

NORTHAMPTON COUNTY COUNCIL - EASTON, PA

Ordinance No. 718 SESSION 2021 Bill No. 812

Introduced by William B. McGee and Kevin Lott on November 18, 2021

Enacted December 8, 2021 Effective January 7, 2022

Title: AN ORDINANCE BY NORTHAMPTON COUNTY COUNCIL CONCURRING WITH THE CITY OF BETHLEHEM AND THE BETHLEHEM AREA SCHOOL DISTRICT, AND PROVIDING FOR PROPERTY TAX EXEMPTION FOR CERTAIN DETERIORATED PROPERTY AS DEFINED IN ORDINANCE 2021-24 OF THE CITY OF BETHLEHEM - PURSUANT TO ACT 76 OF 1977, OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, AS AMENDED (72 P.S. 4722 ET SEQ.) AND ACT 42 OF 1977 OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, AS AMENDED (72 P.S. § 4711-101, ET SEQ.) AND AGREEING WITH THE AMENDMENT TO ARTICLE 342 OF THE CODIFIED ORDINANCES OF THE CITY OF BETHLEHEM ENTITLED LOCAL ECONOMIC REVITALIZATION TAX ASSISTANCE - ENTERPRISE DEVELOPMENT AREA

I. DEFINITIONS

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

(1) "Becomes assessable" means immediately following issuance of the state and local occupancy permits.

(2) "Deteriorated area" means that portion of the City which Bethlehem City Council has determined to be physically blighted pursuant to Act 76 of 1977 of the General Assembly of the Commonwealth of Pennsylvania, as amended (72 P.S. 4722 et seq.) and Act 42 of 1977 of the General Assembly of the Commonwealth of Pennsylvania, as Amended (72 P.S. § 4711-101, et seq.).

(3) "Deteriorated property" means any industrial, commercial or other business property owned by an individual, association or corporation, and located in a deteriorating area, as provided by

Resolution of Council, or any such property which has been the subject of an order by the City requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinance or regulations. Buildings wherein at least 30% of the usable gross floor area is utilized for industrial, commercial, or business use shall, if otherwise qualified, be considered a "deteriorated property" within this Article.

(4) "Improvement" means the construction of new building structures, new additions to existing structures or substantial renovations to existing structures which result in an increase in assessed valuation of the deteriorated property. Such improvements shall have the effect of rehabilitating a deteriorated property so that it becomes habitable or attains higher standards of safety, health, economic use or amenity or is brought into compliance with laws, ordinances or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed an improvement.

(5) "Local taxing authority" means the City of Bethlehem, the Bethlehem Area School District, the County of Northampton, or any other governmental entity having the authority to levy real property taxes within the City of Bethlehem.

(6) "Municipal governing body" means Northampton County.

(7) "Becomes assessable" means immediately following issuance of the state and local occupancy permits.

WHEREAS, the General Assembly of Pennsylvania passed Act 76 of 1977, known as the Local Economic Revitalization Tax Assistance Law (LERTA), which authorizes local taxing authorities to provide for tax exemption for certain deteriorated industrial, commercial and other business property; and

WHEREAS, the General Assembly of Pennsylvania passed Act 42 of 1977, known as the Improvement of Deteriorating Real Property or Areas Tax Exemption Act (Residential LERTA), which authorizes local taxing authorities to provide for tax exemption for certain deteriorated residential property; and

WHEREAS, the City of Bethlehem and the Bethlehem Area School District have approved an amendment to the area defined in the City of Bethlehem Codified Ordinance #342; and

WHEREAS, the County Council of Northampton County, in accordance with said Act, have held a public hearing; and

WHEREAS, at said public hearing the City of Bethlehem having jurisdiction in and about the County of Northampton and its subordinate governmental units and other public and private agencies and individuals presented to the Northampton County Council their recommendations concerning the location of the boundaries of deteriorated neighborhoods in deteriorating areas.

NOW, THEREFORE, BE IT ORDAINED, by the County Council of Northampton County:

II. ELIGIBLE AREAS

The Northampton County Council hereby determines that the following areas of the City of Bethlehem, Northampton County Pennsylvania, contain "deteriorated" areas as defined in Act 76 of 1977, 72 P.S. §4722, et seq. and Act 42 of 1977, 72 P.S. § 4711-101, et seq. and are eligible for tax exemption under this Act.

III. EXEMPTION AMOUNT

- A. The amount to be exempted shall be limited to that portion of the additional assessment attributable to the actual cost of improvements.
- B. The exemption shall be limited to that improvement for which an exemption has been requested in the manner set forth below, and for which a separate assessment has been made by the Assessment Division of the Department of Fiscal Affairs of Northampton County (hereafter referred to as Assessment Division).

IV. EXEMPTION SCHEDULE

Subject to the conditions, requirements and limitations set forth in this Ordinance, taxpayers making assessable improvements to deteriorated property located in the deteriorating area may apply for and may be granted a real estate tax exemption limited to the amounts in Sections III (A), and (B) as set forth above, subject to the following schedule:

A. Subject to Paragraph C., New Construction Improvements

- (1) For the first year immediately following the date upon which the improvement becomes assessable, 100% of the eligible assessment shall be exempted.
- (2) For the second year immediately following the date upon which the improvement becomes assessable, 90% of the eligible assessment shall be exempted.
- (3) For the third year immediately following the date upon which the improvement becomes assessable, 80% of the eligible assessment shall be exempted.
- (4) For the fourth year immediately following the date upon which the improvement becomes assessable, 70% of the eligible assessment shall be exempted.
- (5) For the fifth year immediately following the date upon which the improvement becomes assessable, 60% of the eligible assessment shall be exempted.
- (6) For the sixth year immediately following the date upon which the improvement becomes assessable, 50% of the eligible assessment shall be exempted.
- (7) For the seventh year immediately following the date upon which the improvement becomes assessable, 40% of the eligible assessment shall be exempted.
- (8) For the eighth year immediately following the date upon which the improvement becomes assessable, 30% of the eligible assessment shall be exempted.
- (9) For the ninth year immediately following the date upon which the improvement becomes assessable, 20% of the eligible assessment shall be exempted.

- (10) For the tenth year immediately following the date upon which the improvement becomes assessable, 10% of the eligible assessment shall be exempted.
- (11) After the tenth year the exemption shall terminate.
- (12) 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.

B. Subject to Paragraph C., Substantial Rehabilitation Improvements

- (1) For the first year immediately following the date upon which the improvement becomes assessable, 100% of the eligible assessment shall be exempted.
- (2) For the second year immediately following the date upon which the improvement becomes assessable, 90% of the eligible assessment shall be exempted.
- (3) For the third year immediately following the date upon which the improvement becomes assessable, 80% of the eligible assessment shall be exempted.
- (4) For the fourth year immediately following the date upon which the improvement becomes assessable, 70% of the eligible assessment shall be exempted.
- (5) For the fifth year immediately following the date upon which the improvement becomes assessable, 60% of the eligible assessment shall be exempted.
- (6) For the sixth year immediately following the date upon which the improvement becomes assessable, 50% of the eligible assessment shall be exempted.

- (7) For the seventh year immediately following the date upon which the improvement becomes assessable, 40% of the eligible assessment shall be exempted.
- (8) For the eighth year immediately following the date upon which the improvement becomes assessable, 30% of the eligible assessment shall be exempted.
- (9) For the ninth year immediately following the date upon which the improvement becomes assessable, 20% of the eligible assessment shall be exempted.
- (10) For the tenth year immediately following the date upon which the improvement becomes assessable, 10% of the eligible assessment shall be exempted.
- (11) After the tenth year the exemption shall terminate.
- (12) 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.

C. For the deteriorated area governed by this ordinance ("Affordable Housing LERTA District") pursuant to this Ordinance No.718-2021, the amount eligible to be exempted shall equal 100% of the assessment attributable to the actual cost of qualifying new construction or improvements, provided that throughout the entire period for which the Exemption Schedule under Section IV(A) applies (i) the improvements made for Commercial purposes constitute 10 or more dwelling units which are made solely available use for as dwelling units and (ii) 10% of those dwelling units so-created are set aside and reserved exclusively for affordable housing by qualified persons meeting the requirements of subsection (d)(3) below. In the event compliance with the requirements of clauses (i) or (ii) above ceases at any time during the period in which a property is subject to the exemption schedule set forth in Section IV(A), the property shall be disqualified from the exemption allowed by this Ordinance retroactive to the date of the application to make such improvements shall have been filed with the City of Bethlehem. As a result of such noncompliance, the record owner of the property at the time of

shall be liable for payment of 100% of the assessment attributable to the actual cost of the improvements retroactive to the date of the application to make such improvements shall have been filed with the City of Bethlehem, which amount shall also constitute an immediate lien on said property, together with all charges, expenses, and fees incurred in the collection of any delinquent account, including reasonable attorney fees, and be collectible in the manner provided by law for municipal liens.

- (1) The record owner of a property seeking an exemption hereunder shall have the option to make a minimum contribution of \$25,000 for each unit required to be designated for affordable housing under this Ordinance if such record owner elects not to actually set such unit aside for affordable housing but still desires the exemption allowed by this Ordinance. The record owner shall have the right to make this declaration and contribution only at the time of filing the application for a building permit to commence construction and shall only be required to make this payment one time.
- (2) The contribution authorized by Section IV (C)(1) shall be held by the City Business Administrator in a segregated interest-bearing fund account designated solely for the purposes of advancing affordable housing and remediating in whole or in part deteriorated areas through a program of low interest loans, forgiveness grants, and/or rental assistance to persons of low, very low, and extremely low income as may be determined by the poverty guidelines of the United States Department of Housing and Urban Development then-prevailing at the time of disbursement. Money so-collected must be accounted for and expended solely for such purposes within territorial boundaries of the City of Bethlehem. Such fund shall also be subject to an annual administrative charge of the City associated with the management of the Affordable Housing LERTA District and distributions from the fund, but such annual administrative charges shall not exceed 1% of the contribution made under Section IV (C)(1)).
- (3) Units set aside for affordable housing by qualified persons shall be satisfy the following criteria throughout the exemption period:

i. Each and every occupant of a designated affordable housing unit shall qualify as a person of low, very low, and extremely low income, or a dependent thereof, as may be determined by the poverty guidelines of the United States Department of Housing and Urban Development then-prevailing.

ii. Occupants of any affordable housing unit governed by this Article are required to report to the Director of the Department of Community and Economic Development any increases in income or changes in income sources known to them or about which they, upon information received, become aware relating to an occupant of the affordable housing unit within which he or she resides.

iii. Owners are required take all reasonable measures to ensure any affordable housing unit governed by this Article is occupied only by individuals who qualify as persons of low, very low, and extremely low income, or a dependent thereof and to report to the Director of the Department of Community and Economic Development any increases in income or changes in income sources known to them or about which they, upon information received, become aware relating to an occupant of the affordable housing unit.

- (4) In addition to the provisions of 342.08, the Director of the Department of Community and Economic Development is hereby authorized and empowered to promulgate and enforce rules and regulations to implement and/or supplement the prevailing poverty guidelines of the United States Department of Housing and Urban Development to ensure the occupancy of any affordable housing unit by persons of low, very low, and extremely low income, or a dependent thereof.

V. NOTICE TO TAXPAYERS

(a) There shall be placed on the form application for building, zoning and alteration permits the following:

NOTICE TO TAXPAYERS

Under the provisions of City Ordinance No., as amended, you may be entitled to a property tax exemption on your contemplated new construction. An application for exemption may be secured from the City of Bethlehem and must be filed with the City at the time a building permit is secured.

(b) At the time a building permit is secured for construction upon an existing deteriorated property for which an exemption is requested, the taxpayer shall apply to the City of Bethlehem or any successor agency thereto for the exemption provided for in this Ordinance. The taxpayer shall be permitted to apply for the exemption provided in this Ordinance up to a period of sixty (60) days from the date a final executed building permit is secured. Request for the exemption must be in writing certified in full as prescribed by the City setting forth the following information:

- (1) The date a final executed building permit was issued for said improvement.
- (2) The type of improvement.
- (3) The summary of the plan of the improvement.
- (4) The cost of the improvement.
- (5) That the property has been inspected and verified by the City of Bethlehem, Bureau of Inspections.
- (6) Any or all such additional information the City may require.

VI. PROCEDURES FOR OBTAINING EXEMPTIONS

A copy of the request for exemption, on forms prescribed by the Northampton County Director of Fiscal Affairs, shall be forwarded to the Assessment Division, the Northampton County Board of Assessment Appeals and the Bethlehem Area School District by the City. Upon completion of the improvement, the taxpayer shall notify the City and the Assessment Division so that the Assessment Division may assess the improvements separately for the purpose of calculating the amount of assessment eligible for tax exemption in accordance with the limits established in this Ordinance. The City will then obtain from the Assessment Division the amount of

the assessment eligible for exemption and will notify the taxpayer. The Director of the Department of Fiscal Affairs is authorized to make refunds, if applicable, only after the Assessment Division has notified the Director of Fiscal Affairs of its separate assessment upon the improvement for which an exemption is requested. Appeals from the reassessment and the amount eligible for the exemption may be taken by the taxpayer of the City as provided by law.

VII. TERMINATION

Unless otherwise repealed by the Northampton County Council, this Ordinance shall terminate on December 31, 2026. No later than December 31, 2026, the Mayor of the City of Bethlehem shall submit a written report to the Northampton County Council which shall inform the Northampton County Council as to how this Ordinance has been administered, the effects of this Ordinance on the community and include any suggestions or recommendations for this Ordinance's re-enactment, modification or repeal. Nothing contained herein shall act to prohibit the Northampton County Council from enacting a similar ordinance after December 31, 2026. Any property tax exemptions granted under the provisions of this Ordinance shall be permitted to continue according to the exemption schedule found in Section IV unless any such property tax exemption is rescinded in accordance with the default provisions of this Ordinance, even if this Ordinance expires or is repealed.

VIII. HEARING BOARD

A Tax Abatement Hearing Board (hereafter referred to as Board) shall consist of the Business Administrator of the City of Bethlehem, the Director of Fiscal Affairs of the County of Northampton and the Business Administrator of the Bethlehem Area School District, for resolution of differences between the approving authority and the owner-taxpayer of the improved property on matters concerning interpretation and execution of the provisions of this Ordinance.

Three members shall be selected at large for their interest in accomplishing the objectives of this Ordinance and shall serve until December 31, 2026.

The Hearing Board shall have the following powers:

- (1) To hear appeals from any person aggrieved by the application of this Ordinance.
- (2) To make rules with regard to conducting its hearings.
- (3) To make such findings of fact as may be required by the application of this Ordinance.
- (4) To decide questions presented to the Board.
- (5) To affirm, revoke or modify the decision of the City of Bethlehem as to the eligibility of a particular property for the Property Tax Abatement as provided for in this Ordinance.
- (6) The Board shall meet upon notice of the Chairman within thirty (30) days of the filing of an appeal and shall render its decision within thirty (30) days after the appeal hearing.
- (7) Every action of the Board shall be by resolution and certified copies furnished to the appellant.
- (8) All hearings shall be public; and the appellant or any other person whose interests may be affected by the matter on appeal shall be given an opportunity to be heard.
- (9) For the purposes of this Ordinance, every action of the Board shall require a simple majority of the members in attendance. Attendance at the hearing by three (3) members of the Board shall be required to constitute a quorum for a meeting and for action on an appeal.

IX. RULES AND REGULATIONS

In accordance with the provisions of the Northampton County Home Rule Charter, Section 302, the County Executive of Northampton County is authorized and empowered to prepare, promulgate, execute and enforce rules and regulations made pursuant to the provisions of this Ordinance.

X. SEVERABILITY

The provisions of this Ordinance are severable and if any of its sections, clauses or sentences shall be held illegal, invalid or unconstitutional, such provisions shall not affect or impair any of the remaining sections, clauses or sentences. It is hereby declared to be the intent of the Northampton County Council that this Ordinance would have been adopted if such illegal, invalid or unconstitutional sections, clauses or sentences had not been included herein.

XI. DEFAULT

Tax abatement under this ordinance shall be available only for those properties for which real estate taxes are promptly paid and discharged when due. Any property that is declared delinquent as established by the statutes of the Commonwealth of Pennsylvania shall lose the LERTA benefits and any and all currently due and future taxes shall be due and payable at the full unabated assessment and tax rate.

XII. APPEAL OF DEFAULT

Properties that have been declared delinquent may appeal the rescission of the LERTA benefits by providing a written request to the Hearing Board providing a basis for the appeal and the justification for the waiver of the requirements of Section X.

XIII. EFFECTIVE DATE

This Ordinance shall take effect on thirty (30) days after the date of enactment and shall remain in effect thereafter from year to year, unless repealed, until December 31, 2023.

XIV. OTHER LEGISLATION

All ordinances, and parts of ordinances, inconsistent herewith be, and the same are hereby repealed.

This ordinance was advertised on the 24th day of November 2021 and was adopted by the Northampton County Council on the 2nd day of December 2021.

ATTEST:



Linda M. Zembo
Clerk to Council

Lori Vargo Heffner

Lori Vargo Heffner
County Council President



Lamont McClure
County Executive

EXHIBIT A - NORTHAMPTON COUNTY/BETHLEHEM AREA SCHOOL DISTRICT
CITY OF BETHLEHEM LERTA ZONE BOUNDARY DESCRIPTION

The following parcels are in the proposed LERTA District. All parcels in this description are in the Northampton County Tax Parcel system.

Acreage	Affordable Housing LERTA Parcels (2021)	Address
4.52	P6 2 2-1	419 E. 1 st Street
2.3	P6 2 2-5	524 E. 1 st Street
3.02	P6 2 2-8	650 E. 1 st Street
0.47	P6 2 2-13	402 E. 2 nd Street
1.15	P6 2 2-14	413 E. 3 rd Street
1.27	P6 2 2-17	601 E. 3 rd Street
0.95	P6 2 2-21	730 E. 2 nd Street
2.16	P6 2 2-23	830 E. 2 nd Street
4.48	P6 2 2-24	918 E. 2 nd Street
4.9	p6 2 2M	930 E. 2 nd Street
0.25	P6SE1B 29	307 E. 3 rd Street
0.39	P6SE1B 51	404 E. 3 rd Street
0.13	P6SE1B53	414 E. 3 rd Street
0.13	P6SE1B54	418 E. 3 rd Street
0.34	P6SE1B 55	422-430 E. 3 rd Street
1.29	P6SE1B 72	600 E. 3 rd Street
1.4	P6SE2A 1 1	702 E. 3 rd Street
0.55	P6SE1B 16 1	507-527 Evans Street
0.04	P6SE1B 16 2	326 Pierce Street
0.03	P6SE1B 16 3	328 Pierce Street
0.78	P6SE2A 4 3	615 Evans Street