

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 581 Session of 2021

INTRODUCED BY SOLOMON, SANCHEZ, STURLA, D. WILLIAMS, ISAACSON, HOHENSTEIN, QUINN, SCHMITT, BURGOS, CIRESI, FREEMAN, SCHLOSSBERG, ZIMMERMAN, HILL-EVANS, STRUZZI, SCHWEYER, KIRKLAND, WEBSTER, NEILSON, MALAGARI, RIGBY, DOWLING, INNAMORATO, McCLINTON, HEFFLEY, KINKEAD AND C. WILLIAMS, FEBRUARY 22, 2021

AS REPORTED FROM COMMITTEE ON URBAN AFFAIRS, HOUSE OF REPRESENTATIVES, AS AMENDED, MARCH 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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15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 CHAPTER 1

18 GENERAL PROVISIONS

19 Section 101. Short title.

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

22 Section 102. Definitions.

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

26 "Affordable housing unit."

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

29 (i) Are rent-restricted.

30 (ii) Are occupied by an individual or family whose

1 income is not more than 60% of area median income.

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

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

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

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

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

16 "Homestead." As follows:

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

19 (2) The term includes:

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

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

1 rental of, include a possessory interest in, the
2 dwelling, land or both. As used in this subparagraph:

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

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

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

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

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

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

1 "Municipal corporation." A city, borough, incorporated town
2 or township.

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

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

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

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

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

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

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

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

1 CHAPTER 2

2 SPECIAL TAX PROVISIONS FOR IMPOVERISHED PENNSYLVANIANS

3 Section 201. Construction.

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

12 Section 202. Declaration of policy (Reserved).

13 Section 203. Special tax provisions and refund or forgiveness
14 of real estate taxes.

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

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

- 29 (1) A low-income taxpayer shall receive a refund or
30 forgiveness of the part of the low-income taxpayer's real

1 estate tax liability attributable to a real estate tax rate
2 increase or an increase in the assessed value of the
3 taxpayer's homestead occurring after the effective date of an
4 ordinance implementing this act.

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

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

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

29 Section 204. Application and proof of claim.

30 (a) Application.--A taxpayer desiring to take advantage of

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

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

20 Section 205. Administration and enforcement.

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

25 CHAPTER 3

26 CREATING AND IMPROVING AFFORDABLE HOUSING

27 UNITS IN DETERIORATED AREAS

28 Section 301. Construction.

29 This chapter shall be construed to authorize a local taxing
30 authority to provide for tax exemption incentives for new

1 construction for, and improvements to, deteriorated areas of
2 this Commonwealth to create and improve affordable housing
3 units. This chapter shall implement section 2(b)(iii) of Article
4 VIII of the Constitution of Pennsylvania.

5 Section 302. Exemption.

6 (a) Real property tax exemption.--

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

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

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

23 (c) Public hearing.--

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

27 (2) At a public hearing under paragraph (1), the local
28 taxing authorities, planning commission or redevelopment
29 authority and other interested public and private agencies
30 and individuals, shall present their recommendations

1 concerning the location of boundaries of a deteriorated area
2 for the guidance of the municipal corporation.

3 (3) The public hearing shall be held in accordance with
4 65 Pa.C.S. Ch. 7 (relating to open meetings).

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

10 (e) Municipal cooperation.--

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

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

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

1 resolution being rescinded shall continue to receive the tax
2 exemption granted until the tax exemption is terminated in
3 accordance with the exemption schedule.

4 Section 303. Exemption schedule.

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

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

18 (1) For the following years for which improvements would
19 otherwise be taxable:

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

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

24 (iii) for the third through tenth years, 80%, 70%,
25 60%, 50%, 40%, 30%, 20% and 10%, respectively; and

26 (iv) after the tenth year, the exemption shall
27 terminate.

28 (2) For the following years for which improvements would
29 otherwise be taxable:

30 (i) for the first year, 100% of the eligible

1 assessment shall be exempted;

2 (ii) for the second year, 80% of the eligible
3 assessment shall be exempted;

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

7 (iv) after the fifth year, the exemption shall
8 terminate.

9 (3) For the following years for which improvements would
10 otherwise be taxable:

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

13 (ii) after the third year, the exemption shall
14 terminate.

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

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

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

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

1 or exchange of the property.

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

6 (f) Repayment.--

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

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

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

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

1 shall be forgiven by the local taxing authority at the end of
2 the fifth year following the completion of the new
3 construction or improvements, if there have been no serious
4 violations against the property that have not been corrected.
5 The lien on the property shall transfer under subsection (d)
6 in cases of sale or exchange of the property.

7 Section 304. Procedure for obtaining exemption incentives.

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

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

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

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

25 (i) Be on contractor letterhead.

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

27 (iii) Be signed by the applicant.

28 (4) Preliminary architectural drawings or blueprints for
29 the new construction or improvement.

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

1 (6) An applicable building permit application or
2 building permit.

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

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

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

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

16 (c) County assessment office.--

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

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

29 (d) Amendment of ordinance or resolution.--The cost of new
30 construction or improvements to be exempted and the schedule of

1 taxes exempted which exist at the time of the initial request
2 for tax exemption shall apply to the exemption request. A
3 subsequent amendment to the ordinance or resolution shall not
4 apply to a request initiated prior to adoption of the amendment.
5 Section 305. Eligibility requirements.

6 (a) General rule.--The completed new construction or
7 improvement must:

8 (1) Conform to zoning ordinance requirements.

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

10 (3) Correct each municipal code violation.

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

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

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

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

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

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

30 (6) The property includes an improvement under

1 subsection (c) that poses a health or safety risk to an
2 individual residing above the first floor.

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

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

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

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

23 (2) A corrective deed.

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

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

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

30 CHAPTER 4

1 CREATING AND IMPROVING AFFORDABLE HOUSING UNITS

2 Section 401. Construction.

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

10 Section 402. Exemption schedule.

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

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

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

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

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

30 (iii) after the second year, the exemption shall

1 terminate.

2 (2) For the following years for which new construction
3 or improvements would otherwise be taxable:

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

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

8 (iii) after the second year, the exemption shall
9 terminate.

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

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

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

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

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

23 (f) Repayment.--

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

28 (i) a serious violation of State law or a municipal
29 code exists on the property and the owner has taken no
30 substantial steps to correct the violation within six

1 months following notification of the violation and for
2 which fines or other penalties or a judgment to abate or
3 correct were imposed by a magisterial district judge or
4 municipal court and a final judgment at law or in equity,
5 not subject to appellate review, was imposed by a court
6 of common pleas; or

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

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

22 Section 403. Exemption incentives procedure.

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

1 shall include the following information:

2 (1) A statement of tax obligations, signed by the
3 applicant and the local taxing authority and notarized.

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

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

10 (i) Be on contractor letterhead.

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

12 (iii) Be signed by the applicant.

13 (4) A preliminary architectural drawing or blueprint for
14 the new construction or improvement.

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

16 (6) An applicable building permit application or
17 building permit.

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

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

23 (9) The signature of the applicant and the date of
24 signing.

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

30 (c) County assessment office.--

1 (1) A copy of the exemption request shall be forwarded
2 to the county assessment office. After completion of the new
3 construction or improvement, the county assessment office
4 shall:

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

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

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

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

22 (a) General rule.--The completed new construction or
23 improvement must:

24 (1) Conform to zoning ordinance requirements.

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

26 (3) Correct each municipal code violation.

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

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

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

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

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

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

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

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

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

1 chapter.

2 (e) Prohibitions.--For the period of time that a property
3 receives a tax exemption under this chapter, a purchase or sale
4 of the property or a portion of the property may not be
5 structured to exclude or exempt the transaction from a realty
6 transfer tax due to a taxing authority that would not be
7 excluded or exempt, except for the following:

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

9 (2) A corrective deed.

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

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

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

16 CHAPTER 5

17 MISCELLANEOUS PROVISIONS

18 Section 501. Effective date.

19 This act shall take effect in 60 days.