

No. _____

A RESOLUTION

A Resolution providing for a program of temporary exemption from County real property taxes for improvements, including repairs, construction, or reconstruction, made on industrial, commercial or business property in a deteriorated area in the City of Pittsburgh, County of Allegheny ("County"), Commonwealth of Pennsylvania, pursuant to the Local Economic Revitalization Tax Assistance Act, Pa. Stat. Ann. tit. 72 §4722 et seq.

Whereas, The Local Economic Revitalization Tax Assistance Act ("LERTA"), Pa. Stat. Ann. tit. 72 §4722 et seq., authorizes local taxing authorities to exempt from real estate taxation, for specific periods, the assessed valuation of improvements to deteriorated industrial, commercial and other business property; and

Whereas, the City of Pittsburgh ("City") consolidated several real estate tax abatement programs pursuant to City Resolutions 29 and 30 of 2019 effective July 1, 2020 (hereinafter referred to as "the enhanced abatements") to create enhanced, by-right abatements throughout the entire City of Pittsburgh; and

Whereas, the City's enhanced abatements are available to provide incentives for affordable housing creation and preservation, job creation, and investment in deteriorated areas; and

Whereas, the County, through its Department of Economic Development, recommends that a LERTA Exemption program be implemented within the City to provide similar incentives; and

Whereas, after conducting a public hearing, the City Council of the City of Pittsburgh has determined and designated that a certain geographic area within the City of Pittsburgh, the boundaries of which are more specifically set forth in Attachment "A" hereto, constitutes a deteriorated area under LERTA (hereinafter the "Deteriorated Area"); and

Whereas, the Deteriorated Area is otherwise bound by the Allegheny River to the North and West, the Monongahela River to the South and West, and its Eastern boundary follows I-579 from the Monongahela River until it intersects with Norfolk Southern's railroad tracks under the Veteran's Bridge and then runs along the curve of the railroad track until intersecting with the Allegheny River (visible in "Attachment A"); and

Whereas, properties within the active Tax Increment Financing ("TIF") districts known as the Fifth and Market TIF District and the Gardens at Market Square District, as well as any

other active TIF districts that may exist within the Deteriorated Area, would not be eligible for this LERTA Exemption program; and

Whereas, the Deteriorated Area serves as the economic and symbolic core of the region and is zoned to allow for business, commercial, and residential uses; and

Whereas, the LERTA Exemption program herein will allow for certain County taxes to be abated within the Deteriorated Area for a period of ten (10) years; and

Whereas, the Council of the County of Allegheny ("Council") finds that the implementation of a LERTA Exemption 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 Attachment "A" from County real property taxation would contribute to the general welfare of the citizens of the County by spurring economic activity and development.

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

Section 1. Incorporation of the Preamble.

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

Section 2. Terms Defined.

As used in this Resolution, 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 of Property Assessment or the Court of Common Pleas of Allegheny County pursuant to the provisions of Article 209 and 210 of the Allegheny County Administrative Code and 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 upon which a building is located.
- (b) City – The City of Pittsburgh.
- (c) Construction – The construction of any of the following improvements for industrial, commercial or other business purpose:
 - 1. The erection of a building or buildings on previously unoccupied land.
 - 2. The new construction of a building, or addition to said building upon land on which a building currently exists.

3. The new construction of buildings upon land where existing buildings have been demolished or razed.
 4. Significant rehabilitation of an existing building.
- (d) County – The County of Allegheny.
- (e) Deteriorated Area – The specific geographic area within the City of Pittsburgh described in Attachment “A” hereto, which has 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 forty (40) 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. The area is an “impoverished area” as certified by the Department of Community Affairs 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.”
- (f) Deteriorated Property – Any industrial, commercial or other business property owned by the Property Owner and located in the 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.

- (g) 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 Improvement(s), as defined herein, made to Deteriorated Property within a Deteriorated Area for the period of time as set forth in Section 5(a) herein.
- (h) Improvement(s) – 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.
- (i) Local Taxing Authority – The County or the City or the School District.
- (j) Office – The Office of Property Assessment of the County of Allegheny, Pennsylvania or such successor entity responsible by law or by ordinance for determining the validity of a valuation of real estate for the assessment and levy of real estate taxes in the County of Allegheny.
- (k) Project – Construction, Reconstruction or Improvement(s) made to an industrial, commercial or business property within the Deteriorated Area.
- (l) Property Owner – Any natural person, partnership, unincorporated association, limited liability company or corporation, nonprofit or otherwise. 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. In this Resolution, the terms “Property Owner” and “Taxpayer” shall be synonymous with each other.
- (m) Reconstruction – The rebuilding or renovation 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.
- (n) School District – Pittsburgh Public Schools.
- (o) 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.

- (p) Tax Year – The twelve (12) month period from January 1 to December 31 annually. In this Resolution, the terms “Tax Year” and “Calendar Year” shall be synonymous with each other.
- (q) Treasurer – The Treasurer of the County of Allegheny.

Section 3. Deteriorated Area.

The area designated and described in Attachment “A” located within the City constitutes the Deteriorated Area. The Exemption schedule in this Resolution shall apply only to the boundary of the original parcel in the Deteriorated Area. Subdivision of the Deteriorated Area does not entitle the newly created parcel(s) to an additional period of Exemption.

Section 4. Exemption.

- (a) If the Property Owner does not have a Tax Delinquency on any property located within the County and undertakes the Project within the Deteriorated Area, which is qualified as a Construction or Reconstruction or Improvement(s), then the Property Owner 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 Construction or Reconstruction or Improvement(s), in the amounts and in accordance with the provisions and limitations set forth in this Resolution. The Exemption from County real estate taxes shall be specifically limited to the additional Assessed Valuation attributable to the actual costs of the Construction or Reconstruction or Improvement(s) to the Property within the Deteriorated Area. Appeals from the amount of increased Assessed Valuation attributable to the actual costs of Construction, Reconstruction or Improvement(s) of the property within the Deteriorated Areas may be taken by the Taxpayer or any local taxing authority as provided by Article 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 being granted other than as set forth in Section 4 (a) above.
- (c) As set forth in Section 5 (f) below, if Property Owner owns any property within the County that is tax delinquent, the Property Owner shall not be eligible for the relief set forth in this Resolution.
- (d) No Exemption shall be granted on the Assessed Valuation of the Deteriorated Property that is attributable to land.

Section 5. Exemption Schedule.

The Property Owner, whose property is located within the Deteriorated Area set forth in Attachment "A" and who makes Construction, Reconstruction or Improvement(s) to such property, may apply for and receive from the County an Exemption from County real property taxes due to the increased or additional tax assessment attributable to the Construction, Reconstruction or Improvement(s) made, in the amounts and in accordance with the provisions and limitations set forth in this Resolution.

The Exemption from County real estate taxes granted for Construction, Reconstruction or Improvement(s) to the Deteriorated Property within the Deteriorated Area described in Attachment "A" shall be in accordance with the following conditions and schedule:

- (a) The Exemption shall be limited to a maximum period of ten (10) years from the beginning of the Calendar Year as determined by the Office pursuant to Section 6 herein and shall apply to any building permitted for Construction, Reconstruction or Improvement(s) that has completed such Construction, Reconstruction or Improvement(s) within three years from the Exemption Request, as described in Section 6(a) below. Benefits will begin in the first tax year after construction completion.
- (b) The Exemption from increases in County real estate taxes granted to any Property Owner undertaking a Project shall be in an amount equal to one hundred percent (100%) of such taxes for a period of ten years, provided however that the amount exempted from real estate taxes per property shall not exceed two hundred and fifty thousand dollars (\$250,000.00) in any single year. The Exemption from taxes with respect to properties within the Deteriorated Area is granted for a period of ten (10) years after construction.
- (c) 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.
- (d) The Exemption from increases in County real estate taxes granted to Property Owner for undertaking the 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
<i>1st</i>	<i>100%</i>
<i>2nd</i>	<i>100%</i>
<i>3rd</i>	<i>100%</i>
<i>4th</i>	<i>100%</i>

5 th	100%
6 th	100%
7 th	100%
8 th	100%
9 th	100%
10 th	100%

- (e) Any application for an Exemption under this Resolution must be made between January 1, 2024 and January 1, 2027.
- (f) 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 and any existing Exemption shall be permanently revoked for the increased or additional Assessed Valuation of the Deteriorated Property made in conjunction with a Project if any of the following events occurs:
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; or
 2. Any other property owned by the Property Owner in the County by the Property Owner is, or at any time during the Exemption becomes, subject to a Tax Delinquency; or
 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; or
 4. The Property Owner fails to comply at any time with requirements in Section 6(e) below.

The Exemption shall be immediately revoked when Property Owner's Tax Delinquency is reported to the County's Department of Economic Development by the Treasurer.

Section 6. Procedure for Obtaining Exemption.

- (a) At the time that the Property Owner secures a building permit for Construction, Reconstruction or Improvement, the Property Owner desiring the Exemption pursuant to this Resolution shall file a request in writing for Exemption on a form (hereinafter the "Exemption Request") proscribed by the City or the County. The Property Owner shall file the form with the City, and a copy shall be delivered to the Allegheny County Office of Property Assessment ("Office").

- (b) The Exemption Request must be made between January 1, 2024 and January 1, 2027 to be considered for this Exemption program.
- (c) The Property Owner must provide and certify on the Exemption Request the following information:
 - 1. Name and address of Property Owner.
 - 2. Lot and block number of the Deteriorated Property.
 - 3. The initial Assessed Valuation of the Deteriorated Property.
 - 4. The current year County taxes on the Deteriorated Property.
 - 5. The date the building permit was issued for the Construction, Reconstruction or Improvement(s).
 - 6. The summary of the plan of Construction, Reconstruction or Improvement(s).
 - 7. The anticipated date of completion.
 - 8. The actual costs of Construction, Reconstruction or Improvement(s).
 - 9. A statement indicating that there is not a Tax Delinquency on the Deteriorated Property, or any other property owned by the Property Owner, or any property owned by a partnership in which Property Owner is a partner, or on any property owned by any individual partner or investor with 10% or greater ownership interest in Property Owner.
 - 10. Such other information as may be necessary to process such application for Exemption.
 - 11. Planned use of the Deteriorated Property and certification that said use will be in compliance with the provisions and limitations set forth in this Resolution.
- (d) The County Manager, Office and/or Department of Economic Development, shall require a Minimum Tax Payment Agreement from the Property Owner and all subsequent owners of the taxable parcel during the term of the LERTA Exemption, which shall be recorded in the Allegheny County Department of Real Estate before construction begins. Such Minimum Tax Payment shall be equal to the taxes attributable to the assessed value of the Deteriorated Property on the date the exemption request is filed. For purposes of this LERTA Exemption program, in the event of a successful appeal of the assessed value of the Deteriorated Property, the Minimum Tax Payment will be unaffected.
- (e) Performance Objectives and Eligibility Requirements. For purposes of determining eligibility for the Exemption defined in Section 5 above, a following performance objective must be met: setup
 - 1. A Project not to be occupied by the property owner must include at least ten (10) percent of total residential units that are affordable to and occupied by households earning at or below fifty (50) percent

of the area median income (AMI), as determined by the U.S. Department of Housing and Urban Development, for commercial residential developments (i.e. developments where greater than 50 percent of the building gross square footage is for commercial residential use); or

2. A Project not to be occupied by the property owner must include at least sixty (60) percent of the total residential units that are affordable to and occupied by households earning at or below eighty (80) percent of the area median income, as determined by the U.S. Department of Housing and Urban Development, for commercial residential developments (i.e. developments where greater than fifty (50) percent of the building gross square footage is for commercial residential use); or
 3. A Project must increase the net number of full-time equivalent positions ("FTEs") by no less than fifty (50) FTEs for commercial and industrial developments (i.e. developments where greater than fifty (50) percent of the building gross square footage is for commercial or industrial use).
- (f) For purposes of determining eligibility for the Exemption defined in Section 5 above, any project where retail is the primary end use of the building, defined as greater than fifty (50) percent of the gross square footage of the building being designated or utilized for retail use, is not eligible for the Exemption.
- (g) The Exemption Request shall be filed by the Property Owner with the Office no later than ninety (90) days after the date the building permit is issued. The ninety (90) day time period for filing the Exemption Request shall commence with Day 1 being the first full twenty-four-hour business day after the building permit is issued. Failure to submit such Exemption Request 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 Construction, Reconstruction or Improvement(s), thereby limiting the length of the schedule of taxes exempted to less than the ten-year maximum period established under this Resolution.
- (h) When the Construction, Reconstruction or Improvement(s) has been completed, the Property Owner shall notify the Office in writing. Such notice must occur within ninety (90) days of completion. Failure to submit such notice within this time period shall give the County the right to deny any or all of the Exemption claimed pursuant to this Resolution for the initial tax year after completion of the Construction, Reconstruction or Improvement(s), thereby limiting the length of the schedule of taxes exempted to less than the ten-year period established

under this Resolution. The notice of completion shall include the following information:

1. Name and address of the Property Owner.
 2. Lot and block number of the Deteriorated Property for which the Exemption is sought.
 3. The date that the Construction, Reconstruction or Improvement(s) was completed.
 4. Any modification to the plan of Construction or Reconstruction or Improvement(s) as previously submitted.
 5. The final, adjusted actual costs of Construction, Reconstruction or Improvement(s).
 6. Certification that the use of the property or properties is or will be in compliance with the provisions and limitations set forth in this Resolution.
- (i) In order to be eligible for Exemption, Construction, Reconstruction or Improvement(s) must be completed within three (3) years from the Exemption Request.
- (j) The Office shall, after notice in writing and with prior physical inspection, assess the Deteriorated Property to determine the valuation attributable to the Construction, Reconstruction or Improvement(s) eligible for Exemption under this Resolution.
- (k) 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 Construction, Reconstruction or Improvement(s).
 2. The increase in Assessed Valuation attributed to the Construction, Reconstruction or Improvement(s).
 3. The amount of increased Assessed Valuation eligible for Exemption.
 4. The Calendar Year in which the Exemption shall commence.

The Treasurer or collector of real estate taxes for the County shall then exonerate that 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 Deteriorated Property for which the Exemption is sought or any property in the County owned by the Property Owner or if any Disqualifying Event described in Section 5 (f) shall occur.

- (l) Appeals from the valuation and the amount eligible for Exemption may be taken by the Property Owner or any local taxing authority as provided by

Articles 207 and 209 of the Allegheny County Administrative Code, the County's Assessment Standards and Practice Ordinance or other applicable law or ordinance.

Section 7. Transferability.

The Exemption from taxes authorized by this Resolution shall be upon the Deteriorated Property exempted 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, 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 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 County Manager, Office and/or Department of Economic Development are, jointly and severally, authorized to adopt rules and regulations, if necessary, to implement this Resolution.

The County Manager, or their designee, will provide Council with updates on this LERTA Exemption program, including ongoing notice as Exemptions Requests are filed, as well as a quarterly update on exemptions granted, potential revenue foregone, and other appropriate metrics in gauging the economic benefit of the program.

Section 10 Effective Date; Term.

This Resolution shall enter into effect immediately following its adoption. Exemption Requests must be submitted between January 1, 2024 and January 1, 2027. The Exemption period for a successful applicant shall be for a period of ten (10) years as described above, unless otherwise terminated by the County in accordance with applicable law.

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 ____ day of _____, 2024.

Council Agenda No. _____

Patrick Catena
President of Council

Attest: _____

Chief Clerk of Council

Chief Executive Office _____, 2024

Approved: _____

Sara G. Innamorato
County Executive

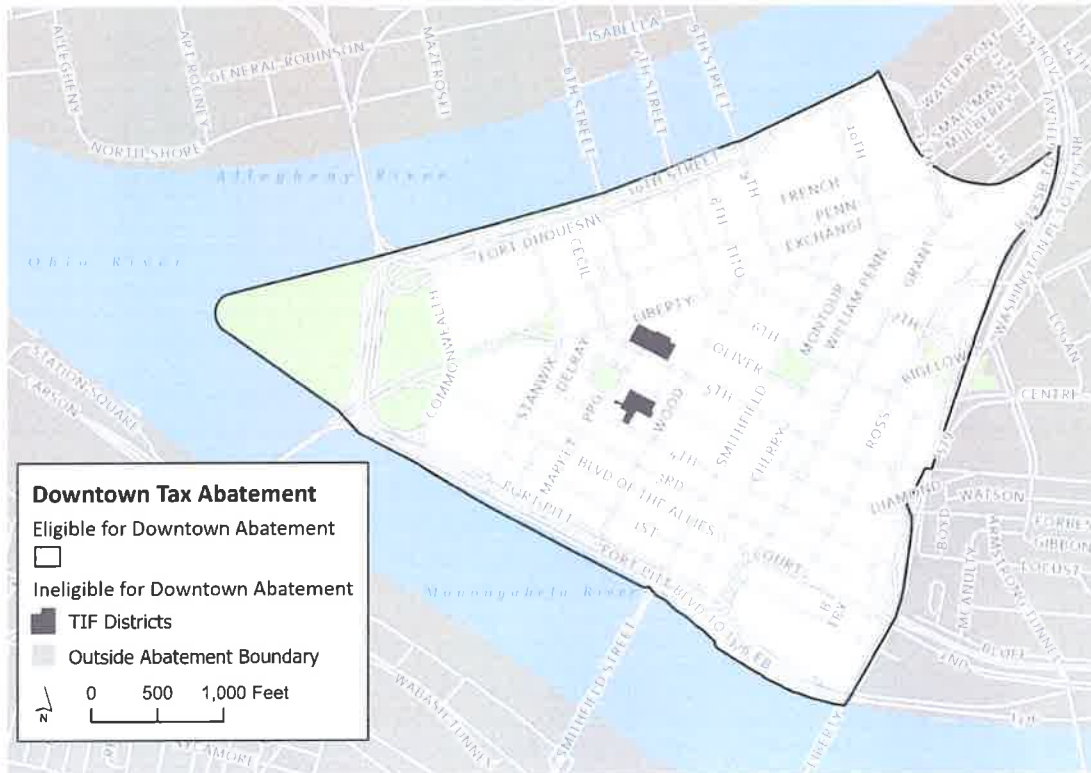
Attest: _____

Jennifer M. Liptak
County Manager

Attachment "A"

DESCRIPTION OF DETERIORATED AREA

The Deteriorated Area is comprised of ALL THAT CERTAIN tract or parcel of land situate in the City of Pittsburgh, County of Allegheny and Commonwealth of Pennsylvania, as illustrated below with boundaries outlined in black below. The areas shaded in grey are ineligible for the proposed abatement as they are either outside of the district boundaries or fall within an existing TIF district.



SUMMARY OF LEGISLATION
PITTSBURGH DOWNTOWN LERTA

The Allegheny County Department of Economic Development requests that the Council of the County of Allegheny:

- (a) Accept the City of Pittsburgh's determination and designation that a certain geographic area within the City of Pittsburgh, the boundaries of which are more specifically set forth in Attachment "A" to the Resolution, constitutes a deteriorated area under LERTA; and
- (b) Approve a resolution to participate in the implementation of the LERTA for the Deteriorated Area located within the City of Pittsburgh; and
- (c) Direct the appropriate public officials of the County to take such additional actions in cooperation with the City of Pittsburgh 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 contingent upon meeting one of the following Project requirements:

1. A Project not to be occupied by the property owner includes at least ten (10) percent of total residential units that are affordable to and occupied by households earning at or below fifty (50) percent of the area median income (AMI), as determined by the U.S. Department of Housing and Urban Development, for commercial residential developments (i.e. developments where greater than 50 percent of the building gross square footage is for commercial residential use); or
2. A Project not to be occupied by the property owner that includes at least sixty (60) percent of the total residential units that are affordable to and occupied by households earning at or below eighty (80) percent of the area median income, as determined by the U.S. Department of Housing and Urban Development, for commercial residential developments (i.e. developments where greater than fifty (50) percent of the building gross square footage is for commercial residential use; or
3. A Project that increases the net number of full-time equivalent positions ("FTEs") by no less than fifty (50) FTEs for commercial and industrial developments (i.e. developments where greater than fifty (50) percent of the building gross square footage is for commercial or industrial use).

An Exemption Request must be submitted between January 1, 2024 and January 1, 2027.

The Exemption period shall run for ten tax years following completion of the Construction, Reconstruction or Improvement(s) to a property.

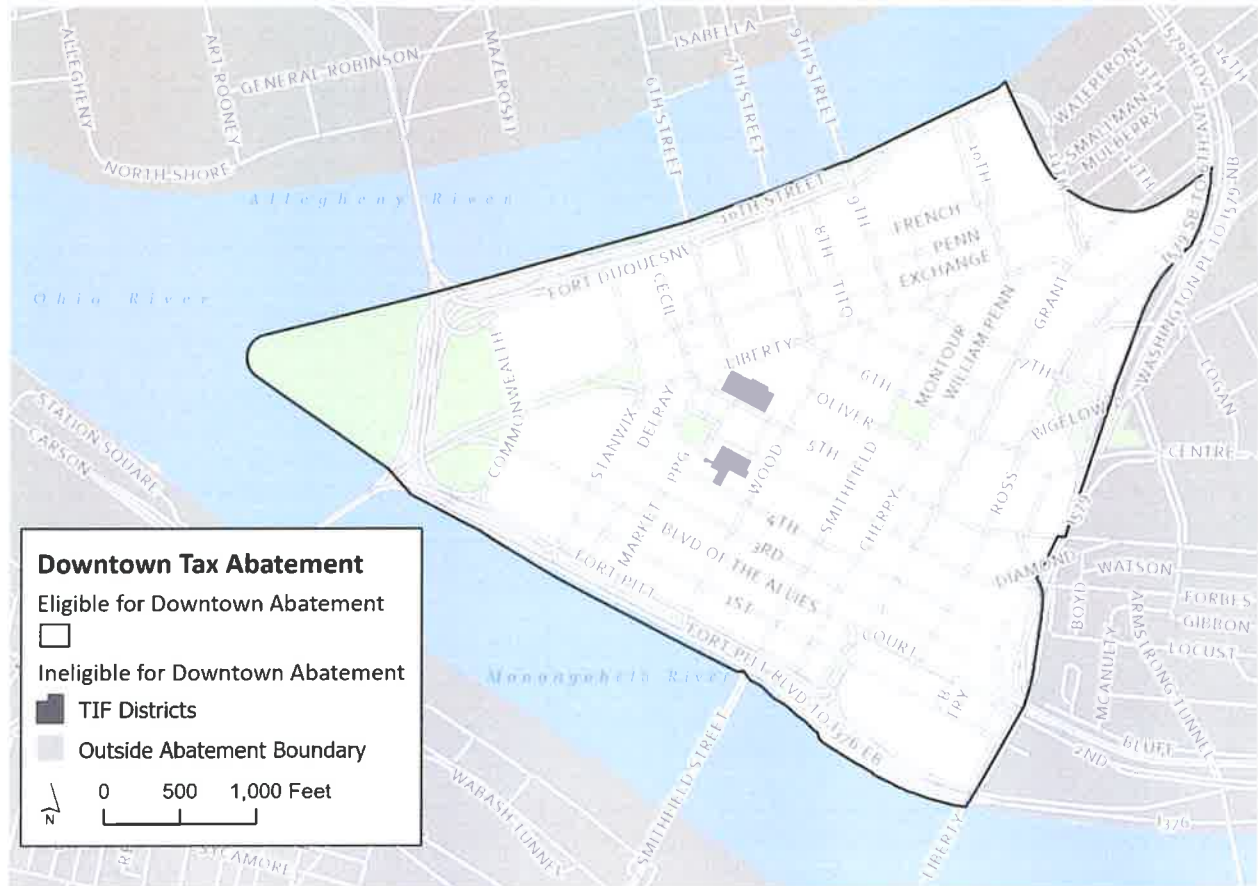
Exemption Year	Percentage of Assessed Valuation of Improvement Exempted from Taxation
<i>1st</i>	<i>100%</i>
<i>2nd</i>	<i>100%</i>
<i>3rd</i>	<i>100%</i>
<i>4th</i>	<i>100%</i>
<i>5th</i>	<i>100%</i>
<i>6th</i>	<i>100%</i>
<i>7th</i>	<i>100%</i>
<i>8th</i>	<i>100%</i>
<i>9th</i>	<i>100%</i>
<i>10th</i>	<i>100%</i>

Upon the completion of the Exemption Term set forth above, the Exemption shall end and any included properties (land and building) shall be fully subject to County property taxes.

Attachment "A"

DESCRIPTION OF DETERIORATED AREA

The Deteriorated Area is comprised of ALL THAT CERTAIN tract or parcel of land situate in the City of Pittsburgh, County of Allegheny and Commonwealth of Pennsylvania, as illustrated below with boundaries outlined in black below. The areas shaded in grey are ineligible for the proposed abatement as they are either outside of the district boundaries or fall within an existing TIF district.



M E M O R A N D U M
OFFICE OF THE COUNTY MANAGER

TO: Jared E. Barker
Allegheny County Council

FROM: Jennifer M. Liptak
County Manager

DATE: February 2, 2024

RE: Proposed Resolution

Attached is a resolution providing for a program of temporary exemption from County real property taxes for improvements, including repairs, construction, or reconstruction, made on industrial, commercial or business property in a deteriorated area in the City of Pittsburgh, County of Allegheny ("County"), Commonwealth of Pennsylvania, pursuant to the Local Economic Revitalization Tax Assistance Act, Pa. Stat. Ann. tit. 72 §4722 et seq.

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.