

**FILE OF THE CITY CLERK**

**ADMINISTRATION ORDINANCE NO. 15 - 2009**

**ADMINISTRATION BILL NO. 15 - 2009**

**INTRODUCED – NOVEMBER 24, 2009**

**ADOPTED BY COUNCIL – DECEMBER 8, 2009**

**AN ORDINANCE PROVIDING FOR TAX EXEMPTION FOR CERTAIN IMPROVEMENTS TO DETERIORATED PROPERTY (RESIDENTIAL), DETERIORATED PROPERTY (COMMERCIAL), DETERIORATED PROPERTY MIXED USE AND NEW CONSTRUCTION OF RESIDENTIAL STRUCTURES IN DETERIORATED AREAS PURSUANT TO PENNSYLVANIA ACTS NO. 42 OF 1977 AND 76 OF 1977, DEFINING CERTAIN EXEMPT PROPERTY, PROVIDING FOR AN EXEMPTION PERIOD, AND ESTABLISHING A SCHEDULE OF PERCENTAGE EXEMPTION FOR THAT TIME PERIOD.**

**WHEREAS**, by Ordinance No.4-1978, the City of Lancaster adopted a Tax Abatement Ordinance, pursuant to Pennsylvania Acts No. 42 of 1977 and No.76 of 1977, that provided for a termination date of July 19,19821, and

**WHEREAS**, by Ordinance No. 7-1982, as amended by Ordinance No. 1-1983, the City of Lancaster adopted a second Tax Abatement ordinance effective July 20, 1982 with a termination date of July 19, 1986; and

**WHEREAS**, by Ordinance No. 14-1986, the City of Lancaster adopted a third Tax Abatement Ordinance effective July 20, 1986 with a termination date of July 19, 1990; and

**WHEREAS**, by Ordinance No. 5-1990, the City of Lancaster adopted a fourth Tax Abatement Ordinance effective July 20, 1990 with a termination date of July 19, 1994; and

**WHEREAS**, by Ordinance No. 15-1996, the City of Lancaster adopted a fifth Tax Abatement Ordinance effective January 2, 1997 with a termination date of January 2, 2000; and

**WHEREAS**, by Ordinance No. 14-1999 the City of Lancaster adopted a sixth Tax Abatement Ordinance effective January 17, 2000 with a termination date of January 16, 2005; and

**WHEREAS**, by Ordinance No. 30-2004 the City of Lancaster adopted a seventh Tax Abatement Ordinance effective January 21, 2006 with a termination date of January 20, 2010; and

**WHEREAS**, There continues to remain deteriorated residential, industrial, commercial and other business property within the City of Lancaster, Lancaster County, Pennsylvania, the revitalization of which could benefit from the enactment of a Tax Abatement Ordinance; and

**WHEREAS**, The Planning Commission of the City of Lancaster reviewed the boundaries of the deteriorated areas within the City of Lancaster and recommended the adoption of a Tax Abatement Ordinance by the Board of County Commissioners of Lancaster County incorporating such boundaries as follows:

**BEGINNING** at a point, the northwest corner of the former four-square mile city boundary line; thence extending in a southerly and easterly direction along same to a point in Lancaster County Central Park; thence continuing in an easterly direction to the northeast corner of the Lancaster Township island of land located in Conestoga Creek Park; thence extending in a southerly direction along same to a point in south Duke Street; thence extending in an easterly direction along South Duke Street to a point, said point being the city boundary; thence extending in an easterly direction along the city boundary along and through Conestoga Gardens, Conestoga Landing and Fairfield Acres to a point, said point being the southern boundary line of the C-2 Commercial Zoning District adjacent to Lincoln Highway East; thence continuing in a westerly direction along the aforesaid city boundary to a point, said point being the Conestoga River and eastern city boundary line; thence extending in a northerly and easterly direction along said line to a point in Pitney Road; thence northeast on Pitney Road to Route 30; thence in a westerly direction along the city boundary to a point on Pleasure Road; thence southeast on Pleasure Road to PA Route 23; thence south on PA Route 23 to the northern right-of-way of property of Consolidated Rail Corporation; thence in a westerly direction along the same to New Holland Avenue; thence in a westerly direction along the city boundary to a point, the northern property line of Norfolk Southern Railway Company and Stadium Road extended; thence extending westwardly along lands of Norfolk Southern to a point; the eastern property line of 1147 Lititz Pike (Stockyard Inn property); thence extending in a northerly direction along same to a point, the intersection of Marshall Avenue and the city boundary; thence west along Marshall Avenue and extending in a westerly direction along the city boundary to a point, said point being the intersection of West End Avenue and lands of Consolidated Rail Corporation; thence in a westerly direction along same to Dillerville Road; thence southwest on Dillerville Road to a point; thence in a southeasterly direction along the lands of Consolidated Rail Corporation to a point; thence in a southwesterly direction along the city boundary line to a point, the place of **BEGINNING**, and excluding all municipal islands of Lancaster Township and Manheim Township land within same; and

**WHEREAS**, the City, therefore does hereby enact such an eighth Tax Abatement Ordinance upon the terms and conditions contained herein.

**NOW, THEREFORE, BE IT ORDAINED**, By the Council of the City of Lancaster, Lancaster, Pennsylvania, and it is hereby ordained by the authority of the same as follows:

**Section 1. Definitions**

A. “Deteriorated Property Commercial” means any industrial, commercial or other business property owned by an individual, association or corporation, and located in an Investment Opportunity Area, as hereinafter defined, or any such property which has been the subject of an order by a government agency requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinances or regulations.

B. “Deteriorated Property Mixed Use” means any industrial, commercial, residential or other business property owned by an individual, association or corporation which currently houses one or more of the following uses: residential, commercial, cultural, light industrial or other miscellaneous use; and is located in an Investment Opportunity Area, as hereinafter defined, or any such property which has been the subject of an order by a government agency requiring the unit to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulation.

C. “Deteriorated Property Residential” means a Dwelling Unit located in an Investment Opportunity Area, as hereinafter defined, or a Dwelling Unit which has been or upon request is certified by a health, housing or building inspection agency as unfit for human habitation for rent withholding, or other health or welfare purposes, or has been the subject of an order by such an agency requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinances or regulations.

D. “Dwelling Unit” means a house, double house or duplex, townhouse or row house, apartment, condominium or any building intended for occupancy as living quarters by an individual, a family or families or other groups of persons, which living quarters contain a kitchen or other cooking equipment for the exclusive use of the occupant or occupants.

E. “Improvement” means repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a deteriorated property, either commercial or residential, so that its assessed value increases more than \$25,000, and one of the following: 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; or is new residential construction in an Investment Opportunity Area. Ordinary upkeep and maintenance shall not be deemed an Improvement.

F. “Residential Construction” means the building or erection of Dwelling Units, as defined above, upon vacant land or land specifically prepared to receive such structures.

G. “Investment Opportunity Area” means the areas described above within the City of Lancaster determined by the County of Lancaster to be eligible for tax exemption under Act 76 of 1977 (“Local Economic Revitalization Tax Assistance Act”) and Act 42 of 1977 (“Improvement of Deteriorating Real Property or Areas Tax Exemption Act”).

## **Section 2. Exemption**

A. There is hereby exempted from all real property taxation assessed by the City of Lancaster the assessed valuation of:

1. Improvement to Deteriorated Property Commercial, Deteriorated Property Mixed Use and/or Deteriorated Property Residential.
2. Improvement to any residential, commercial or mixed use properties, without regard to whether such properties qualify as Deteriorated Property Commercial, Deteriorated Property Mixed Use or Deteriorated Property Residential, provided said Improvement are constructed within an Investment Opportunity Area.
3. New Residential Construction built in any Investment Opportunity Area.

B. The exemption authorized by Subsection A.1. and A.2. of this Section 2 shall be in the amounts and in accordance with the provisions and limitations herein provided.

## **Section 3. Maximum Exemption**

A. The exemption from real estate property taxes assessed by the City of Lancaster shall be as follows:

1. To that portion of the additional assessment attributable to the actual cost of Improvement to Deteriorated Property Commercial;
2. To that portion of the additional assessment attributable to the actual cost of Improvement to Deteriorated Property Mixed Use;
3. To that portion of the additional assessment attributable to the actual cost of Improvement to Deteriorated Property Residential;
4. To that portion of the additional assessment attributable to the actual cost of Improvement to any residential, commercial or mixed use properties, without regard to whether such properties qualify as Deteriorated Property Commercial, Deteriorated Property Mixed Use or Deteriorated Property Residential, provided said Improvements are constructed within an Investment Opportunity Area; and/or

5. To the assessment valuation attributable to the actual cost of new Residential Construction within an Investment Opportunity Area.

B. The date of Improvement shall be the date of issuance of the building permit, improvement record or other required notification of construction.

C. In all cases the exemption from taxes shall be limited to that portion of the additional assessment attributable to the Improvement or new Residential Construction, as the case may be, and for which a separate assessment has been made by the County Board of Assessment Appeals and for which an exemption has been separately requested. No tax exemption shall be granted if the property owner does not secure the necessary and proper permits prior to making an Improvement of the property. No tax exemption shall be granted if the property as completed does not comply with the minimum standards of the Housing and Building Codes of the City of Lancaster.

D. In any case, after the effective date of this Ordinance where Deteriorated Property Commercial, Deteriorated Property Mixed Use or Deteriorated Property Residential is damaged, destroyed or demolished, by any cause or for any reason, and the assessed valuation of the property affected has been reduced as a result of said damage, destruction or demolition, the exemption from real property taxation authorized by this Ordinance shall be limited to that portion of new assessment attributable to the actual cost of Improvement or Residential Construction that is in excess of the original assessment that existed prior to damage, destruction or demolition of the property.

**Section 4. Exemption Schedule**

A. The schedule of Real Estate taxes to be exempted for Improvement to Deteriorated Property Residential (excluding new Residential Construction in an Investment Opportunity Area) shall be in accordance with the below portion of Improvement to be exempted each year:

<u>Length</u>	<u>Portion</u>
1st year	100%
2nd year	90%
3rd year	80%
4th year	70%
5th year	60%
6th year	50%
7th year	40%
8th year	30%
9th year	20%
10th year	10%

After the tenth year the exemption shall terminate.

B. The schedule of Real Estate taxes to be exempted for Improvement to Deteriorated Property Commercial, Deteriorated Property Mixed Use or property which was Deteriorated Property Commercial or Deteriorated Property Residential at the time of application for a building permit, but as a result of Improvement will be converted to a Mixed Use Property combining residential and commercial uses, shall be in accordance with the below portion of Improvement to be exempted each year:

<u>Length</u>	<u>Portion</u>
1st year	100%
2nd year	90%
3rd year	75%
4th year	60%
5th year	45%
6th year	30%
7th year	15%

After the seventh year the exemption shall terminate.

C. A property owner or developer building new residential construction may choose at the time of application for a building permit one of the following schedules of Real Estate taxes to be exempted for new Residential Construction of Dwelling Units in an Investment Opportunity Area.

1. A Schedule of Real Estate taxes to be exempted in accordance with the below portion of new Residential Construction of residential Dwelling Units to be exempted each year:

<u>Length</u>	<u>Portion</u>
1st year	100%
2nd year	90%
3rd year	75%
4th year	60%
5th year	45%
6th year	30%
7th year	15%

2. A Schedule of Real Estate taxes to be exempted in accordance with the below portion of new Residential Construction of residential Dwelling Units to be exempted each year shall be based upon the new residential construction achieving one or more levels of certification under the International Construction Code 700-2008 National Green Building Standard. The City of Lancaster shall require verification of the certification level achieved prior to obtaining an exemption. To obtain a three year exemption all Dwelling Units must achieve a Bronze Certification. To obtain a four year exemption, all Dwelling Units must

achieve a Silver Certification. To obtain a five year exemption all Dwelling Units must achieve a Gold Certification.

<u>Length</u>	<u>Portion</u>
1st year	100%
2nd year	100%
3rd year	100%
4th year	100%
5th year	100%

Depending upon the Green Building Standard Certification achieved, the exemption shall terminate on the third, fourth or fifth year.

D. The exemption from taxes granted under this Ordinance shall be upon the property and shall not terminate upon the sale or exchange of the property.

E. The exemption from taxes hereunder shall be forfeited by the applicant and/or any subsequent owner of the real estate for failure to pay nonexempt real estate taxes by their due date, i.e. the last date upon which taxes may be paid without penalty. Upon receipt of notice of nonpayment of nonexempt real estate taxes, the Chief Building Code Official shall direct the City Treasurer to discontinue the exemption provided for hereunder.

F. If an eligible property is granted tax exemption pursuant to this Ordinance, the Improvement shall not, during the exemption period, be considered as a factor in assessing other properties.

**Section 5. Procedure for Obtaining Exemption**

A. Any person desiring tax exemption pursuant to this Ordinance should apply to the City of Lancaster at the time that a building permit is secured for construction of the Improvement or new residential construction, as the case may be. The application must be in writing upon forms specified by the City setting forth the following information:

1. The date the Building Permit was issued for said Improvement;
2. The location of the property to be Improved;
3. The nature of the property to be Improved;
4. The type of Improvement (commercial, mixed use, or residential);
5. The summary of the plan of the Improvement;
6. The cost of the Improvement;
7. Whether the property has been condemned by any governmental body for non-compliance with laws or Ordinances;
8. The property has been inspected and verified by the Bureau of Code Compliance and Inspections, or its successor, and such additional information as the City may require.

There shall be on the application form for a building permit, the following notice:

“Notice to Taxpayer.” By Ordinance No. 15 of 2009 you may be entitled to exemption from tax on your contemplated improvement by reassessment. An application for exemption may be secured from the Bureau of Code Compliance and Inspections or other properly designated official of the City of Lancaster and must be filed at the time the building permit is secured.”

B. A copy of the exemption request shall be forwarded to the County Board of Assessment Appeals by the City’s Chief Building Code Official. The Board shall determine whether the exemption shall be granted and shall, upon completion of the Improvement or new residential construction, and notification from the City Building Official that the Improvement and new residential construction comply with all applicable Building and Housing Codes, assess separately the Improvement and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by this Ordinance and notify the taxpayer and the local taxing authorities of the reassessment and amounts of the assessment eligible for exemption. In the case of new Residential Construction, the Board shall assess separately the Dwelling Unit and the land upon which the new Residential Construction stands and shall otherwise perform its duties as above provided for construction of Improvement to residential, mixed use and commercial properties.

C. The cost of Improvement to commercial properties and mixed use properties or costs of Improvement or construction per Dwelling Unit of residential properties, as the case may be, 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 to this Ordinance, if any, shall not apply to requests initiated prior to their adoption.

**Section 6. Exclusion of Certain Properties**

All properties located within any Tax Increment Financing Zone (TIF) which were not grandfathered, and enrolled in that program shall be excluded from the exemption from taxes created under this Ordinance.

**Section 7. Effective Date**

This Ordinance shall become effective immediately as prescribed by law.

**Section 8. Amendments**

No amendments to this Ordinance shall be effective unless consented to by Ordinance or resolution of each local taxing authority who has consented to be bound by the terms of this Ordinance.

**Section 9. Termination Date**

This Ordinance shall automatically terminate in ten (10) years following the effective date hereof; provided, however, that any taxpayer who has received or applied for the exemption granted by this Ordinance prior to the expiration date herein provided, shall, if said exemption is granted, be entitled to the full exemption authorized herein.

**Section 10. Severability**

The provisions of this Ordinance are not severable, and if any section, sentence, clause, part or provision hereof shall be held to be illegal, invalid or unconstitutional by any court of competent jurisdiction, such decision of the Court shall invalidate the entire Ordinance. It is hereby declared to be the intent of the City Council of the City of Lancaster, Lancaster County, Pennsylvania that this Ordinance would not have been enacted but for the inclusion of the section, sentence, clause, part or provision found to be illegal, invalid or unconstitutional.

Duly ordained and enacted this 8<sup>th</sup> day of December, 2009, by the City Council of the City of Lancaster.

CITY OF LANCASTER  
LANCASTER COUNTY, PENNSYLVANIA

By: \_\_\_\_\_  
J. Richard Gray, Mayor

ATTEST:

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Janet Spleen, City Clerk