

Meeting Agenda
State College Borough Redevelopment Authority
April 23, 2019
Room 241 / 12 p.m

- I. Call to Order**
- II. Roll Call**
- III. Approval of Minutes**
- IV. Chair Report**
- V. Public Hour - Hearing of Citizens**
- VI. Financial Matters**
 - A. March 2019 Expense Voucher Approvals
- VII. Community Development**
 - A. Update on NSP Student License Purchase Program
- VIII. Economic Development**
 - A. Local Economic Revitalization Tax Assistance (LERTA) Proposal
 - B. Update on State College Town Centre Project
- IX. Official Reports and Correspondence**
 - A. Borough Council
 - B. Planning Commission
 - C. Staff Reports
- X. Upcoming Meetings**
- XI. Adjournment**

Documents:

[Complete Redevelopment Authority Agenda - April 23, 2019.pdf](#)

**Meeting Agenda
State College Borough
Redevelopment Authority
April 23, 2019
Room 241 / Noon**

- I. Call to Order**
- II. Roll Call**
- III. Approval of Minutes – March 27, 2019**
- IV. Chair Report**
- V. Public Hour - Hearing of Citizens**
- VI. Financial Matters**
 - A. March 2019 Expense Voucher Approvals

Redevelopment Authority Action: The RDA should review and approve the March 2019 expenditures.
- VII. Community Development**
 - A. Update on NSP Student License Purchase Program

Staff will provide a brief update on implementation issues related to the Student Home License Purchase Program.
- VIII. Economic Development**
 - A. Local Economic Revitalization Tax Assistance (LERTA) Proposal

Staff will review the request from Gary Brandeis of Scholar Hotel Group to develop a LERTA district in downtown State College to support the redevelopment of the Glennland Building. Staff will review the details of the proposed district, including implementation mechanisms, and the timeline for Council consideration.
 - B. Update on State College Town Centre Project

Staff will provide a staff update on the State College Town Center negotiations and Council's, and Redevelopment Authority's, approval process.
- IX. Official Reports and Correspondence**
 - A. Borough Council
 - B. Planning Commission

C. Staff Reports

X. Upcoming Meetings

May 22, 2019 at Noon

XI. Adjournment

The Redevelopment Authority will adjourn to an Executive Session to discuss Real Estate matters.

**Meeting Minutes
State College Borough
Redevelopment Authority
March 27, 2019**

The State College Borough Redevelopment Authority (RDA) met on Wednesday, March 27, 2019, in the Municipal Building, 243 South Allen Street. Chair Lenker called the meeting to order at 12:04 p.m.

Members Present

Sally Lenker, Chair; Mark Huncik; Rebecca Misangyi; and James Shincovich

Others Present

Jenna Wargo, Planner; Sandra Lieb, Administrative Assistant

Approval of Minutes

A motion to approve the January 23, 2019 minutes as submitted was made by Mr. Shincovich and seconded by Ms. Misangyi. The vote was unanimously in favor.

Chair Report

Chair Lenker read an excerpt from an article concerning co-working spaces. She said this practice had continued to rise.

Mr. Huncik asked if there was a distinction between new or refurbished spaces. Chair Lenker said the article had not made that distinction.

Chair Lenker read the names of the eight people who were running for Borough Council.

Public Hour - Hearing of Citizens

No one was in the audience who wished to discuss items not on the agenda.

Financial Matters

January and February 2019 Expense Voucher Approvals

Chair Lenker asked if anyone had any questions about the vouchers.

Mr. Shincovich asked what property used the oil. Ms. Wargo said the property at 600 North Atherton Street. She added the whole house used the oil.

Mr. Huncik said he had questions about the electric usage at 245 West Hamilton Avenue. He asked whether the closing on the property had occurred. Ms. Wargo replied yes.

Chair Lenker asked if the appraisals were for the commercial properties, and why was another appraisal done. Ms. Wargo said the appraisals were for the commercial properties because Borough Council wanted updated appraisals. Mr. Shincovich asked whether they could see a copy of the appraisals.

Chair Lenker questioned if the refuse bill for the three properties was for three months. Mr. Huncik asked how it worked when the house was sold. Chair Lenker stated the bills were prorated.

Mr. Shincovich asked what happened to the refrigerator. Ms. Wargo said the refrigerator was broken and had to be replaced.

Mr. Huncik moved to approve the January and February 2019 Expense Vouchers. Mr. Shincovich seconded the motion. The vote was unanimously in favor.

Community Development

Update on NSP Student License Purchase Program

Ms. Wargo stated the Borough Manager had some concerns about buying the student licenses. She said they would only start with the homeowners who do not have mortgages. She added a list of conditions was sent to Terry Williams, the Borough Solicitor. These conditions were for the people interested in the program. Ms. Wargo explained this was to get the most updated information from the homeowners.

Ms. Wargo stated initially 46 letters were sent. Chair Lenker asked how many had mortgages. Ms. Wargo said of the six who responded, there were four who did not have mortgages.

Mr. Huncik asked how the parking came into it. Ms. Wargo said it was to just update the records for the property.

Chair Lenker asked if someone bought a home for a single family, could they rent out parking spaces. Ms. Wargo said renting parking spaces was illegal in the R2 zone.

Mr. Huncik asked if another mailing was planned. Ms. Wargo stated not at this time, but they would get information on the impact of the neighborhood.

Mr. Huncik said he thought the RDA and the Real Estate Advisory Committee (REAC) were going to have a joint meeting. Ms. Wargo explained the meeting with REAC would be sometime this summer. She said it would also be on the Council agenda sometime this summer.

Chair Lenker asked if they had an idea of what month it would be. Ms. Wargo said they did not have any idea yet.

Economic Development

Update on State College Town Centre Project

Ms. Wargo said on April 1, 2019 the State College Town Centre Project would go to Borough Council to convey the land to the RDA. An agreement for the land for the Town Centre would be between the RDA and the developer. She said the actual conveyance would be April 15, 2019.

Mr. Huncik asked if there would be a presentation for the Council meeting. Ms. Wargo replied she did not know.

Official Reports and Correspondence

Planning Commission

Ms. Wargo reported they would be looking at the plans for the James Building. The building would be demolished, and the new building would be taller with a smaller footprint. She said it would be going through the Historical Architectural Review Board since it is in the Historic District. She added they would like to start in August.

Mr. Huncik asked if a new water line would be installed behind The Standard. Chair Lenker replied that Deb Hoag, the Public Works Director, would be speaking with Kissinger Bigatel and Brower.

Staff Reports

Ms. Wargo stated that Anne Messner would be hired as a consultant through August 2019.

Ms. Wargo said the hiring for the opened Planning positions should be announced soon. Mr. Huncik asked how soon the positions would be filled once the announcement was made. Ms. Wargo replied it would be pretty quickly.

Upcoming Meeting

Mr. LeClear would be at a meeting in Harrisburg on April 24, 2019, so the next scheduled meeting was changed from Wednesday, April 24 to Tuesday, April 23, 2019, at 12:00 p.m.

Adjournment

With no further business to discuss, a motion to adjourn the meeting was made by Ms. Misangyi and seconded by Mr. Huncik. The meeting was adjourned at 12:43 p.m. by Chair Lenker. At that time, the Authority reconvened to an Executive Session to discuss real estate matters.

Respectfully submitted,

Sandra M. Lieb
Administrative Assistant

SCB RDA Voucher Report

Check Date Range: 3/1/2019 to 3/31/2019

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| VENDOR NAME | ACCOUNT DESCRIPTION | DESCRIPTION | ACCOUNT | CHECK NO | AMOUNT |
|----------------------------------|-----------------------------|---|--------------------------------------|----------|---------------|
| LOWE'S COMPANIES INC | PROGRAM SUPPLIES/ACTIVITIES | BALL VALVE, ANTIFREEZE,PROPANE HEATER | B114-14-42-00-0000-000-66238 - NSP08 | 39629 | 42.28 |
| Check Number 39629 Total: | | | | | 42.28 |
| NITTANY OIL COMPANY | HEATING FUEL | HEATING OIL - 600 N ALLEN | B114-14-42-00-0000-000-64230 - NSP11 | 39635 | 428.62 |
| Check Number 39635 Total: | | | | | 428.62 |
| R.E. MICHEL COMPANY LLC | PROGRAM SUPPLIES/ACTIVITIES | HOT SURFACE IGNITOR | B114-14-42-00-0000-000-66238 - NSP09 | 39642 | 15.60 |
| Check Number 39642 Total: | | | | | 15.60 |
| STATE COLLEGE BORO WATER AUTH | WATER AND SEWER | 10/25/18-1/28/19 - 2000 MGAL - 245 E HAMILTON | B114-14-42-00-0000-000-73366 - NSP08 | 39654 | 57.55 |
| Check Number 39654 Total: | | | | | 57.55 |
| WEST PENN POWER COMPANY | ELECTRICITY | 10 KWH-245 E HAMILTON-1/24-2/24 | B114-14-42-00-0000-000-73360 - NSP08 | 39668 | 8.11 |
| WEST PENN POWER COMPANY | ELECTRICITY | 1569 KWH-245 E HAMILTON-1/24-2/24 | B114-14-42-00-0000-000-73360 - NSP08 | 39668 | 180.37 |
| WEST PENN POWER COMPANY | ELECTRICITY | 1080 KWH-308 W PROSPECT-1/24-2/24 | B114-14-42-00-0000-000-73360 - NSP09 | 39668 | 127.02 |
| Check Number 39668 Total: | | | | | 315.50 |
| COLUMBIA GAS OF PENNSYLVANIA | NATURAL GAS | 240 CCF - 230 W LOGAN AVE - 2/4-3/5 | B114-14-42-00-0000-000-73362 - NSP07 | 39764 | 242.46 |
| COLUMBIA GAS OF PENNSYLVANIA | NATURAL GAS | 81CCF - 245 E HAMILTON - 3/5-3/13 | B114-14-42-00-0000-000-73362 - NSP08 | 39764 | 95.15 |
| COLUMBIA GAS OF PENNSYLVANIA | NATURAL GAS | 108CCF - 245 E HAMILTON - 2/4-3/4 | B114-14-42-00-0000-000-73362 - NSP08 | 39764 | 120.13 |
| COLUMBIA GAS OF PENNSYLVANIA | NATURAL GAS | 40CCF - 308 W PROSPECT - 2/12 - 3/13 | B114-14-42-00-0000-000-73362 - NSP09 | 39764 | 66.85 |
| Check Number 39764 Total: | | | | | 524.59 |

SCB RDA Voucher Report

Check Date Range: 3/1/2019 to 3/31/2019

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| VENDOR NAME | ACCOUNT DESCRIPTION | DESCRIPTION | ACCOUNT | CHECK NO | AMOUNT |
|----------------------------------|-----------------------------|---|---|----------|-----------------|
| HOLOBINKO CONSORTIUM, LLC | REPAIRS & MAINT - BUILDINGS | CLEANING SVCS - 308 W PROSPECT - 3/17/19 | B114-14-42-00-0000-000-70372 - NSP09 | 39878 | 550.00 |
| Check Number 39878 Total: | | | | | 550.00 |
| | | | | | 1,934.14 |
| Fund B114 Total: | | | | | 1,934.14 |
| Grand Total | | | | | 1,934.14 |

ORDINANCE NO. _____

AN ORDINANCE OF THE BOROUGH OF STATE COLLEGE CENTRE COUNTY, PENNSYLVANIA, ESTABLISHING A LOCAL ECONOMIC REVITALIZATION TAX ASSISTANCE DISTRICT BY AMENDING CHAPTER XVII TAXATION AND ASSESSMENT TO ADD A PART L.

WHEREAS, the Borough of State College is a local taxing authority, authorized by the Local Economic Revitalization Tax Assistance Act of December 1, 1977, P.L. 237, No. 76, 72 P.S. §4722 et seq. (LERTA), to provide tax exemption for new construction in deteriorated areas of economically depressed communities and for improvements to certain deteriorated business properties to enable continued use and reuse of those properties for commercial and other business purposes. The Borough of State College following public hearing established the boundaries of deteriorated areas within the Borough; and

WHEREAS, many of the existing buildings within the boundary of the deteriorated area are more than 50 years old and are located in the downtown. Based on today's zoning ordinance, many lots lack acceptable off-street parking which adds to the expense to property owners and their employees working within the district. Many of the buildings predate current building codes and handicapped access requirements and when renovations are needed the additional expense can hinder the success of the project to bring the building up to current code requirements. The Borough believes adaptive reuse of these buildings is a large undertaking and LERTA will provide an opportunity to encourage improvements.

March 17, 2019

NOW, THEREFORE, be it ordained by authority of the Borough Council of State College Borough, Centre County, Pennsylvania, under the express provision of Section _____ of the State College Borough Code and it is hereby ordained by authority of same as follows:

SECTION 1. Duration of LERTA Program. The Borough of State College hereby establishes a Local Economic Revitalization Tax Assistance (LERTA) Program on May 6, 2019, which will expire on May 6, 2029. However, any taxpayer who has received or applied for the exemption granted by this Program prior to May 6, 2029, shall, if said exemption is granted, be entitled to the full ten-year exemption authorized according to the Exemption Schedule listed herein.

SECTION 2. Definitions.

Assessed Valuation – The assessment placed on real property by the Centre County Assessor upon which all real estate taxes are calculated.

Municipality – The Borough of State College, Pennsylvania.

County – Centre County, Pennsylvania.

Deteriorated Commercial Property – Any industrial, commercial or other business property owned by an individual, association or corporation and located in a qualified area, as hereinafter provided, or any such property which has been the subject of an order by a government agency requiring the unit to be vacated, condemned or demolished by reason of noncompliance with laws, ordinances or regulations.

Improvement(s) – Repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating deteriorated commercial structures, so that they may be occupied or may attain a higher standard of safety, health, economic use or amenity or are brought into compliance with laws, ordinances or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed an improvement. Repair, construction or reconstruction of a property for any noncommercial use shall not be considered a permitted improvement under this ordinance.

New Construction – Includes major renovation of existing building stock, including major HVAC renovation, significant building envelope modifications, building facade repair and/or major interior renovations.

School District – The State College Area School District.

SECTION 3. Eligible/Qualified Areas.

- A. The following areas within the municipality of State College are hereby determined to be eligible for tax exemption under LERTA.
 - 1. The downtown area that includes properties with structures that exist at time of application and listed in the 1982 Historic Resources of the Centre Region document.
 - 2. The eligible listed properties are located within the following boundary description: south of College Avenue, north of Beaver Avenue, and between South Burrowes Street and Locust Lane.
 - 3. Additionally, eligible listed properties included south of Beaver Avenue between Fraser Street and South Allen Street and north of West Fairmont Avenue.
- B. The following areas are fully identified as deteriorated areas on the map captioned “LERTA Areas Map” in Appendix 1 of this ordinance.
- C. The properties must be adaptively reused to a commercial use and cannot be demolished.
- D. Adjacent properties are not eligible for this abatement.

SECTION 4. Allowable Exemption.

- A. The exemption from real property taxes applies only to increased assessed value for non-residential uses.
- B. The actual cost of the new construction or improvements to qualify for the exemption must be in excess of \$25,000.00.
- C. In all cases, the exemption from taxes shall be limited to that portion of the additional assessment attributable to the improvement or new construction, as the case may be, and for which a separate assessment has been made by the County Board of Assessment Appeals and for which an exemption has been specifically and separately requested. No

tax exemption shall be granted if the property owner does not secure the necessary and proper permits prior to improving the property. No tax exemption shall be granted if the property as completed does not comply with the minimum standards of the State College Borough Safety and Property Maintenance Code and the Zoning Ordinance.

- D. Should there have been any reduction to the assessed value to the property within the two years prior to the application date for exemption the application shall be denied.
- E. The exemption from Borough real estate taxes shall be limited to the assessed valuation attributable to the new construction or improvement for which an exemption has been requested in the manner set forth in this ordinance and for which a separate assessment has been made by the Centre County Assessor.
- F. Improvements to commercial property shall be eligible without regard to whether such property qualifies as deteriorated properties, provided that said improvements are construed within deteriorated properties.
- G. The new assessment value will not be applied to the property until occupancy of the building is granted in accordance with applicable building codes.
- H. The exemption from taxes hereunder shall be forfeited by the applicant and/or any subsequent owner of the real estate for failure to pay nonexempt real estate taxes by their due date that may be paid without penalty. Upon receipt of notice of nonpayment of nonexempt real estate taxes, the Borough Manager shall direct the County Assessment Office, the School District Business Office and the Borough Finance Department to discontinue the exemption.
- I. In any case, after May 6, 2019, where deteriorated commercial property is damaged, destroyed or demolished, by any cause or for any reason and where the assessed valuation of the property affected has been reduced as a result of said damage, destruction or demolition, the exemption from real property taxation authorized shall be limited to that portion of new assessment attributable to the actual cost of improvements or construction that is in excess of the original assessment that existed prior to damage, destruction or demolition of property.

SECTION 5. Exemption Schedule; Conditions

- A. The schedule of real estate taxes to be exempted shall be in accordance with the below portion of improvements or new construction to be exempted each year:

| Length | Portion |
|---------------|----------------|
|---------------|----------------|

| | |
|----------------------|----------------------|
| First year | 100% |
| Second year | 90% |
| Third year | 80% |
| Fourth year | 70% |
| Fifth year | 60% |
| Sixth year | 50% |
| Seventh year | 40% |
| Eighth year | 30% |
| Ninth year | 20% |
| Tenth year | 10% |
| After the tenth year | Exemption terminates |

- C. The exemption from taxes shall apply to the tax year of this local taxing authority immediately following the tax year in which the eligible new construction or improvements is or are completed and obtained an occupancy permit as set forth in Section 4 G. Nothing in this ordinance is intended to limit, prohibit nor shall it be construed as limiting or prohibiting, the levy of interim real property taxes upon new construction or improvements prior to completion of the new construction or improvements.
- D. If an eligible property is granted tax exemption pursuant to the LERTA Program, the improvements or new construction shall not, during the exemption period, be considered as a factor in establishing assessment values for other properties.

SECTION 6. Procedure for Obtaining Exemption.

- A. Any person or entity desiring tax exemption pursuant to the LERTA Program must apply to the Municipality of State College prior to or at the time of obtaining a building permit for new construction or improvement.

Applicant shall also provide a copy of the exemption request to the Centre County Assessment Office on the same day it is submitted to the Borough. Applicant shall also file a copy of the exemption request with the Business Office of the State College Area School District.

- B. Appeals from the reassessment and the amount eligible for the exemption may be taken by the tax payer or the local taxing authority as provided by law.
- C. The cost of new construction or improvements to be exempted from Borough real estate taxes under this ordinance and the schedule of the Borough real estate taxes exempted

existing at the time of the initial request for tax exemption shall be applicable to that exemption request, and subsequent amendment to this ordinance, if any, shall not apply to the adoption of such amendment.

- D. The application must be in writing, utilizing the LERTA Program Application Form, setting forth the following information:
1. The date the building permit was issued for said improvement as new construction.
 2. The location of the property.
 3. The current use(s) and proposed use(s) of the property.
 4. The type of improvements or new construction.
 5. The summary of the plan of the improvements or new construction.
 6. The actual cost of the improvements or new construction verified by a Pennsylvania registered design professional.
 7. Whether or not the property has been condemned or cited by any governmental body for noncompliance with laws, regulations and/or ordinances.
 8. The property has been inspected and examined by a Pennsylvania registered design professional acting on behalf of the Borough. The cost of such inspection shall be reimbursed to the Borough by the Applicant regardless of whether or not the application is approved.
 9. Such additional information as the Borough may require.
- E. The cost of improvements or new construction to deteriorated commercial properties to be exempted and the schedule of taxes exempted existing at the time of the initial request for tax exemption shall be applicable to that exemption requests, and a subsequent amendment to that portion of the Borough Code of Ordinances as it applies to the LERTA Program, if any, shall not apply to a request initiated prior to its adoption.
- F. Each person or entity, or such person's or entity's subsidiaries, affiliates or other associated holdings, making application for and receiving exemption under the LERTA Program agrees, that upon completion of the ten-year exemption schedule, not to take any appeals for reassessment for a period of an additional five years.
- G. No person or entity, or such person's or entity's subsidiaries, affiliates or other associated holdings, will be eligible for exemption under the LERTA Program unless all property taxes are current, there are no outstanding municipal liens against the property, and all fees for municipal services (including, but not limited to, water, sewer and trash services) are current for all properties such person's or entity's, or such person's or entity's subsidiaries, affiliates or other associated holdings owns in the Borough.
- H. No assessment appeal reducing the property assessment has been granted within two years prior to the filing of a LERTA application.

- I. A copy of the exemption request will be forwarded to the County Board of Assessment Appeals by the Borough Manager. Within 60 days, the Board will, after completion of construction, assess separately the improvement and the land upon which the new construction stands and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by the LERTA Program and notify the taxpayer and the local taxing authorities of the reassessment and amounts of the assessment eligible for exemption.

SECTION 7. Termination Date.

An application for exemption from Borough real estate taxes may be made at any time within five (5) years from the effective date of this ordinance.

SECTION 8. Extension.

The Borough, may by ordinance enacted from time to time, extend the time for filing an application from exemption from Borough real estate taxes. However, in no event shall any one (1) extension period exceed five (5) years.

SECTION 9. Revocation of LERTA Exemption.

The exemption from local real estate taxes provided for herein shall be forfeited by the taxpayer and/or any subsequent owner of the real estate for the failure to pay any nonexempt real estate taxes by the last day of the time period to pay such taxes without penalty. Upon receipt of the notice of nonpayment of nonexempt real estate taxes, the Borough Finance Department shall discontinue the LERTA exemption.

SECTION 10. Severability.

If any provision of this Ordinance shall be determined to be unlawful, invalid, void or unenforceable, then that provision shall be considered severable from the remaining provisions of this Ordinance, which shall be in full force and effect.

ADOPTED by the Council of the Borough of State College on this _____ day of _____, 20__.

ATTEST:

BOROUGH OF STATE COLLEGE

Secretary

By: _____
President

By: _____
Mayor

OVERVIEW OF LERTA

LERTA: Local Economic Revitalization Tax Assistance

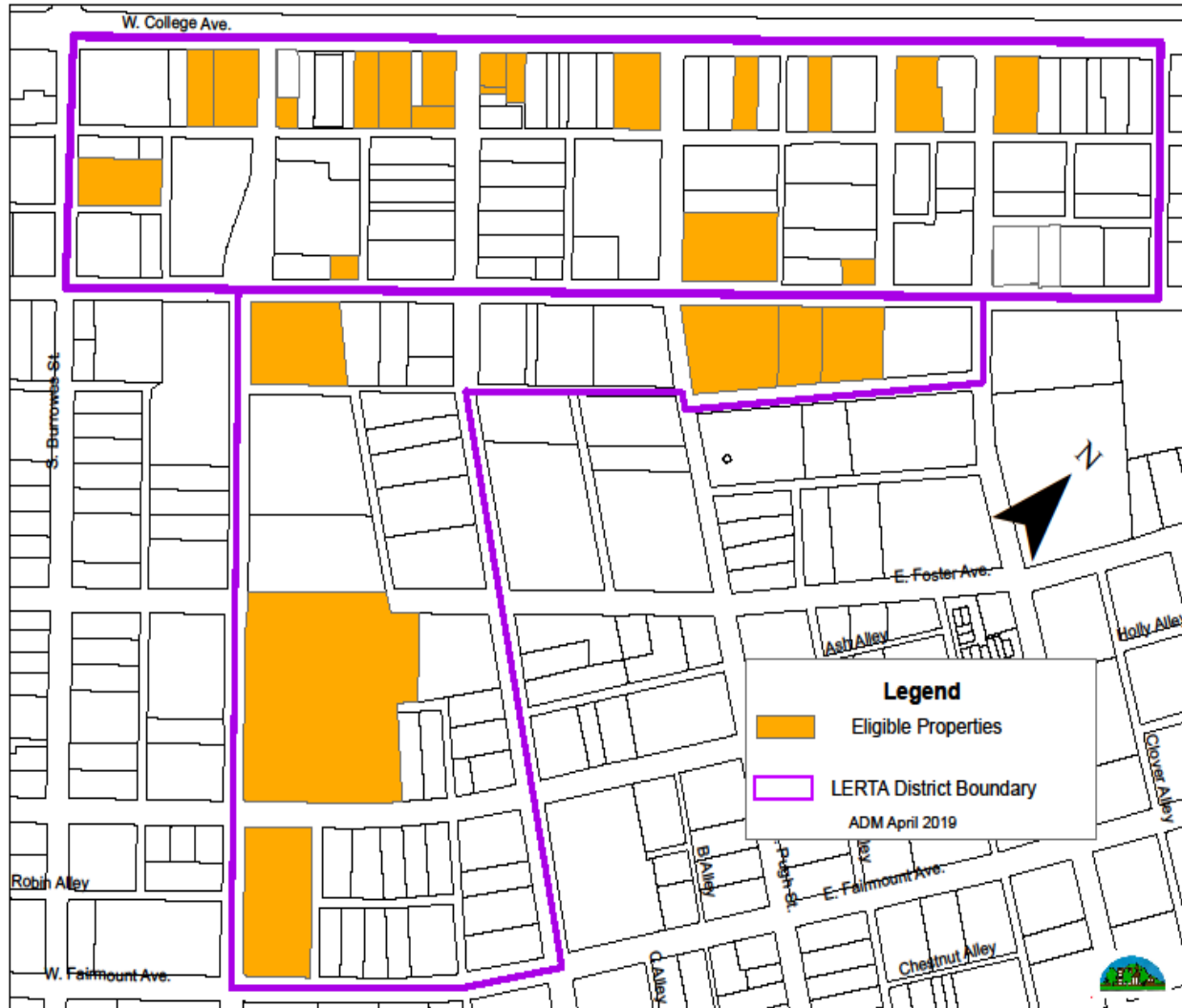
April 23, 2019

What is LERTA?

- LERTA is a **tax abatement program** created by the Commonwealth of Pennsylvania in 1977 **authorizing local taxing authorities to provide tax exemption for 10 years** on construction improvements.
- The **purpose** of the legislation is to **incentivize redevelopment of aging or deteriorating properties**.
- For significant incentive, **all taxing authorities (Centre County and State College Area School District)** should **pass legislation** for implementation of LERTA

What properties qualify for a LERTA?

- Core downtown properties listed in the **1982 Centre Regional Planning Commission** report “**Historic Resources of the Centre Region**”.
- Improvements subject to the tax abatement may **only be for commercial (non-residential)** use.
- Improvements subject to the abatement may **only be for rehabilitation or adaptive reuse** of the structure. **The building may not be demolished.**
- LERTA does **require an application** and **approval** of the graduated 10 year tax abatement for the property.
- **Eligible projects** must have a proposed improvement in excess of **\$25,000** in value.



Map of the LERTA District

25 ELIGIBLE PARCELS

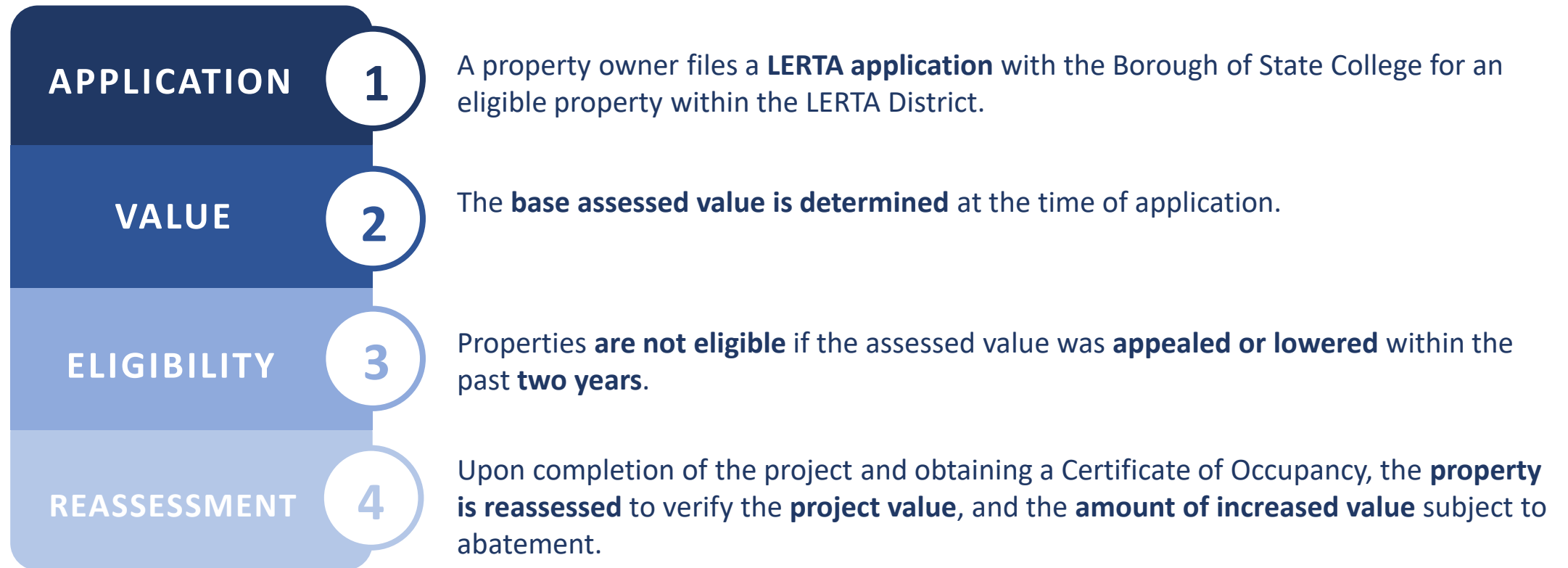
Additional Information on LERTA

- **All properties** listed in the LERTA District are **assessed and taxed**. When one of the eligible properties is improved the property is **reassessed** and a **new value** is placed on the property.
- An **application for exemption** from real estate taxes may be made at any time **within five (5) years** from the effective date of this **ordinance**.
- Once the improvement value is established, LERTA allows property owners to **pay abated property taxes** for a period of **10 years**.

Percentage Table of Improved Assessed Value to be Deferred

| LENGTH | PORTION |
|-----------------------------|-----------------------------|
| FIRST YEAR | 100% |
| SECOND YEAR | 90% |
| THIRD YEAR | 80% |
| FOURTH YEAR | 70% |
| FIFTH YEAR | 60% |
| SIXTH YEAR | 50% |
| SEVENTH YEAR | 40% |
| EIGHTH YEAR | 30% |
| NINTH YEAR | 20% |
| TENTH YEAR | 10% |
| AFTER THE TENTH YEAR | EXEMPTION TERMINATES |

What is the process for obtaining tax deferral through LERTA?



Next Steps

STEP 1

Council consider this ordinance and schedule a public hearing.

STEP 2

Enactment may occur the same evening of the public hearing or at a subsequent meeting.

STEP 3

Borough Council action would be followed by Centre County and State College Area School District enactment for the tax abatement to affect all three taxing bodies.

Once all taxing authorities enact legislation, applications may be accepted for a project.

Proposed Revisions Based on Input

- **Refine the definition of “Commercial”** to specifically exclude rental residential use, or other residential use that provides income.
- **Clarify “Other Business Purposes”** in similar fashion to exclude residential rental uses.
- Clarify that **use of the LERTA abatement will trigger a reassessment** of the property.
- Research any issues related to **county-wide reassessment**, and how properties under a LERTA would be affected.

STATE COLLEGE LERTA

243 South Allen Street, State College, PA · 814-234-7109

LERTA: Local Economic Revitalization Tax Assistance

LERTA Overview

LERTA is a tax abatement program created by the Commonwealth of Pennsylvania in 1977 authorizing local taxing authorities to provide tax exemption. The purpose of the legislation is to incentivize redevelopment of aging or deteriorating properties. The Borough of State College is considering adopting legislation to allow for a graduated increase in tax payments on improvements to properties in the historic downtown core of the community. LERTA does require an application and approval of the graduated 10 year tax abatement for the property.

What properties qualify for a LERTA?

- Properties within the LERTA District shown in the map below and highlighted in orange.
- These properties are listed in the 1982 Centre Regional Planning Commission report “Historic Resources of the Centre Region”. The purpose of the report was to inventory select historic buildings within the Centre Region. The LERTA ordinance reinforces the preservation of these buildings by recognizing their value to the downtown.
- There are 25 eligible parcels which exist from the 1982 inventory.
- Improvements subject to the tax abatement may only be for commercial (non-residential) use.
- Improvements subject to the abatement may only be for rehabilitation or adaptive reuse of the structure. The building may not be demolished.



How does the tax abatement work?

- All properties listed in the LERTA District are assessed and taxed. When one of the eligible properties is improved the property is reassessed and a new value is placed on the property.
- Eligible projects must have a proposed improvement in excess of \$25,000 in value.
- Once the improvement value is established LERTA allows property owners to pay abated property taxes for a period of 10 years. Please see table below for the percentage of improved assessed value to be abated, by year after the initial certificate of occupancy.

| Length | Portion |
|----------------------|----------------------|
| First year | 100% |
| Second year | 90% |
| Third year | 80% |
| Fourth year | 70% |
| Fifth year | 60% |
| Sixth year | 50% |
| Seventh year | 40% |
| Eighth year | 30% |
| Ninth year | 20% |
| Tenth year | 10% |
| After the tenth year | Exemption terminates |

- An application for exemption from real estate taxes may be made at any time within five (5) years from the effective date of this ordinance.

What is the process for obtaining tax abatement through LERTA?

- A property owner files a LERTA application with the Borough of State College for an eligible property within the LERTA district. The base assessed value is determined at time of application. Properties are not eligible if the assessed value was appealed or lowered within the past two years.
- Upon completion of the project and obtaining a Certificate of Occupancy, the property is reassessed to occur to verify the project value, and the amount of value subject to abatement.