
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

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KIRKLAND, WEBSTER, NEILSON, MALAGARI, RIGBY, DOWLING,
INNAMORATO, McCLINTON, HEFFLEY AND KINKEAD, FEBRUARY 22, 2021

REFERRED TO COMMITTEE ON URBAN AFFAIRS, FEBRUARY 22, 2021

AN ACT

1 Authorizing local taxing authorities to provide for tax
2 exemptions for improvements to deteriorated areas and
3 dwellings to incentivize the creation and improvement of
4 affordable housing units.

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14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 CHAPTER 1

17 GENERAL PROVISIONS

18 Section 101. Short title.

19 This act shall be known and may be cited as the Affordable
20 Housing Unit Tax Exemption Act.

21 Section 102. Definitions.

22 The following words and phrases when used in this act shall
23 have the meanings given to them in this section unless the
24 context clearly indicates otherwise:

25 "Affordable housing unit."

26 (1) A multiunit residential dwelling where at least 30%
27 of the residential units meet all of the following:

28 (i) Are rent-restricted.

29 (ii) Are occupied by an individual or family whose
30 income is not more than 60% of area median income.

1 (2) The term includes single family residences that are
2 subject to deed restrictions and occupied by an individual or
3 family whose income is not more than 60% of the area median
4 gross income.

5 "Area median income." The median household income within the
6 boundaries of a local taxing authority.

7 "Blighted property." The term shall have the same meaning as
8 defined in 1 Pa.C.S. § 1991 (relating to definitions).

9 "Deteriorated area." An area designated by a municipal
10 corporation which consists of blighted property.

11 "Dwelling unit." A house, apartment, or group of rooms
12 intended for occupancy as separate living quarters by family or
13 other groups or a person living alone, containing a kitchen or
14 cooking equipment for the exclusive use of the occupants.

15 "Homestead." As follows:

16 (1) A dwelling used as a home which is occupied by a
17 taxpayer as a primary residence.

18 (2) The term includes:

19 (i) A mobile home which is assessed as realty for
20 local property tax purposes and the land on which the
21 mobile home is situated and other similar living
22 accommodations, including a part of a multidwelling or
23 multipurpose building and a part of the land upon which
24 the multidwelling or multipurpose building is built to
25 the extent that the eligible taxpayer is chargeable by a
26 local taxing authority for property taxes.

27 (ii) A premises occupied by an eligible taxpayer if
28 the eligible taxpayer is required by law to pay a
29 property tax by reason of the taxpayer's ownership or
30 rental of, include a possessory interest in, the

1 dwelling, land or both. As used in this subparagraph:

2 (A) The term "by law" shall not include a
3 contractual obligation between the eligible taxpayer
4 and a person who would otherwise be responsible to a
5 local taxing authority for the payment of the tax.

6 (B) An owner shall include a person in
7 possession under a contract of sale, deed of trust,
8 life estate, joint tenancy or tenancy in common.

9 "Improvement." Repair, construction or reconstruction,
10 including alterations and additions, having the effect of
11 rehabilitating a blighted property so that the blighted property
12 becomes habitable or attains higher standards of safety, health,
13 economic use or amenity, or is brought into compliance with
14 laws, ordinances or regulations governing safety, health,
15 economic use or amenity standards. The term shall not include
16 ordinary upkeep and maintenance.

17 "Local taxing authority." A county, city, borough,
18 incorporated town, township, institution district or school
19 district having authority to levy real property taxes.

20 "Low-income taxpayer." A taxpayer whose income does not
21 exceed the maximum annual income allowable for an eligible
22 claimant to participate in the Pharmaceutical Assistance
23 Contract for the Elderly Needs Enhancement Tier (PACENET).

24 "Municipal code." A building, housing, property maintenance,
25 fire, health or other public safety ordinance, related to the
26 use or maintenance of real property, enacted by a municipality.
27 The term does not include a subdivision and land development
28 ordinance or a zoning ordinance enacted by a municipality.

29 "Municipal corporation." A city, borough, incorporated town
30 or township.

1 "Property maintenance code." A municipal ordinance which
2 regulates the maintenance or development of real property. The
3 term includes a building code, housing code and public safety
4 code.

5 "Real estate taxes." A tax on a homestead imposed or
6 authorized to be imposed by a local taxing authority.

7 "Rent-restricted." The maximum rent an owner may charge for
8 a unit does not exceed 30% of the adjusted income of a family or
9 taxpayer whose annual income is less than or equal to 60% of the
10 area median gross income.

11 "Serious violation." A violation of a State law or a
12 municipal code that poses an immediate imminent threat to the
13 health and safety of a dwelling occupant, an occupant in a
14 surrounding structure or a passerby.

15 "Special tax provision." The standards and qualifications
16 provided under this act to establish the eligibility for and the
17 refund or forgiveness of a portion of the taxpayer's real estate
18 tax liability.

19 "Substantial step." An affirmative action as determined by a
20 property code official or officer of the court on the part of a
21 property owner or managing agent to remedy a serious violation
22 of a State law or code, including, but not limited to, physical
23 improvements or repairs to the property, which affirmative
24 action is subject to appeal in accordance with applicable law.

25 "Tax Reform Code of 1971." The act of March 4, 1971 (P.L.6,
26 No.2), known as the Tax Reform Code of 1971.

27 "Taxpayer Relief Act." The act of June 27, 2006 (1st
28 Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act.

29 CHAPTER 2

30 SPECIAL TAX PROVISIONS FOR IMPOVERISHED PENNSYLVANIANS

1 Section 201. Construction.

2 This chapter shall be construed to authorize a local taxing
3 authority to provide by ordinance or resolution for the
4 implementation of the special tax provisions contained in this
5 act which allow for the refund or forgiveness of real property
6 tax liability of low-income families attributable to real
7 property tax rate increases and increases in the assessed value
8 of the low-income family's homestead, implementing section 2(b)
9 (ii) of Article VIII of the Constitution of Pennsylvania.

10 Section 202. Declaration of policy (Reserved).

11 Section 203. Special tax provisions and refund or forgiveness
12 of real estate taxes.

13 (a) General rule.--A taxpayer residing within the boundaries
14 of a local taxing authority who meets the standards and
15 qualifications established by this act shall be deemed a
16 separate class of subjects of taxation, and, as such, each
17 governing body of a local taxing authority may by ordinance
18 provide that the taxpayer shall be entitled to the benefit of
19 the special tax provisions of this act.

20 (b) Refund or forgiveness of real estate taxes.--Under an
21 ordinance or resolution referenced under subsection (a), an
22 eligible taxpayer shall receive a refund or forgiveness which
23 has been paid over to or would, except for this act, be payable
24 to the local taxing authority for real estate taxes authorized
25 or imposed by a local taxing authority in accordance with the
26 following:

27 (1) A low-income taxpayer shall receive a refund or
28 forgiveness of the part of the low-income taxpayer's real
29 estate tax liability attributable to a real estate tax rate
30 increase or an increase in the assessed value of the

1 taxpayer's homestead occurring after the effective date of an
2 ordinance implementing this act.

3 (2) If a taxpayer who had previously been eligible to
4 receive a refund or forgiveness of real estate taxes under
5 this act is no longer eligible by reason of failing to meet
6 the low-income requirement provided under this act, the
7 taxpayer shall be billed and shall pay real estate taxes at
8 the then current real estate tax rate and assessed value. If
9 for subsequent tax years a taxpayer reestablishes eligibility
10 for refunds or forgiveness of real estate taxes by again
11 meeting the low-income requirements provided under this act,
12 the amount of real estate taxes that the taxpayer is eligible
13 to have refunded or forgiven shall be the part of the
14 taxpayer's real estate tax liability attributable to a real
15 estate tax rate increase or an increase in the assessed value
16 of the taxpayer's homestead occurring no earlier than the
17 calendar year prior to the tax year for which the taxpayer
18 reestablishes eligibility.

19 (3) The maximum amount of real estate taxes which may be
20 refunded or forgiven may be limited by ordinance.

21 (4) If a homestead is owned for only a portion of a year
22 or is owned in part by a person who is not a low-income
23 taxpayer, the tax collector shall apportion the real estate
24 taxes in accordance with the period or portion of ownership
25 of the eligible taxpayer in determining the amount of refund
26 or forgiveness for which a taxpayer is eligible.

27 Section 204. Application and proof of claim.

28 (a) Application.--A taxpayer desiring to take advantage of
29 the special tax provisions under an ordinance or resolution
30 adopted under this act shall notify the local taxing authority

1 granting the special tax provisions in writing on a form
2 provided by the local taxing authority submitted at the time
3 provided in the ordinance or resolution. Only one taxpayer for
4 each homestead shall receive real estate tax refund or
5 forgiveness of taxes. If at least two taxpayers are residing at
6 a homestead meet the qualification for a real estate tax refund
7 or forgiveness of taxes, the taxpayers may determine who shall
8 receive the refund or forgiveness of taxes. If the taxpayers are
9 unable to agree, each local taxing authority shall determine to
10 whom the refund or forgiveness of taxes shall apply.

11 (b) Proof of claim.--Each application shall include
12 reasonable proof of household income, the location and nature of
13 the property claimed as a homestead and the tax bill or receipt
14 for the real estate taxes owed or paid in connection with the
15 occupancy of the homestead. For the purposes of this subsection,
16 a taxpayer shall not be required to directly pay the real estate
17 taxes.

18 Section 205. Administration and enforcement.

19 Each local taxing authority shall provide by ordinance or
20 resolution, rule or regulation for the administration and
21 enforcement of an ordinance or resolution adopted under this
22 act.

23 CHAPTER 3

24 CREATING AND IMPROVING AFFORDABLE HOUSING

25 UNITS IN DETERIORATED AREAS

26 Section 301. Construction.

27 This chapter shall be construed to authorize a local taxing
28 authority to provide for tax exemption incentives for new
29 construction for, and improvements to, deteriorated areas of
30 this Commonwealth to create and improve affordable housing

1 units. This chapter shall implement section 2(b)(iii) of Article
2 VIII of the Constitution of Pennsylvania.

3 Section 302. Exemption.

4 (a) Real property tax exemption.--

5 (1) A local taxing authority may, by ordinance or
6 resolution, exempt from real property taxation the assessed
7 valuation of improvements to blighted properties for the
8 creation of, or improvements to, affordable housing units,
9 and the assessed valuation of new construction within a
10 deteriorated area in the amounts and in accordance with the
11 provisions and limitations specified in this act.

12 (2) An ordinance or resolution under paragraph (1) shall
13 specify a description of each deteriorated area, the cost of
14 improvements per unit to be exempted and the schedule or
15 taxes exempted as provided under this act.

16 (b) Boundaries.--Prior to the adoption of the ordinance or
17 resolution authorizing the granting of a tax exemption under
18 this section, a municipal corporation must designate the
19 boundaries of the deteriorated area, wholly or partially located
20 within its jurisdiction, if any.

21 (c) Public hearing.--

22 (1) At least one public hearing must be held by the
23 municipal corporation for the purpose of determining the
24 boundaries of a deteriorated area.

25 (2) At a public hearing under paragraph (1), the local
26 taxing authorities, planning commission or redevelopment
27 authority and other interested public and private agencies
28 and individuals, shall present their recommendations
29 concerning the location of boundaries of a deteriorated area
30 for the guidance of the municipal corporation.

1 (3) The public hearing shall be held in accordance with
2 65 Pa.C.S. Ch. 7 (relating to open meetings).

3 (d) Adjacent property inclusions.--Property adjacent to a
4 deteriorated area may be included within the deteriorated area
5 if the local taxing authority determines that new construction
6 on the property would encourage, enhance or accelerate the
7 development of affordable housing units.

8 (e) Municipal cooperation.--

9 (1) Two or more municipal corporations may join together
10 for the purpose of determining the boundaries of a
11 deteriorated area and establishing the uniform maximum cost
12 per unit. Each municipal corporation joining together under
13 this paragraph shall cooperate fully with each other for the
14 purpose of implementing this act.

15 (2) A local taxing authority may, by implementing an
16 ordinance or resolution, agree to adopt a tax-exemption
17 schedule contingent upon the similar adoption by an adjacent
18 local taxing authority or by a local taxing authority with
19 mutual jurisdiction, within the limitations provided under
20 this act.

21 (f) Rescinding deteriorated area designation.--A local
22 taxing authority may rescind an ordinance or resolution adopted
23 under subsection (a) if the local taxing authority determines
24 that the tax exemption in the deteriorated area within the
25 boundaries established under subsection (b) has accomplished the
26 goal of creating and improving affordable housing units in the
27 deteriorated area. Property granted tax exemption within the
28 boundaries of the deteriorated area prior to the ordinance or
29 resolution being rescinded shall continue to receive the tax
30 exemption granted until the tax exemption is terminated in

1 accordance with the exemption schedule.

2 Section 303. Exemption schedule.

3 (a) Provision.--A local taxing authority granting a tax
4 exemption under this chapter may provide for a tax exemption on
5 the assessment attributable to the actual cost of new
6 construction or improvements for affordable housing units or up
7 to any maximum cost uniformly established by the local taxing
8 authority. The maximum cost shall uniformly apply to each
9 eligible blighted property within the deteriorated area within
10 the local taxing authority's jurisdiction.

11 (b) Schedule.--Notwithstanding if the assessment eligible
12 for exemption is based on actual cost or a maximum cost, the
13 actual amount of real estate taxes exempted shall be in
14 accordance with one of the following schedules, as determined by
15 the local taxing authority:

16 (1) For the following years for which improvements would
17 otherwise be taxable:

18 (i) for the first year, 100% of the eligible
19 assessment shall be exempted;

20 (ii) for the second year, 90% of the eligible
21 assessment shall be exempted;

22 (iii) for the third through tenth years, 80%, 70%,
23 60%, 50%, 40%, 30%, 20% and 10%, respectively; and

24 (iv) after the tenth year, the exemption shall
25 terminate.

26 (2) For the following years for which improvements would
27 otherwise be taxable:

28 (i) for the first year, 100% of the eligible
29 assessment shall be exempted;

30 (ii) for the second year, 80% of the eligible

1 assessment shall be exempted;

2 (iii) for the third through fifth years, 60%, 40%
3 and 20%, respectively, of the eligible assessment shall
4 be exempted; and

5 (iv) after the fifth year, the exemption shall
6 terminate.

7 (3) For the following years for which improvements would
8 otherwise be taxable:

9 (i) for the first through third years, 100% of the
10 eligible assessment shall be exempted; and

11 (ii) after the third year, the exemption shall
12 terminate.

13 (4) For the first through tenth years for which
14 improvements would otherwise be taxable, 100% of the eligible
15 assessment shall be exempted and after the tenth year the
16 exemption shall terminate.

17 (5) A local taxing authority may provide for tax
18 exemption on the assessment attributable to the actual cost
19 of construction of the dwelling unit in accordance with a
20 schedule established by the taxing authority, if the
21 exemption schedule does not exceed a period of 10 years.

22 (c) Limitation.--The exemption from taxes shall be limited
23 to the additional assessment valuation attributable to the
24 actual costs of new construction or improvements to blighted
25 property or not in excess of the maximum cost per unit
26 established by a local taxing authority.

27 (d) Sale or exchange.--The exemption from taxes shall be
28 upon the property exempted and shall not terminate upon the sale
29 or exchange of the property.

30 (e) Estimate.--A local taxing authority shall provide upon

1 request an estimate of the amount of assessment exempted for
2 each eligible property based on the exemption schedule under
3 subsection (b).

4 (f) Repayment.--

5 (1) A local taxing authority shall be entitled to a
6 return of its proportional share of real estate taxes
7 exempted under the provisions of this act if, within five
8 years following completion of the new construction or
9 improvements:

10 (i) there exists on the property a serious violation
11 of State law or a municipal code and the owner has taken
12 no substantial steps to correct the serious violation
13 within six months following notification of the serious
14 violation and for which fines or other penalties or a
15 judgment to abate or correct were imposed by a
16 magisterial district judge or municipal court, and a
17 final judgment at law or in equity, not subject to
18 appellate review, was imposed by a court of common pleas;
19 or

20 (ii) the taxpayer is subject to a municipal permit
21 denial under 53 Pa.C.S. Ch. 61 (relating to neighborhood
22 blight reclamation and revitalization).

23 (2) At the time the agreement is entered into between a
24 local taxing authority and the taxpayer who desires tax
25 exemption, if the taxpayer has completed all requirements
26 under section 305, the local taxing authorities shall file a
27 lien against the tax-exempt properties at the rate of the
28 estimated amount of assessment under subsection (b). The lien
29 shall be forgiven by the local taxing authority at the end of
30 the fifth year following the completion of the new

1 construction or improvements, if there have been no serious
2 violations against the property that have not been corrected.
3 The lien on the property shall transfer under subsection (d)
4 in cases of sale or exchange of the property.

5 Section 304. Procedure for obtaining exemption incentives.

6 (a) Notification.--A taxpayer desiring tax exemption
7 authorized by an ordinance or resolution adopted under this
8 chapter shall notify the local taxing authority granting the
9 exemption in writing on an application form provided by the
10 local taxing authority, submitted at the time the taxpayer
11 secures the building permit or, if no building permit or other
12 notification of new construction or improvement is required, at
13 the time the taxpayer commences construction. The application
14 shall include the following information:

15 (1) Statement of tax obligations, signed by the
16 applicant and the local taxing authority and notarized.

17 (2) Outline of specifications for the new construction
18 or improvement, indicating with as much specificity as
19 practicable, the materials to be used for exterior and
20 interior finishes.

21 (3) An itemized cost estimate for the new construction
22 or improvement. The itemization must:

23 (i) Be on contractor letterhead.

24 (ii) Indicate the property address of the project.

25 (iii) Be signed by the applicant.

26 (4) Preliminary architectural drawings or blueprints for
27 the new construction or improvement.

28 (5) A recent appraisal of the property, if available.

29 (6) An applicable building permit application or
30 building permit.

1 (7) An income and expense report for the property, which
2 may be submitted directly to the county assessment office in
3 order to protect the confidentiality of the information.

4 (8) The final decision of the zoning authority or other
5 regulatory agency granting relief, if applicable.

6 (9) The signature of the applicant and the date of
7 signing.

8 (b) Estimate.--The amount of assessment deemed eligible for
9 tax exemption under subsection (c) shall be available for public
10 inspection and copying under the act of February 14, 2008
11 (P.L.6, No.3), known as the Right-to-Know Law, so that a
12 subsequent purchaser is informed of the amount of taxes to be
13 paid after the 10-year exemption period.

14 (c) County assessment office.--

15 (1) A copy of the exemption request shall be forwarded
16 to the county assessment office. The county assessment office
17 shall, after completion of the new construction or
18 improvement, assess separately the new construction or
19 improvement and calculate the amounts of the assessment
20 eligible for tax exemption in accordance with the limits
21 established by the local taxing authorities and notify the
22 taxpayer and the local taxing authorities of the reassessment
23 and amounts of the assessment eligible for exemption.

24 (2) Appeals from the reassessment and the amounts
25 eligible for the exemption may be taken by the taxpayer or
26 the local taxing authorities.

27 (d) Amendment of ordinance or resolution.--The cost of new
28 construction or improvements to be exempted and the schedule of
29 taxes exempted which exist at the time of the initial request
30 for tax exemption shall apply to the exemption request. A

1 subsequent amendment to the ordinance or resolution shall not
2 apply to a request initiated prior to adoption of the amendment.
3 Section 305. Eligibility requirements.

4 (a) General rule.--The completed new construction or
5 improvement must:

- 6 (1) Conform to zoning ordinance requirements.
- 7 (2) Increase the value of the property by at least 25%.
- 8 (3) Correct each municipal code violation.

9 (b) Ineligibility.--A property shall be ineligible for tax
10 exemption under section 304(a) if:

11 (1) The property receives other property tax abatement
12 or exemption incentives for new construction or improvement.

13 (2) The property receives tax relief through a State
14 program, except as provided under subsection (d).

15 (3) The property owner or developer is delinquent on
16 property taxes related to the subject property, except if the
17 delinquent taxes are paid prior to construction or payment of
18 delinquent taxes has been arranged with the local taxing
19 authority in accordance with an installment plan.

20 (4) The property owner has a legal or equitable interest
21 in other property for which property taxes are delinquent,
22 except if the delinquent taxes are paid prior to construction
23 or payment of delinquent taxes has been arranged with the
24 local taxing authority in accordance with an installment
25 plan.

26 (5) New construction or improvement has commenced prior
27 to filing an application under section 305.

28 (6) The property includes an improvement under
29 subsection (c) that poses a health or safety risk to an
30 individual residing above the first floor.

1 (c) Exception.--The amount of assessment eligible for
2 exemption under this act shall be offset by the amount of
3 property tax rebate received under Chapter 13 of the Taxpayer
4 Relief Act.

5 (d) Limitations.--The property qualifying and receiving a
6 tax exemption under this chapter shall be ineligible for or
7 receive additional tax exemptions under the act of July 9, 1971
8 (P.L.206, No.34), known as the Improvement of Deteriorating Real
9 Property or Areas Tax Exemption Act, and the act of December 1,
10 1977 (P.L.237, No.76), known as the Local Economic
11 Revitalization Tax Assistance Act, for a minimum of 15 years
12 from the date the property received a tax exemption under this
13 chapter.

14 (e) Prohibitions.--For the period of time that a property
15 receives a tax exemption under this chapter, a purchase or sale
16 of the property or any portion of the property may not be
17 structured to exclude or exempt the transaction from a realty
18 transfer tax due to a taxing authority that would not be
19 excluded or exempt, except for the following:

20 (1) A sheriff sale or tax claim bureau sale.

21 (2) A corrective deed.

22 (3) A transfer by a mortgagor to the holder of a bona
23 fide mortgage in default in lieu of a foreclosure.

24 (4) A transfer to a judicial sale in which the
25 successful bidder is the bona fide holder of a mortgage.

26 (5) A transaction excluded from the realty transfer tax
27 under Article XI-C of the Tax Reform Code of 1971.

28 CHAPTER 4

29 CREATING AND IMPROVING AFFORDABLE HOUSING UNITS

30 Section 401. Construction.

1 This chapter shall be construed to authorize local taxing
2 authorities to provide for special tax provisions on an increase
3 in value of real estate resulting from construction of
4 affordable housing units or improvements to an existing
5 affordable housing unit within the boundaries of the local
6 taxing authority, implementing section 2(b)(iv) of Article VIII
7 of the Constitution of Pennsylvania.

8 Section 402. Exemption schedule.

9 (a) General rule.--A local taxing authority granting a tax
10 exemption under this chapter may provide for a tax exemption on
11 the assessment attributable to the actual cost of new
12 construction or improvements for affordable housing units or up
13 to a maximum cost uniformly established by the municipal
14 corporation. The maximum cost shall uniformly apply to each
15 eligible affordable housing unit constructed or improved within
16 the local taxing authority's jurisdiction.

17 (b) Schedule.--Notwithstanding if an assessment eligible for
18 exemption is based upon actual cost or a maximum cost, the
19 actual amount of taxes exempted shall be in accordance with one
20 of the following schedules, as determined by the local taxing
21 authority:

22 (1) For the following years for which new construction
23 or improvements would otherwise be taxable:

24 (i) for the first year, 100% of the eligible
25 assessment shall be exempted;

26 (ii) for the second year, 100% of the eligible
27 assessment shall be exempted; and

28 (iii) after the second year, the exemption shall
29 terminate.

30 (2) For the following years for which new construction

1 or improvements would otherwise be taxable:

2 (i) for the first year, 100% of the eligible
3 assessment shall be exempted;

4 (ii) for the second year, 50% of the eligible
5 assessment shall be exempted; and

6 (iii) after the second year, the exemption shall
7 terminate.

8 (c) Limitation.--An exemption from a tax under this chapter
9 shall be limited to the additional assessment valuation:

10 (1) attributable to the actual costs of new construction
11 or improvements to affordable housing units; or

12 (2) not in excess of the maximum cost per unit
13 established by a local taxing authority.

14 (d) Sale or exchange.--An exemption from a tax under this
15 chapter shall be on the property exempted and shall not
16 terminate upon the sale or exchange of the property.

17 (e) Estimate.--A local taxing authority shall provide upon
18 request an estimate of the amount of assessment exempted for
19 each eligible property based on the exemption schedule under
20 subsection (b).

21 (f) Repayment.--

22 (1) A local taxing authority shall receive a return of
23 the local taxing authority's proportional share of taxes
24 exempted under this act if, within five years following
25 completion of the new construction or improvements:

26 (i) a serious violation of State law or a municipal
27 code exists on the property and the owner has taken no
28 substantial steps to correct the violation within six
29 months following notification of the violation and for
30 which fines or other penalties or a judgment to abate or

1 correct were imposed by a magisterial district judge or
2 municipal court and a final judgment at law or in equity,
3 not subject to appellate review, was imposed by a court
4 of common pleas; or

5 (ii) the taxpayer is subject to a municipal permit
6 denial under 53 Pa.C.S. Ch. 61 (relating to neighborhood
7 blight reclamation and revitalization).

8 (2) At the time the agreement is entered into between a
9 local taxing authority and the taxpayer who desires tax
10 exemption, if the taxpayer has completed each requirement
11 under section 404, the local taxing authority shall file a
12 lien against the tax-exempt properties at the rate of the
13 estimated amount of assessment under subsection (b). The lien
14 shall be forgiven by the local taxing authority at the end of
15 the fifth year following the completion of the new
16 construction or improvements, if there have been no serious
17 violations against the property that have not been corrected.
18 The lien on the property shall transfer under subsection (d)
19 for a sale or exchange of the property.

20 Section 403. Exemption incentives procedure.

21 (a) Notification.--A taxpayer desiring tax exemption
22 authorized by an ordinance or resolution adopted under this
23 chapter shall notify the local taxing authority granting the
24 exemption in writing on an application form provided by the
25 local taxing authority, submitted at the time the taxpayer
26 secures the building permit or, if no building permit or other
27 notification of new construction or improvement is required, at
28 the time the taxpayer commences construction. The application
29 shall include the following information:

30 (1) A statement of tax obligations, signed by the

1 applicant and the local taxing authority and notarized.

2 (2) An outline of specifications for the new
3 construction or improvement, indicating with as much
4 specificity as practicable, the materials to be used for
5 exterior and interior finishes.

6 (3) An itemized cost estimate for the new construction
7 or improvement. The itemization must:

8 (i) Be on contractor letterhead.

9 (ii) Indicate the property address of the project.

10 (iii) Be signed by the applicant.

11 (4) A preliminary architectural drawing or blueprint for
12 the new construction or improvement.

13 (5) A recent appraisal of the property, if available.

14 (6) An applicable building permit application or
15 building permit.

16 (7) An income and expense report for the property, which
17 may be submitted directly to the county assessment office in
18 order to protect the confidentiality of the information.

19 (8) The final decision of the zoning authority or other
20 regulatory agency granting relief, if applicable.

21 (9) The signature of the applicant and the date of
22 signing.

23 (b) Estimate.--The amount of assessment deemed eligible for
24 tax exemption under subsection (c) shall be available for public
25 inspection and copying so a subsequent purchaser is informed of
26 the amount of taxes to be paid after the 10-year exemption
27 period.

28 (c) County assessment office.--

29 (1) A copy of the exemption request shall be forwarded
30 to the county assessment office. After completion of the new

1 construction or improvement, the county assessment office
2 shall:

3 (i) Separately assess the new construction or
4 improvement and calculate the amounts of the assessment
5 eligible for tax exemption in accordance with the limits
6 established by the local taxing authorities.

7 (ii) Notify the taxpayer and the local taxing
8 authorities of the reassessment and amounts of the
9 assessment eligible for exemption.

10 (2) Appeals from a reassessment and the amounts eligible
11 for the exemption may be taken by the taxpayer or the local
12 taxing authorities.

13 (d) Amendment of ordinance or resolution.--The cost of new
14 construction or improvements to be exempted and the schedule of
15 taxes exempted which exist at the time of the initial request
16 for tax exemption shall apply to the exemption request. A
17 subsequent amendment to the ordinance or resolution shall not
18 apply to a request initiated prior to adoption of the amendment.
19 Section 404. Eligibility requirements.

20 (a) General rule.--The completed new construction or
21 improvement must:

22 (1) Conform to zoning ordinance requirements.

23 (2) Increase the value of the property by at least 25%.

24 (3) Correct each municipal code violation.

25 (b) Ineligibility.--A property shall be ineligible for tax
26 exemption under section 304(a) if:

27 (1) The property receives other property tax abatement
28 or exemption incentives for new construction or improvement.

29 (2) The property receives tax relief through a State
30 program, except as provided under subsection (d).

1 (3) The property owner or developer is delinquent on
2 property taxes related to the subject property, except if the
3 delinquent taxes are paid prior to construction or payment of
4 delinquent taxes has been arranged with the local taxing
5 authority in accordance with an installment plan.

6 (4) The property owner has a legal or equitable interest
7 in other property for which property taxes are delinquent,
8 except if the delinquent taxes are paid prior to construction
9 or payment of delinquent taxes has been arranged with the
10 local taxing authority in accordance with an installment
11 plan.

12 (5) New construction or improvement has commenced prior
13 to filing an application under section 305.

14 (6) The property includes an improvement under
15 subsection (c) that poses a health or safety risk to an
16 individual residing above the first floor.

17 (c) Exception.--The amount of assessment eligible for
18 exemption under this act shall be offset by the amount of
19 property tax rebate received under Chapter 13 of the Taxpayer
20 Relief Act.

21 (d) Limitations.--The property qualifying and receiving a
22 tax exemption under this chapter shall be ineligible for or
23 receive additional tax exemption under the act of July 9, 1971
24 (P.L.206, No.34), known as the Improvement of Deteriorating Real
25 Property or Areas Tax Exemption Act, and the act of December 1,
26 1977 (P.L.237, No.76), known as the Local Economic
27 Revitalization Tax Assistance Act, for a minimum of 15 years
28 from the date the property received a tax exemption under this
29 chapter.

30 (e) Prohibitions.--For the period of time that a property

1 receives a tax exemption under this chapter, a purchase or sale
2 of the property or a portion of the property may not be
3 structured to exclude or exempt the transaction from a realty
4 transfer tax due to a taxing authority that would not be
5 excluded or exempt, except for the following:

6 (1) A sheriff sale or tax claim bureau sale.

7 (2) A corrective deed.

8 (3) A transfer by a mortgagor to the holder of a bona
9 fide mortgage in default in lieu of a foreclosure.

10 (4) A transfer to a judicial sale in which the
11 successful bidder is the bona fide holder of a mortgage.

12 (5) A transaction excluded from the realty transfer tax
13 under Article XI-C of the Tax Reform Code of 1971.

14 CHAPTER 5

15 MISCELLANEOUS PROVISIONS

16 Section 501. Effective date.

17 This act shall take effect in 60 days.