property or Properties are not subject to a Tax Delinquency.

11. A list of all other properties owned by the Property Owner along with a certification that none of these properties are subject to a Tax Delinquency.

(c) Time of Application. The Property Owner shall file the Exemption application form with the Office no later than ninety (90) days from the date that the City issues a building permit for the Improvements to be made as part of the Project. Failure to submit the completed Exemption application form within this time period shall give the County the right to deny any Exemption claimed pursuant to this Resolution for the initial tax year after completion of the Improvements, thereby limiting the Exemption Term to less than the ten (10) year period established under this Resolution.

(d) Time Limitation on Completion of Improvements. No Exemption shall be granted if the Property Owner does not complete the Improvements by the end of the third calendar year following the year that the City issued the initial building permit for the Improvements.

(e) Notification of Completion of Improvements. When the Improvements have been completed, the Property Owner shall notify the Office in writing. Such notice shall occur within ninety (90) days of completion. Failure to submit such written notice within this time period shall permit the County the right to deny any Exemption claimed pursuant to this Resolution for the initial tax year after completion of the Improvements, thereby limiting the length of the schedule of taxes

exempted to less than the *Exemption Term* established under this Resolution. The notice of completion shall include the following information:

1. Name and address of the Property Owner.

2. Block and Lot Number of the Deteriorated Property or Properties for which the Exemption is sought.

3. The date that the Improvements were completed.

4. Any modification to the Project as previously submitted.

5. The final, adjusted actual costs of the Improvements.

(f) Assessment and Notice of Assessed Valuation. The Office shall assess the Deteriorated Property to determine the Assessed Valuation attributable to the actual costs of the Improvements to the Deteriorated Property undertaken or made by the Property Owner in conjunction with a Project. The Office shall provide to the County and the Property Owner the following information in writing:

1. The Assessed Valuation of the Deteriorated Property prior to the Improvements.

2. The increase in Assessed Valuation attributed to the actual costs of the Improvements to the Deteriorated Property undertaken or made by the Property Owner in conjunction with a Project.

3. The amount of the increased or additional Assessed Valuation eligible for Exemption.

(g) LERTA Performance and Evaluation Report. Following receipt of the Office's assessment of the Deteriorated Property and determination of the Assessed Valuation attributable to the actual costs of the Improvements to the Deteriorated Property undertaken or made by the Property Owner in conjunction with a Project that is eligible for Exemption, the Property Owner shall cooperate with the County's efforts to determine the overall effectiveness of the LERTA Program. Property Owner agrees to complete and return a LERTA Performance and Evaluation Report to the County's Department of Economic Development within the deadline established by the County. Failure to complete and return the LERTA Performance and Evaluation Report shall constitute a disqualifying event under Section 5 (c) of this Resolution.

(h) Treasurer's Action. The Treasurer shall not bill the Property Owner for County real estate taxes that are attributable to the actual costs of the Improvements to the Deteriorated Property undertaken or made by the Property Owner in conjunction with a Project. If warranted, the Treasurer shall exonerate any increase in Assessed Valuation attributable to the actual costs of the Improvements to the Deteriorated Property undertaken or made by the Property Owner in conjunction with a Project and shall refund any increased County taxes paid by the Property Owner resulting from the increase in Assessed Valuation attributable to the Improvements. The Treasurer, however, shall not exonerate or refund any County taxes if Disqualifying Event as described in Section 5 (c) above should occur.

(i) Rights of Appeal Preserved. Appeals from the amount of increased or additional Assessed Valuation attributable to the actual costs of the Improvements to the Deteriorated Property undertaken or made in conjunction with a Project may be taken by the Property Owner or by any Local Taxing Authority as provided by Article 210 of the Administrative Code of the County, the Second Class County Assessment Law, 72 P.S. § 5452.1 *et seq.*, the General County Assessment Law, 72 P.S. § 5020-101 *et seq.*, and other applicable laws of the Commonwealth of Pennsylvania or ordinances or regulations of the County. Nothing herein shall preclude the Property Owner or any Local Taxing Authority from appealing the Assessed Valuation of the Deteriorated Property not attributable to the actual costs of the Improvements to the Deteriorated Property undertaken or made in conjunction with a Project as provided by Article 210 of the Administrative Code of the County, the Second Class County Assessment Law, 72 P.S. § 5452.1 *et seq.*, the General County Assessment Law, 72 P.S. § 5020-101 *et seq.*, and other applicable laws of the Commonwealth of Pennsylvania or ordinances or regulations of the County.

SECTION 7. ***Transferability.***

The Exemption authorized by this Resolution shall remain with the Deteriorated Property and shall not terminate upon the sale, exchange, or other alienation of such property unless otherwise provided.

SECTION 8. ***Intergovernmental Cooperation Agreement.***

If required, the proper officials of the County are hereby authorized to enter into an intergovernmental cooperation agreement pursuant to the Intergovernmental Cooperation Act, 53 P.C.S.A. § 2301 *et seq.*, with the City and the School District to implement the Exemption established under this Resolution. The intergovernmental cooperation agreement shall be subject to review and approval as to form by the County Solicitor.

SECTION 9. ***Rules and Regulations.***

The Office is authorized to adopt rules and regulations, if necessary, to implement this Resolution.

SECTION 10. ***Term.***

This Resolution shall become effective immediately upon its adoption and shall remain in effect until terminated by action of County Council. The provisions of this Resolution shall apply to all applications filed from and after the effective date hereof and shall remain in effect for a period of ten (10) years.

SECTION 11. ***Severability. If any provision of this Resolution shall be determined to be unlawful, invalid, void or unenforceable, then that provision shall be considered severable from the remaining provisions of this Resolution which shall be in full force and effect.***

SECTION 12. ***Repealer. Any Resolution or Ordinance or part thereof conflicting with the provisions of this Resolution is hereby repealed so far as the same affects this Resolution.***

Enacted in Council, this 12th *day of* September, *2016*

Council Agenda No. G762-16

John DeFazio
President of Council

Attest:
Jared Barker
Chief Clerk of Council

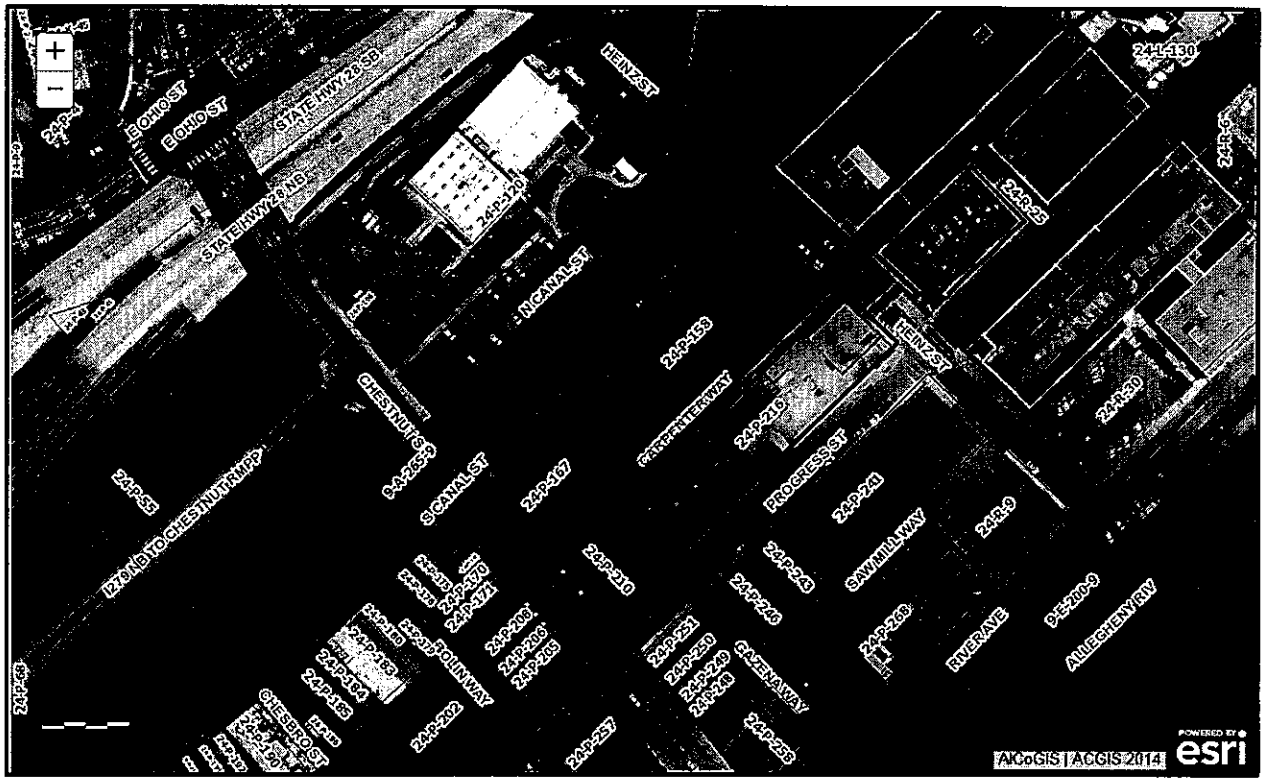
Chief Executive Office September 20, *2016*

Approved:
Rich Fitzgerald
County Executive

Attest:
Sonya Dietz
Executive's Secretary

Exhibit A
Heinz II Development

24-P-216	SB DEVELOPMENT LP	36,900 SF



SUMMARY OF LEGISLATION
LERTA - HEINZ II DEVELOPMENT
SUBMITTED FOR COUNCIL MEETING AUGUST 23, 2016

The Heinz II Development seeks to rehabilitate a portion (specifically the Service Building) of the historic Heinz Plant into 151 market-rate apartments, while still retaining the building's architectural features. Sixty-five of these units will be micro-units, an up-and-coming market created by a younger generation of workforce. The concept of this building will revolve around this generation's new idea of "home." Instead of home being contained within four walls, the tenants' home will extend beyond their apartment walls to the building at large, aided by a communal indoor courtyard, fitness center, bike-repair shop, bocce ball court, fire pit, and other amenities. The current assessed value of the property is $2,160,000, and the estimated future assessed value is $15,100,000. Maintaining many of the historic architectural features increases the project costs substantially, as does the addition of a central courtyard to the building to provide adequate fenestration needed for this type of development. The Ferchill Group, the developer of the Heinz II Development, has requested the County provide a ten-year temporary exemption of real estate taxes based on assessment attributable to new construction, reconstruction, or improvement(s) to property within the Twenty-Third Ward of the City of Pittsburgh, known as the Troy Hill neighborhood and described in Exhibit "A".

This project qualifies for the City's ten-year Residential LERTA Abatement Program, as well as the ten-year Residential (sliding-scale) LERTA Tax Abatement Program for the School District of Pittsburgh. The proposed County LERTA exemption schedule mirrors that of the School District of Pittsburgh's exemption schedule. The Department of Economic Development requests that the Council of the County of Allegheny:

(a) Consider a resolution to participate with the City and School District in the implementation of the LERTA for the deteriorated area located within the City; and

(b) Direct the appropriate public officials of the County to take such additional actions in cooperation with the City and the School District to implement the LERTA, including without limitation, the execution and delivery of a Cooperation Agreement by and among the participants.

The exemption shall be limited to a period of ten years and shall apply to any building permitted for Construction, Reconstruction, or Improvement(s) at any time during the ten ten-year period within the LERTA District. The Exemption of the County's real estate tax upon the Assessed Valuation attributable to the Project shall be:

Exemption Year	**Percentage of Assessed Valuation of Improvement Exempted from Taxation**
1st	*100%*
2nd	*100%*
3rd	*90%*
4th	*90%*
5th	*80%*
6th	*80%*
7th	*70%*
8th	*70%*
9th	*60%*
10th and Final	*60%*

At the end of the tenth year, the final year, the exemption shall end and the entire property (land and building) shall be fully taxable. The exemption shall not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in any single year.

The Resolution shall remain in effect for ten years.

MEMORANDUM

OFFICE OF THE COUNTY MANAGER

TO: Jared E. Barker
Allegheny County Council

FROM: William D. McKain CPA
County Manager

DATE: August 18, 2016

RE: Proposed Resolution

Attached is a Resolution of the Council of Allegheny County, Pennsylvania, made pursuant to the Local Economic Revitalization Tax Assistance Act ("LERTA"), Pa. Stat. Ann. tit. 72, § 4722 *et seq*. (1995), as amended, providing for: a program of temporary exemption from increases in Allegheny County Real Property Taxes, for specified time periods, resulting from improvements made by an owner of property located within the Twenty-Third Ward of the City of Pittsburgh, County of Allegheny, Commonwealth of Pennsylvania, generally known as the Troy Hill neighborhood, previously determined to be a deteriorated area; establishing a schedule for exempting increases in Allegheny County property taxes resulting from such improvements; and prescribing the requirements and procedures by which an owner of property located within the deteriorated area can secure the temporary exemption resulting from such improvements.

The Allegheny County Law Department has reviewed this legislation prior to submitting it to Council.

I am requesting that this item be placed on the agenda at the next Regular Meeting of Council.

2016 AUG 18 AM 11:24
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ALLEGHENY COUNTY COUNCIL