

No. 54-03-OR

AN ORDINANCE

Ordinance of the County of Allegheny providing for temporary exemption from real property taxation for specified time periods for certain increases in assessed valuation of the new construction and of improvements, including repairs, construction or reconstruction, made on industrial commercial or business property in deteriorated areas and certain properties in deteriorated underutilized areas in the City of Pittsburgh, County of Allegheny, Commonwealth of Pennsylvania; prescribing the requirements and the procedures for securing such exemption; and authorizing an Intergovernmental Cooperation Agreement to implement this ordinance.

Whereas, the Local Economic Revitalization Tax Assistance Act, Pa. Stat. Ann. tit. 72, §4722 et seq., otherwise known as "LERTA", authorizes local taxing authorities to exempt from real estate taxation, for specified periods, new construction and improvements to certain deteriorated industrial, commercial and other business property; and

Whereas, the City Council of the City of Pittsburgh has held a public hearing to determine the geographic boundaries of deteriorated areas and deteriorated underutilized transition areas within those deteriorated areas within the City of Pittsburgh for the implementation of a temporary property tax exemption program under LERTA; and

Whereas, the City Council of the City of Pittsburgh has, by ordinance, affixed the boundaries of deteriorated areas and deteriorated underutilized transition areas within those deteriorated areas for the implementation of a temporary tax exemption program under LERTA; and

Whereas the County Council of the County of Allegheny finds that the implementation of a conditional program of temporary tax exemption from County real estate taxation for new construction and improvements to certain deteriorated property located within deteriorated areas and deteriorated underutilized transition areas within deteriorated areas of the City of Pittsburgh will contribute to the general welfare of the citizens of Allegheny County by providing for expanded commercial and residential development within the City of Pittsburgh.

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

SECTION 1. INCORPORATION OF PREAMBLE

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

SECTION 2. DEFINITIONS

As used in this Ordinance, the following words and phrases shall have the meanings set forth below:

(a) **Assessed Valuation** - The value of a parcel of real property as established by the Office or the Court of Common Pleas of Allegheny County pursuant to the provisions of the Second Class County

Assessment Law, 72 P.S. § 5452.1 or such other applicable law or ordinance, for the purpose of the assessment and levy of real property taxes. The term "assessed valuation" shall not include the value of the parcel of real property upon which a building is located.

(b) City - The City of Pittsburgh.

(c) Commercial Residential Use - Space is used for a commercial residential use if it is suitable for and is generally to be used by the occupants for personal residence purposes and is not occupied by the owner (or a relative of the owner). Examples of space used for a commercial residential use include (but are not limited) apartment buildings and hotels.

(d) Construction - The erection of a building or buildings on previously unoccupied land, or upon land on which a building or buildings have been demolished or razed for the purpose of erecting a new building or buildings consisting of industrial, commercial (including commercial residential use) or other business units designated to bring about higher standards of safety, health, economic use, or sociological growth or amenity.

(e) Converted Residential Portion - That portion of a building which in a "qualified conversion to commercial residential use" is converted to commercial residential use, measured by floor area between ground level and the roof, together with any area of the property or a property in close proximity to be used for parking by residents or guests only and not by the public.

(f) County - The County of Allegheny.

(g) Downtown District - The area begins at the intersection of Ft. Pitt Boulevard and Stanwix Street and continues northward on Stanwix Street to the Boulevard of the Allies. The boundary line then continues eastward on the Boulevard of the Allies until it meets Wood Street where the line continues northward to Fourth Avenue. The boundary line then continues westward until it meets the eastern boundary of Block 1-H, Lot 135. The boundary line then goes south, west, and north around Block 1-H, Lot 135 and then continues westward on Fourth Avenue until it meets the eastern boundary of Block 1-H, Lot 30. The boundary line then goes north, west, and south around Block 1-H, Lot 30 and then continues westward on Fourth Avenue until Stanwix Street where the line continues northward to Forbes Avenue where it goes eastward on Forbes Avenue until it meets the western boundary of 1-D-115 where it goes northwesterly until Liberty Avenue. The boundary line then continues northeasterly on Liberty Avenue until it meets Sixth Street where the line continues northward to the northern border of Block 8-S, Lot 62 where the boundary line goes eastward to Barkers Way. The line continues northward on Barkers Way until Fort Duquesne Boulevard where it continues eastward until Garrison Way. The Boundary then follows Garrison Way southward to French Street and continues east on French Street to Tenth Street. The boundary then follows Tenth Street southward to Liberty Avenue. The boundary goes past Liberty Avenue to William Penn Place and continues southwesterly along William Penn Place until Seventh

Avenue. The boundary then follows Seventh Avenue northwesterly until Smithfield Street where it follows Smithfield Street southward to the northern border of Block 2-A-179 where it travels east to Montour Way. The boundary then follows Montour Way southward to Strawberry Street where it goes northwesterly to Coffey Way. The boundary continues southward along Coffey Way until it meets Sixth Avenue. The line continues northward on Sixth Avenue until it meets Liberty Avenue where it continues westward to its intersection with Sixth Street. The boundary then moves eastward along the northern border of Blocks 1-D-179, 188, 243, 245, 246, 247, 250, and 251. The boundary then moves southward along the eastern border of 1-D-251 until it meets Fifth Avenue where it goes eastward until Book Way. The boundary then follows Book Way southward to Forbes Avenue where it continues eastward to Smithfield Street. The boundary then goes southward to Fourth Avenue where it continues eastward until Ross Street where it continues southward to First Avenue. The boundary then follows First Avenue west until its intersection with Cherry Way. Finally, the boundary then follows Cherry Way south to Fort Pitt Boulevard where it follows Fort Pitt Boulevard westward to its intersection at Stanwix Street. Excluded from the area constituting the Downtown District shall be that property described as lot and block number 9-N-131. The Downtown District comprises in part the areas formerly designated as First Side and the Cultural District.

(h) Deteriorated Area - Those specific geographic areas within the City of Pittsburgh described in Section 2 hereof, which have been determined to be physically impaired on the basis of one or more standards, including, but not limited to, the following:

1. The buildings, by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, have become economic or social liabilities.
2. The buildings are substandard, unsanitary, unhealthy or unsafe.
3. The buildings are overcrowded, poorly spaced or so lacking in light, space and air as to be unwholesome.
4. The buildings 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 are more than twenty (20) years of age.
6. A substantial amount of unimproved, overgrown and unsightly vacant land exists which has remained so for a period of five (5) years or more, indicating a growing or total lack of utilization of land for economically desirable purposes.
7. A disproportionate number of properties are in a state of tax delinquency.

8. The area is an "impoverished area" as certified by the Department of Community Affairs (now the Department of Community and Economic Development) under criteria set forth in the Act of November 29, 1967, P.L. 636, No. 282, known as the "Neighborhood Assistance Act" or is 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".

(i) Deteriorated Property - Any industrial, commercial or other business property owned by a property owner or taxpayer and located in a deteriorated area, as herein provided, or any such property which has been the subject of any order by a government agency requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinances or regulations.

(j) Deteriorated Underutilized Transition Areas - Those deteriorated areas within the City of Pittsburgh which City Council, after public hearing, has determined to be physically impaired on the basis of one or more standards set forth in subsection (h) above and additionally containing a high percentage of poorly spaced, large, at least twenty years old, underutilized buildings with a design no longer conducive to the original commercial, industrial or other business use.

(k) Exemption - The non-liability for the payment of additional real property taxes to the County resulting from increased assessed valuation attributable to the actual cost of new construction or construction, reconstruction or improvements made to deteriorated property within a deteriorated underutilized transition area within a deteriorated area.

(l) 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 use or amenity, or is brought into compliance with laws, ordinances or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed an improvement. The conversion of deteriorated property to commercial residential use shall qualify as an improvement for purposes of this Ordinance.

(m) Local Taxing Authority - The County, the City or the School District.

(n) New Construction for Commercial Residential Use - The construction of property located in a deteriorated, underutilized transition area for commercial residential use, provided that at least fifty (50) percent of the total building area measured by floor area between the ground level and the roof, together with any area of the property or a property in close proximity to be used for parking by residents or guests only, and not by the public, is used for commercial residential use.

(o) North Shore District - The area begins at the Allegheny River and Sixteenth Street. The boundary line then continues northward on Chestnut Street (Sixteenth Street) to PA. Route 28. The boundary line then continues in a northeasterly fashion approximately 370 feet past Heinz Street. The

boundary line then continues southward in a straight line to the Allegheny River, where it continues westward along the Allegheny River until Sixteenth Street.

(p) Office - The Office of Property Assessments of Allegheny County, Pennsylvania, or such successor entity responsible by law or by ordinance for determining the valuation of real estate for the assessment and levy of real estate taxes in Allegheny County.

(q) Project - The improvement of a building carried out during a single continuous period of time according to a common plan.

(r) Property Owner - Any natural person, partnership, unincorporated association, or corporation, nonprofit or otherwise. Whenever used in any provision of this Ordinance, the word property owner as applied to partnerships shall mean and include all members thereof and as applied to corporations shall mean and include all officials or officers thereof. The term "property owner" used in this Ordinance is synonymous with "taxpayer."

(s) Qualified Conversion To Commercial Residential Use - Improvements having the effect of converting all or a portion of property located in a deteriorated underutilized transition area to commercial residential use so that it becomes habitable; provided that at least fifty percent (50%) of the total building area, measured by floor area at ground level and above, is so converted. Neither construction nor ordinary upkeep and maintenance shall be deemed to be an improvement which qualifies as a qualified conversion to commercial residential use.

(t) Reconstruction - The rebuilding of a building or buildings previously erected for the purpose of changing the economic use or amenity of such structure or to obtain higher standards of safety or health.

(u) School District - The School District of the City of Pittsburgh.

(v) Strip District - The area begins at Penn Avenue and Eleventh Street and continues north on Eleventh Street to the Allegheny River. The boundary line continues along the river to Thirty-First Street and goes south to Liberty Avenue. The boundary line then continues east for a block to Thirty-Second Street until it meets Sassafras Way. The boundary then follows Sassafras Way south until it meets Twenty-Eighth Street. The area then continues westward on Twenty-Eighth Street to Liberty Avenue where it continues in a westward fashion until Sixteenth Street. The boundary follows Sixteenth Street north for one block until it meets Penn Avenue where it continues westward on Penn Avenue to Fourteenth Street. It then goes north for one block to Smallman Street and then goes west for one block on Smallman Street until it meets Thirteenth Street. The boundary line then continues southward on Thirteenth Street until it meets Penn Avenue. Finally, the boundary line continues in a southwestwardly fashion along Penn Avenue until it intersects Eleventh Street.

(w) Tax Delinquency - All Allegheny County taxes, charges, fees, rents or claims due and unpaid by the 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, attorneys' fees and costs due on such delinquent taxes, charges, rents or claims.

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

(y) Treasurer - The Treasurer of Allegheny County.

(z) Uptown District - The area begins at Fifth Avenue and Diamond Street and continues east on Fifth Avenue to Chatham Street where it travels northward to Colwell Street. The boundary line then follows Colwell Street eastward to Kirkpatrick Street where the boundary then goes southward to Interstate 376. The boundary follows Interstate 376 westward until Municipal Court Way where it then continues northward toward First Avenue. The boundary line then follows First Avenue westward to Try Way. The boundary line continues north along Try Way until Second Avenue where it continues to Crosstown Boulevard. The boundary line follows the Crosstown Boulevard until it meets Diamond Way. The boundary line then continues along Diamond Way to its intersection at Fifth Avenue.

SECTION 3. BOUNDARIES

(a) Deteriorated Areas

County Council does hereby concur with the determination made by the City of Pittsburgh Council after public hearing and finds that Wards 1 through 32 of the City of Pittsburgh respectively constitutes a deteriorated area for purposes of this Ordinance.

(b) Deteriorated Underutilized Transition Areas.

County Council does hereby concur with the determination made by the City of Pittsburgh Council after public hearing and finds that the following areas located within a deteriorated area are deteriorated underutilized transition areas: Downtown District, Strip District, Uptown District and North Shore District.

SECTION 4. EXEMPTION

(a) Any property owner undertaking a project which is a qualified conversion to commercial residential use or new construction for residential use may apply for and receive from the County an exemption from County real property taxes due to the increased or additional assessed valuation attributable to the converted residential portion or to the residential portion of the new construction for commercial residential use (including related parking), in the amounts and in accordance with the provisions and limitations set forth in this Ordinance. The exemption from County real estate taxes shall

be specifically limited to the additional assessed valuation attributable to the actual costs of the qualified conversion to commercial residential use or the new construction for commercial residential use of the property within the deteriorated underutilized transition area. Appeals from the amount of increased assessed valuation attributable to the actual costs of the qualified conversion to commercial residential use or the new construction for commercial residential use of the property within the deteriorated underutilized transition area may be taken by the taxpayer or any local taxing authority as provided by Chapters 207 and 209 of the Allegheny County Administrative Code, the County's Assessment Standards and Practice Ordinance or other applicable law or ordinance. Nothing herein shall preclude a taxpayer or any local taxing authority from appealing the assessed valuation of the deteriorated underutilized transition area property or any increases in assessed valuation not attributable to the qualified conversion to commercial residential use or the new construction for commercial residential use in accordance with Chapters 207 and 209 of the Allegheny County Administrative Code, the County's Assessment Standards and Practice Ordinance or other applicable law or ordinance.

(b) No exemption from taxation is granted other than as set forth in subsection (a) above.

SECTION 5. EXEMPTION SCHEDULE

The exemption from County real estate taxes granted to any property owner undertaking a project which is a qualified conversion to commercial residential use or new construction for commercial residential use shall be in accordance with the following conditions and schedule:

(a) The exemption shall be limited to a period of ten (10) years. The ten (10) year exemption period will commence the year after completion of the improvements.

(b) The tax exemption in the first two years described in subparagraph (a) shall be one hundred percent (100%) of the County's real estate taxation upon the assessed valuation attributable to the converted residential portion or to the residential portion of the new construction for commercial residential use (including related parking). In each succeeding two-year period of the exemption period, the exemption shall decline by ten percent (10%). In the ninth and tenth (and final) years, the exemption shall be sixty percent (60%) of the County's real estate taxation upon the assessed valuation attributable to the converted residential portion or to the residential portion of the new construction for commercial residential use (including related parking). In the eleventh year and all succeeding years, the exemption shall end and the entire property (land and building) shall be fully taxable.

(c) No exemption hereunder shall exceed One Hundred Thousand Dollars (\$100,000) in any single year. There is no exemption granted on the assessed valuation attributable to land. There is no exemption granted if the construction or improvements are not completed by the end of the third calendar year following the year the initial building permit was issued.

(d) There is no exemption granted and any existing exemption shall be revoked if and for so long as there exists any tax delinquency with respect to the property or any other property owned in the County by the property owner. An exemption for qualified conversion to residential use shall be revoked if and to the extent the property does not continue to be commercial residential use or for new construction for commercial residential use property. Any revocation shall not extend the exemption period set forth in subsection (a) above.

SECTION 6. PROCEDURE FOR OBTAINING EXEMPTION

(a) Prior to applying for a building permit, the property owner shall provide written notice to the Urban Redevelopment Authority of Pittsburgh (the "Authority"), on behalf of each appropriate local taxing authority, of its intention to request an exemption, together with (i) evidence of zoning compliance, (ii) evidence of sufficient financing for the project, (iii) evidence of any required historic designation/preservation approvals, and (iv) copies of the plans and specifications for the project.

(b) Upon the Authority's review and approval of the materials submitted pursuant to subparagraph (a) above, the property owner may obtain from the Bureau of Building Inspection a written application for exemption.

(c) The property owner must certify on the application the following information:

- (1) Name and address of the property owner.
- (2) Lot and block number of the property to be converted to commercial residential use or on which the new construction for commercial residential use is to occur.
- (3) The initial assessed valuation of the property before conversion to commercial residential use or new construction for commercial residential use.
- (4) The current year County taxes on the property before conversion to commercial residential use or new construction for commercial residential use.
- (5) The date the building permit was issued for the improvement.
- (6) The summary of the plan of construction or plan of improvement.
- (7) The anticipated date of completion.
- (8) The actual costs of construction or the actual costs of improvement.
- (9) Such other information as may be necessary to process such application for temporary exemption.

(d) The property owner shall submit the application for exemption to the Authority, on behalf of each appropriate Local Taxing Authority, no later than one hundred eighty (180) days after the date when the building permit is issued. The Authority shall forward a copy of said application to each Taxing

Authority and the Office within five (5) business days of receipt or as otherwise mutually agreed. Failure to submit such exemption request within this time period may permit the County to deny any exemption claimed pursuant to this Ordinance for the initial tax year after completion of the construction or improvement, thereby limiting the length of the schedule of taxes exempted to less than the full ten (10) year period established under this Ordinance.

(e) When the construction or improvement has been completed, the property owner shall notify the Authority, on behalf of each appropriate Local Taxing Authority, and the Office in writing within thirty (30) days after completion. The Authority will forward a copy of such notice to each appropriate Local Taxing Authority and the Office within five (5) business days of receipt or as otherwise mutually agreed. Failure to submit notice of completion within such thirty (30) day period may permit the County to deny such request for exemption for the initial tax year after completion of construction or improvement, thereby limiting the length of the schedule of taxes exempted to less than the full ten (10) year period established under this Ordinance. The notice of completion shall include the following information:

- (1) Name and address of the property owner.
- (2) Lot and block number of the property for which the exemption for qualified conversion to commercial residential use or new construction for commercial residential use is sought.
- (3) The date that the construction or the improvement was completed.
- (4) Any modification to the plan of construction or improvement as previously submitted.
- (5) The final, adjusted actual costs of construction or improvement.

(f) The Office shall, after notice in writing and with a prior physical inspection, assess the property to determine the valuation attributable to the construction or improvement eligible for tax exemption under this Ordinance.

(g) The Office shall provide to the Authority, each appropriate Local Taxing Authority and the property owner with the following information in writing:

- (1) The assessed valuation of the property prior to construction or improvement.
- (2) The increase in assessed valuation attributed to the construction or improvement.
- (3) The amount of assessed valuation increase eligible for tax exemption. The Treasurer shall then exonerate that amount of the assessed valuation increase and refund the amount of taxes attributable to the exemption in accordance with the exemption schedule. The Treasurer, however, shall not exonerate taxes if there exists any tax delinquency with respect to the property for which the exemption is sought or any property in the County owned by the property owner.

(h) Appeals from the valuation and the amount eligible for exemption may be taken by the taxpayer or local taxing authorities as provided by Chapters 207 and 209 of the Allegheny County Administrative Code, the County's Assessment Standards and Practice Ordinance or applicable law or ordinance.

SECTION 7. TRANSFERABILITY

The exemption from taxes authorized by this Ordinance shall be upon the property exempted and shall not terminate upon the sale, exchange or other alienation of such property unless otherwise provided.

SECTION 8. INTERGOVERNMENTAL COOPERATION AGREEMENT

The proper officials of the County are hereby authorized to enter into an intergovernmental cooperation agreement, pursuant to the Intergovernmental Cooperation Act, Pa. Cons. Stat. Ann. Tit. 53, § 2301 et seq. with the City and the School District to implement the exemption from County real property taxation established under this Ordinance. The intergovernmental cooperation agreement shall be subject to review and approval as to form by the County Solicitor.

SECTION 9. RULES AND REGULATIONS

The County Manager and the Office are authorized to adopt rules and regulations, if necessary, to implement this Ordinance.

SECTION 10. TERM

Subject to the provisions of Section 12, this Ordinance shall enter into effect immediately following its adoption. The provisions of this Ordinance shall apply to all applications filed from and after the effective date hereof and through the tenth anniversary of such effective date. The cost of improvements to be exempted and the schedule of taxes exempted existing at the time of the initial request for tax exemption shall be applicable to that exemption request, and subsequent amendment of this Ordinance, if any, shall not apply to requests initiated prior to its adoption.

SECTION 11. CONTINGENT APPROVAL

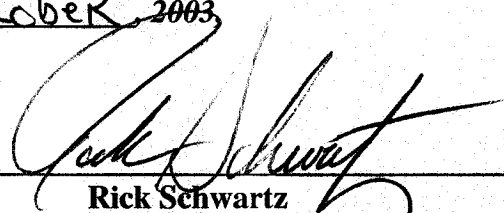
The terms of this Ordinance and the implementation of the temporary real property tax exemption granted hereunder are contingent upon the adoption of a similar amendment to LERTA Ordinance by the City and a similar amendment to LERTA Resolution by the School District.

SECTION 12. *If any provision of this Ordinance shall be determined to be unlawful, invalid, void or unenforceable, then that provision shall be considered severable from the remaining provisions of this Ordinance which shall be in full force and effect.*

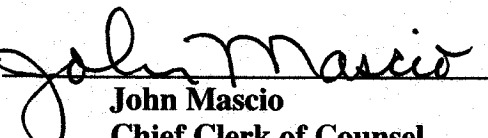
SECTION 13. *Any Resolution or Ordinance or part thereof conflicting with the provisions of this Ordinance is hereby repealed so far as the same affects this Ordinance*

Enacted this 21st day of October, 2003

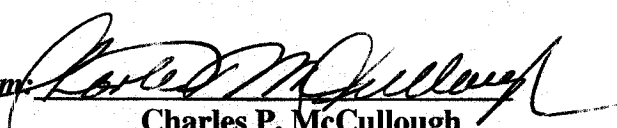
Council Agenda No. 1312-03



Rick Schwartz
President, County Council

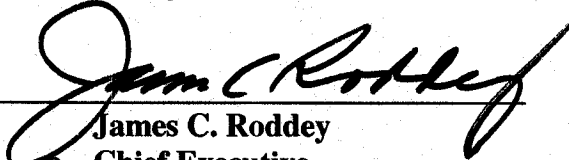
Attest: 

John Mascio
Chief Clerk of Counsel


Approved as to form: 

Charles P. McCullough
County Solicitor

Chief Executive Office October 29, 2003

Approved: 

James C. Roddey
Chief Executive

Attest: 

Victoria A. Spence
Executive's Secretary

URA Request to Amend Center Triangle TIF District and Add Parcels to LERTA District

- The URA has requested that the County approve changes to the Center Triangle TIF District by removing non-developed parcels, not used as part of the increment to finance the debt, and placing them in a LERTA district to encourage rental housing development.
- The Taxing Bodies adopted the Center Triangle TIF Plan in 1995 to support the New Lazarus Department Store and Penn Avenue Place. In 1998 the Taxing Bodies adopted Amendment No. 1 to the Center Triangle TIF Plan to support the Mellon Client Service Center Project. Then, in 1999, the Taxing Bodies adopted Amendment No. 2 to the Plan to support the PNC Bank's Firstside Center Project.
- The exemption schedule for the LERTA district will be for 10 years, at a 10% declining scale every two years.
 - Years 1 & 2: 100%
 - Years 3 & 4: 90%
 - Years 5 & 6: 80%
 - Years 7 & 8: 70%
 - Years 9 & 10: 60%
- The URA has said that the bond indentures and TIF Coop Agreement allow the exclusion of properties only being used as collateral upon approval of the Letter of Credit Bank (PNC).
- **The URA has supplied favorable opinions from Bond Counsel and PNC Bank stating that this amendment to the TIF District is permissible under the TIF Coop Agreement and Bond Indentures.**
- **Law Department has stated that the opinion letters from Bond Counsel and PNC are acceptable.**

2003 OCT -2 AM 10: 00

MEMORANDUM

OFFICE OF THE COUNTY MANAGER

TO: John Mascio
Chief Clerk

FROM: Robert B. Webb *RMW*
County Manager

DATE: October 2, 2003

RE: Requesting County Council Approval

Attached is an Ordinance of the County of Allegheny providing for temporary exemption from real property taxation for specified time periods for certain increases in assessed valuation of the new construction and of improvements, including repairs, construction or reconstruction, made on industrial commercial or business property in deteriorated areas and certain properties in deteriorated underutilized areas in the City of Pittsburgh, County of Allegheny, Commonwealth of Pennsylvania; prescribing the requirements and the procedures for securing such exemption; and authorizing an Intergovernmental Cooperation Agreement to implement this ordinance. This request is submitted by the Department of Economic Development.

Thank you.