510 City-County Building
414 Grant Street
Pittsburgh, PA 15219

Legislation Details (With Text)

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Title:	Ordinance amending and supplementing the Pittsburgh City Code, Title Two: Fiscal, Article IX: Property Taxes, by creating a new Chapter 268: Real Estate Tax Exemptions for Construction or Adaptive Reuse of Buildings in Downtown Pittsburgh. (Briefing held 3/20/24) (Public Hearing held 4/29/24)		
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Date	Ver.	Action By	Action	Result
5/7/2024	2	City Council	Passed Finally	Pass
5/7/2024	2	Mayor	Signed by the Mayor	
5/1/2024	2	Standing Committee	Affirmatively Recommended	Pass
4/29/2024	2	Committee on Hearings and Policy	Public Hearing Held	
4/10/2024	2	Standing Committee	AMENDED BY SUBSTITUTE	Pass
4/10/2024	2	Standing Committee	Held for Cablecast Public Hearing	Pass
4/3/2024	1	Standing Committee	Held in Committee	Pass
4/3/2024	1	Standing Committee	Withdrawn	Pass
4/3/2024	1	Standing Committee	AMENDED BY SUBSTITUTE	Pass
3/20/2024	1	Briefing		
3/20/2024	1	Standing Committee	Held in Committee	Pass
3/12/2024	1	City Council	Read and referred	

Ordinance amending and supplementing the Pittsburgh City Code, Title Two: Fiscal, Article IX: Property Taxes, by creating a new Chapter 268: Real Estate Tax Exemptions for Construction or Adaptive Reuse of Buildings in Downtown Pittsburgh.
(Briefing held 3/20/24)
(Public Hearing held 4/29/24)

WHEREAS, after the COVID-19 pandemic, demand for commercial office space in Downtown Pittsburgh has dropped significantly, particularly in older buildings with limited amenities; and,

WHEREAS, per CBRE, as of March 2024, in Downtown Pittsburgh, many users of commercial office space have reduced their footprint by 60%, and there is 5.5 million square feet of office space available today, meaning that the current office vacancy rate Downtown is about 27%, and with an additional three million square feet of ‘dark space’ becoming available in the next five years, the projected office vacancy rate Downtown could increase to 46% by 2028; and,

WHEREAS, many of the largest leases for office space in Downtown Pittsburgh are coming due in the next few years, potentially accelerating a trend where Downtown office buildings stand empty following the COVID -19 pandemic, thus losing out on needed revenue, at exactly the moment when building owners are confronting high interest rates that make refinancing their mortgages and paying for necessary but expensive improvements difficult if not impossible, leading to widespread underutilization, assessment appeals, and foreclosures, all of which would significantly reduce the real estate tax revenues owed to the City of Pittsburgh; and,

WHEREAS, as of January 2024, three Downtown Pittsburgh skyscrapers - the U.S. Steel Tower, Three Gateway Center, and the Tower at PNC Plaza - won huge reductions in their 2022 and 2023 property assessments, with the U.S. Steel Tower getting its assessment slashed by $91.6 million, Three Gateway Center getting its assessment slashed by $27.2 million, and the Tower at PNC Plaza getting its assessment slashed by $74.8 million, for a total reduction in assessment of $193.6 million, all of which portends similarly steep drops in the assessments of dozens more commercial buildings whose appeals are pending; and,

WHEREAS, as of February 2024, two more Downtown Pittsburgh landmarks - PPG Place and the Union Trust Building - won substantial reductions in their 2022 and 2023 property assessments, with PPG Place seeing its assessment slashed by $36.9 million and the Union Trust Building seeing its assessment slashed by $13.9 million, for a total reduction in assessment of this pair of iconic Downtown landmarks of $50.8 million; and,

WHEREAS, as of March 2024, another five Golden Triangle properties - the Even Hotel on Forbes Avenue, PNC Firstside Center, Two PNC Plaza, 11 Stanwix Street, and 525 William Penn Place - won a total of $184.4 million in reductions to their 2022 and 2023 assessments; and,

WHEREAS, later in March 2024, an additional five Downtown Pittsburgh buildings - One PNC Plaza, EQT Plaza, the Chamber of Commerce Building, and two Smithfield Street properties - won a total of $98.3 million in reductions to their 2022 and 2023 assessments; and,

WHEREAS, for 2023, assessment reductions on these fifteen properties total $409.9 million, and could cost the City of Pittsburgh $3.3 million in real estate tax revenue; and,

WHEREAS, for 2022, assessment reductions on these fifteen properties total $353 million, and could cost the City of Pittsburgh another $2.85 million in real estate tax refunds; and,

WHEREAS, Downtown Pittsburgh presently accounts for about 23% of the City’s total real estate tax revenue, or $35 million out of a projected total of $152 million in 2025; and,

WHEREAS, commercial real estate industry analysts estimate that the assessed value of Downtown Pittsburgh’s commercial-use property will fall by almost 50% in the next few years as property owners pursue assessment appeals; and,

WHEREAS, these successful appeals would provide a powerful incentive to other property owners and could initiate a doom loop of assessment cuts, lost real estate tax revenue, and precipitous drops in rent prices, making Downtown Pittsburgh more attractive to nuisance and less desirable retailers, which in turn will diminish its character and vitality by making it less desirable for investments that will promote economic dynamism and growth; and,

WHEREAS, based on the refinancing schedules for Downtown Pittsburgh properties that have publicly available commercial mortgage-backed securities data, 14 buildings are identified as being at high risk of foreclosure, with another 23 at risk for the same, within the next five years, which would equate to $12.3 million at high risk, and $13.6 million at risk, in local real estate taxes, totaling $25.9 million per year at risk of default; and,

WHEREAS, for instance, as of February 2024, the Grant Building is facing possible foreclosure action as its main lender, Delaware-based Wilmington Trust, seeks a total claim of more than $37.8 million based on a 2017 mortgage of $38 million and has filed a complaint seeking to foreclose against building owner McKnight Grant Building Associates LP, an affiliate of McKnight Realty Partners, in the Allegheny County Court of Common Pleas for defaulting on this loan; and,

WHEREAS, also as of February 2024, the K&L Gates Center is facing a possible sale after its owner, One Oliver Associated Limited Partnership, consented to a foreclosure brought by its lender, Pacific Life Insurance, after the lender filed a complaint in mortgage foreclosure claiming that One Oliver defaulted on a loan when it failed to pay in full the $59.1 million still owed by its December 1, 2023 maturity date; and,

WHEREAS, steep declines in office occupancy and utilization rates threaten the vitality of Downtown Pittsburgh's office market and are eroding a foundational component of the City of Pittsburgh's real estate tax base; and,

WHEREAS, at the same time, there is increased demand for residential housing in Downtown Pittsburgh, and many of the underutilized office buildings located in this area now present opportunities for conversion to residences; and,

WHEREAS, as of February 2024, according to the Pittsburgh Downtown Partnership, Downtown Pittsburgh's population has grown by 21% to over 7,000 residents, boasts an 89.5% occupancy rate, and has thousands of residential units in the pipeline; and,

WHEREAS, across 2023, the Urban Redevelopment Authority's Pittsburgh Downtown Pilot Commercial Real Estate Conversion Program sought to stimulate the economic recovery of Downtown Pittsburgh by creating new affordable housing development through the conversion of fallow and underutilized office buildings into housing; and,

WHEREAS, interest rates have exploded since the start of the pandemic, making it nearly three times as expensive to borrow money today to finance new development; and,

WHEREAS, construction costs in Pittsburgh have risen 30% in aggregate since 2019, exacerbating the challenges for new housing development posed by rising interest rates; and,

WHEREAS, the City of Pittsburgh must now explore all additional avenues for creating a much-needed supply of housing opportunities that will diversify Downtown Pittsburgh's housing stock and spur other investment in Downtown, despite the economic headwinds posed by soaring interest rates and construction costs; and,

WHEREAS, Pennsylvania's Local Economic Revitalization Tax Assistance (LERTA) Act (Act 76 of 1977, amended 1988) authorizes local taxing authorities, such as the City of Pittsburgh, to offer tax exemptions, which reduce the tax liability associated with a specific property for a determined period in exchange for meeting certain requirements; and,

WHEREAS, the City of Pittsburgh has historically utilized tax exemptions to accomplish numerous goals, such as promoting increased investment in the production of single-family and multi-family residential housing units, incentivizing development of commercial and industrial projects, and spurring growth in targeted areas where it may not otherwise occur without public sector municipal support; and,

WHEREAS, while Downtown Pittsburgh likely will not ever look like it used to before the COVID-19 pandemic, this presents stakeholders concerned about its future vitality with an opportunity to strengthen it as the core of our region, bolster the City of Pittsburgh as a regional attraction, and deliver on our goal of an economy for all; and,

WHEREAS, in alignment with the Allegheny Conference on Community Development's focus on spearheading revitalization efforts in Downtown Pittsburgh, the expansion of a tax exemption program in this economic engine of the City will help stabilize Downtown immediately and expand opportunities for investment in its real estate and job markets moving forward; and,

WHEREAS, while building conversions in Downtown Pittsburgh are the most difficult projects to finance, they are the most critical to stabilizing and growing the City's real estate tax revenue base, and with at least nine Downtown buildings presenting as conversion candidates in the next six to eighteen months, these potential projects represent a $550 million direct investment in Downtown Pittsburgh, a $275 million indirect investment in related work, and the creation of more than 550 jobs; and,

WHEREAS, the alarming trajectory of Downtown Pittsburgh's commercial office market today and the flood of tax assessment appeals eroding revenues from this part of the City of Pittsburgh's real estate tax base is creating a condition of acute deterioration in Downtown Pittsburgh's real estate market, which necessitates temporary measures to stabilize economic conditions within the City of Pittsburgh; and,

WHEREAS, the need for implementing these measures also presents an attendant opportunity to supply hundreds of market-rate and affordable housing units during an ongoing housing crisis; and,

WHEREAS, the City of Pittsburgh now recognizes the need to leverage robust tax exemptions to spur the conversion of more office buildings in Downtown Pittsburgh to residential buildings, to encourage the adaptive reuse of office buildings in Downtown Pittsburgh, and to incentivize investment in Downtown Pittsburgh.

NOW, THEREFORE, **the Council of the City of Pittsburgh ordains as follows:**

Section 1. The Pittsburgh City Code is hereby amended and supplemented by the addition of:

CHAPTER 268: - REAL ESTATE TAX EXEMPTIONS FOR CONSTRUCTION OR ADAPTIVE REUSE OF BUILDINGS IN DOWNTOWN PITTSBURGH.

SEE ATTACHMENT

§ 268.01 - DEFINITIONS.

As used in this Chapter, the following words and phrases shall have the meanings set forth:

a. ***ACUTELY DETERIORATED AREA.*** Within the scope of this Chapter, that portion of the City of Pittsburgh, also generally referred to as Downtown Pittsburgh, bound by the Allegheny River to the North and East, the Monongahela River to the South and East, and whose Western boundary follows I-579 from the Monongahela River until it intersects with Norfolk Southern's railroad tracks under the Veterans Bridge and then runs along the curve of the railroad track until it intersects with the Allegheny River, and whose boundaries are illustrated in Exhibit "A."

b. ***ADAPTIVE REUSE.*** The process of reusing an existing building for a purpose other than that which it was originally built or designed for, to optimize its operational and commercial performance.

c. ***ASSESSED VALUATION.*** The monetary assessment assigned to a building as certified to the City of Pittsburgh by the Allegheny County Office of Property Assessment.

d. ***BOARD.*** The Office of Property Assessments of Allegheny County, Pennsylvania or its successor(s), if any, responsible for assessing property in the City.

e. ***COMMERCIAL USE.*** Space is used for a commercial use if it is suitable for and generally to be used for industrial, commercial, or other business purposes.

f. ***COMMERCIAL RESIDENTIAL USE.*** Space is used for a commercial residential use if it is suitable for and is generally to be used by the occupants for personal residence purposes and is not occupied by the owner (or a relative of the owner). Examples of space used for a commercial residential use include (but are not limited to) apartment buildings.

g. ***CONSTRUCTION.*** The erection of a building, or renovation and/or "improvement" of an existing commercial structure, which erection consists of commercial, commercial residential, and/or residential units designed to bring about higher standards of amenity, habitability, health, safety, and economic vitality or societal growth.

h. ***CONVERSION.*** "Adaptive reuse" of an existing building for a new "commercial use," "commercial residential use," or "residential use."

i. ***CONVERTED COMMERCIAL PORTION.*** That portion of a building, excluding any portion to be used for parking, which in a "qualified conversion to commercial use" is converted to "commercial use."

j. ***CONVERTED COMMERCIAL RESIDENTIAL PORTION.*** That portion of a building, excluding any portion to be used for parking, which in a "qualified conversion to commercial residential use" is converted to “commercial residential use.”

k. ***CONVERTED RESIDENTIAL PORTION.*** That portion of a building, excluding any portion to be used for parking, which in a “qualified conversion to residential use,” is converted to “residential use.”

l. ***DETERIORATED PROPERTY.*** Any real property located in the “acutely deteriorated area;” or real property which has been, or, upon request, is certified by a health, housing, or building inspection agency as unfit for human habitation for rent withholding, or other health or welfare purposes; or real property which has been the subject of an order by an agency requiring the unit to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations.

m. ***DOWNTOWN BUILDING.*** A multi-story building located in the “acutely deteriorated area” as specified in § 268.01(h), which was constructed before January 1, 2024, and which has the following qualities:
   1. The building must be comprised of at least 5,000 square feet;
   2. The retail uses associated with the building must comprise less than 25% of the building’s total square footage; and,
   3. More than 50% of the building shall either currently be, or historically been, used for “Office” use, as such term is defined in the City of Pittsburgh Zoning Code.

n. ***FULL-TIME EQUIVALENT (FTE).*** The measure of employment as defined in the most recent edition of the Federal Budget Glossary published by the United States Government Accountability Office.

o. ***IMPROVEMENT.*** Repair, “construction,” or reconstruction, including alterations and additions, that improve an existing building or property within the “acutely deteriorated area” so that it becomes habitable or attains higher standards of housing, safety, health, or amenity, or is brought into compliance with the laws, ordinances, or regulations governing building and housing standards. Ordinary upkeep and maintenance shall not be deemed an improvement. The “conversion” of “deteriorated property” to “commercial use,” “commercial residential use,” or “residential use” shall qualify as an improvement for the purposes of this Chapter.

p. ***INCLUSIONARY HOUSING.*** Rental housing built or provided for households whose annual household income, as determined by household size by the U.S. Department of Housing and Urban Development for the Pittsburgh Metropolitan Statistical Area, does not exceed fifty percent (50%) of the area median income (AMI).

q. ***LOCAL TAXING AUTHORITY.*** Any county, city, borough, incorporated town, township, institution district, or school district having the authority to levy real estate taxes.

r. ***MUNICIPAL GOVERNING BODY.*** Any county, city, borough, incorporated town, or township enacting legislation implementing tax exemptions pursuant to Act 76 of 1977.

s. ***NEW CONSTRUCTION FOR COMMERCIAL USE.*** "Construction" of property, excluding any portion of the property or a proximate property to be used for parking, that is to be used for "commercial use."

t. ***NEW CONSTRUCTION FOR COMMERCIAL RESIDENTIAL USE.*** "Construction" of property, excluding any portion of the property or a proximate property to be used for parking, that is to be used for "commercial residential use."

u. ***NEW CONSTRUCTION FOR RESIDENTIAL USE.*** "Construction" of property, excluding any portion of the property or a proximate property to be used for parking, that is to be used for "residential use."

v. ***PERSON.*** Any individual, corporation, association, partnership, or nonprofit corporation, other than a developer, sponsor, real estate investment trust, or other investor receiving subsidy or aid under a federal program, who owns or develops new commercial space, commercial residential units, or residential units, or who is liable for real estate taxes on such developments; also, taxpayer.

w. ***PROJECT.*** The "construction," "conversion," and/or "improvement" of a building or property carried out during a single continuous period according to a common plan.

x. ***QUALIFIED CONVERSION TO COMMERCIAL USE.*** Category of "adaptive reuse" characterized by "improvement" having the effect of converting the floor area of a building in an "acutely deteriorated area" to "commercial use," so that it becomes habitable. Ordinary upkeep and maintenance shall not be deemed a qualified "improvement" for this purpose.

y. ***QUALIFIED CONVERSION TO COMMERCIAL RESIDENTIAL USE.*** Category of "adaptive reuse" characterized by "improvement" having the effect of converting the floor area of a building in an "acutely deteriorated area" to "commercial residential use," so that it becomes habitable. Ordinary upkeep and maintenance shall not be deemed a qualified "improvement" for this purpose.

z. ***QUALIFIED CONVERSION TO RESIDENTIAL USE.*** Category of "adaptive reuse" characterized by "improvement" having the effect of converting the floor area of a building in an "acutely deteriorated area" to "residential use," so that it becomes habitable. Ordinary upkeep and maintenance shall not be deemed a qualified "improvement" for this purpose.

aa. ***RESIDENTIAL USE.*** Space is used for residential use if it is suitable for and is generally to be used by the occupants for personal residence purposes and is occupied by an owner and/or primary resident.

bb. ***SOURCE OF INCOME.*** All lawful sources of income or rental assistance programs, including but not limited to, earned income, child support, alimony, insurance and pension proceeds, and all forms of public assistance, including federal, state, and local housing assistance programs. This includes the Housing Choice Voucher Program.

cc. ***TAX DELINQUENCY.*** All City of Pittsburgh taxes, charges, fees, rents, or claims due and unpaid by the owner of the "deteriorated property" or with respect to the "deteriorated property" as of the time of the application for an exemption or at any time thereafter during the term of the exemption. The term includes all penalties, additions, interest, attorneys' fees, and costs due on such delinquent taxes, charges, rents, or claims.

§ 268.02 - BOUNDARIES.

If a project is seeking real estate tax exemptions for construction and/or adaptive reuse of buildings per the terms outlined in this Chapter, it must be located within the acutely deteriorated area, as described in § 268.01 (h) and illustrated in Exhibit "A."

§ 268.03 - REAL ESTATE TAX EXEMPTION SCHEDULE.

Any person constructing, converting, and/or improving deteriorated property, or constructing, converting, and/or improving commercial, industrial, residential, or other business structures in the acutely deteriorated area, may apply for and receive a tax exemption upon the construction, conversion, and/or improvement as provided in the following schedule:

a. Standard Tax Exemption: With respect to construction, conversion, and/or improvement of deteriorated property, or construction, conversion, and/or improvement of commercial, industrial, residential, or other business structures in the acutely deteriorated area, including improvement constituting a qualified conversion to commercial use, commercial residential use, or residential use, or new construction for commercial use, commercial residential use, or residential use:
    1. The tax exemption is granted to eligible properties in the acutely deteriorated area.
    2. The tax exemption from City real estate tax shall be applicable only to that portion of the assessed valuation attributable to the construction and/or improvement that exceeds one hundred (100) percent of the assessed valuation prior to the issuance of the building permit.
    3. The exemption from City real estate tax shall not exceed fifty percent (50%) in any single year.
    4. The tax exemption granted is limited to a period of six (6) years. No exemption applies in the year following or thereafter.

b. Enhanced Tax Exemption: With respect to construction, conversion, and/or improvement of deteriorated property, or construction, conversion, and/or improvement of commercial, industrial, residential, or other business structures or property in the acutely deteriorated area, including improvement constituting a qualified conversion to commercial use, commercial residential use, or residential use, or new construction for commercial use, commercial residential use, or residential use, that adhere to the guidelines set forth in § 268.05(e):

1. The tax exemption is granted to eligible properties in the acutely deteriorated area.
2. The tax exemption from City real estate tax shall be applicable only to that portion of the assessed valuation attributable to the construction or improvement that exceeds one hundred (100) percent of the assessed valuation prior to the issuance of the building permit.
3. The exemption from City real estate tax, when exceeding fifty percent (50%) in any single year, shall be calculated as set forth in § 268.05(e).
4. The tax exemption granted is limited to a period of ten (10) years, or the maximum length of time permitted by applicable state law. No exemption applies in the year following or thereafter.

If applicable, a project may apply for a tax exemption under preceding subsection (a) or (b).

§ 268.04 - CONDITIONS FOR OBTAINING REAL ESTATE TAX EXEMPTION.

a. If a tax exemption is granted pursuant to this Chapter, the construction, conversion, and/or improvement shall not, during the exemption period, be considered as a factor in assessing other properties.
b. Exemption from taxation on the eligible amount of assessed valuation attributable to conversion and/or improvement of deteriorated property or construction of commercial, industrial, residential, or other business structures, excluding the construction or improvement of a parking structure, in the acutely deteriorated area will commence the year after the completion of the eligible new construction, conversion, and/or improvement.
c. No more than one (1) tax exemption shall be granted for each tax parcel.
d. There is no tax exemption granted on the assessed valuation attributable to land or a parking structure.
e. There is no tax exemption granted if the construction, conversion, and/or improvement are not completed by the end of the third calendar year following the year the initial building permit was issued.
f. There is no tax exemption granted and any existing exemption shall be revoked if and for so long as there exists any tax delinquency, code violations, or non-compliance with agreed upon conditions for receiving the exemption, pursuant to the Enhanced Tax Exemption guidelines, with respect to the property or property owner.
g. A tax exemption for qualified conversion to commercial use shall be revoked if and to the extent the property does not continue to be commercial use property.
h. A tax exemption for qualified conversion to commercial residential use shall be revoked if and to the extent the property does not continue to be commercial residential use property.
i. A tax exemption for qualified conversion to residential use shall be revoked if and to the extent the property does not continue to be residential use property.
j. Any revocation shall not extend the tax exemption period set forth in § 268.03. The Director of the Department of Finance ("Finance Director") may set an annual administrative fee, payable by grantees of the exemptions, so that the Finance Director, or his/her designee, can monitor compliance with the

conditions in this Chapter.

k. Limits on tax exemptions from county or school district real estate tax may differ as set forth in the applicable county or school district authorizing ordinance or resolution.
l. The City may join with co-existing local taxing authorities to establish procedures that will implement the intention of this Chapter, and the City may cooperate with the co-existing taxing bodies to encourage the construction, conversion, and/or improvement in the acutely deteriorated area of the City which this Chapter is intended to bring about, except as restricted by an act of legislature or law of the federal government.
m. Under the provisions of the Pennsylvania Code affirmed by the Supreme Court of Pennsylvania and by the United States Third Circuit Court of Appeals, the grant of a tax exemption under this Chapter shall not, by itself, trigger Prevailing Wage requirements. However, if applicable state law changes and the grant of a tax exemption under this Chapter does trigger Prevailing Wage requirements, the grant of such tax exemption shall trigger Prevailing Wage requirements pursuant to the Pennsylvania Prevailing Wage Act of 1961 immediately.

§ 268.05 - PROCEDURES FOR OBTAINING REAL ESTATE TAX EXEMPTION.

Any person converting or improving deteriorated property, or constructing, converting, and/or improving commercial, industrial, residential, or other business structures in the acutely deteriorated area, for which that person intends to request exemption, may apply to the City for exemption of the taxes that would otherwise be imposed on the increase in the assessed valuation of that property attributable to the cost of this construction, conversion, and/or improvement, in the following manner:

a. At the time the building permit is obtained, an application form prescribed by the Finance Director, and approved as to form by the board, should be obtained from the Department of Finance or Department of Permits, Licenses, and Inspections, and submitted to the Finance Director, or his/her designee.
b. The Director of the Department of Permits, Licenses, and Inspections is hereby authorized to make available to a person applying for a building permit(s) for converting or improving deteriorated property, or for constructing, converting, and/or improving commercial, industrial, residential, or other business structures in the acutely deteriorated area, the following information which shall be prescribed by the Finance Director:
    1. An application form for the tax exemption;
    2. Instructions for completing the application, written in a form easily understood by the public; and,
    3. Information, also written in a form easily understood by the public, that details the benefits to be derived from this tax exemption.
c. The application for tax exemption must set forth the following information, along with payment of an application fee, as determined by the Finance Director:
    1. The date the building permit was issued for the construction, conversion, and/or improvement of the project; and,

2. The type of construction, conversion, and/or improvement to a commercial, industrial, residential, or other business structure for which tax exemption is requested; and,
3. Evidence of zoning compliance and any required historic designation/preservation approvals; and,
4. The summary of the plan of the construction, conversion, and/or improvement of the project, including copies of the plans or specifications for this project; and,
5. The actual cost of the construction, conversion, and/or improvement of the project; and,
6. Evidence of sufficient financing for the project; and,
7. If an enhanced tax exemption is being sought, a statement, accompanied by supporting documentation, about the number of full-time equivalent (FTE) positions and/or the percentage and total number of residential units affordable to and occupied by households earning at or below the relevant area median income (AMI) thresholds, to be created at the property; and,
8. Any such additional information as the Finance Director may require.

d. The property owner shall submit the application for tax exemption to the Finance Director, or his/her designee, no later than one hundred eighty (180) days after the date when the initial building permit for the project is issued.
    1. The tax exemption and schedule of taxes exempted shall be consistent with the applicable tax exemption and schedule of taxes exempted in effect at the time that the building permit for the project is issued.

e. To determine eligibility for an Enhanced Tax Exemption as set forth in § 268.03(b), the Finance Director will use the following guidelines:
    1. For commercial residential projects or residential projects creating housing affordable to and occupied by households whose incomes do not exceed fifty percent (50%) of the area median income (AMI), where AMI is determined annually by the U.S. Department of Housing and Urban Development (U.S. HUD); or,
        i. Creation of at least ten percent (10%) of the total residential units, or an equal or greater number of bedrooms, that are affordable to and occupied by households earning at or below fifty percent (50%) of the AMI, including through participation in rental subsidy programs administered by the U.S. HUD and/or the Housing Authority of the City of Pittsburgh (HACP), in which the total of all monthly rent, fees, charges, and utility costs exceed the 50% AMI affordability standard provided that the portion paid by the tenant does not, permits a tax exemption of up to one hundred percent (100%) in any single year, with said affordability requirement to run concurrently with the term of the tax exemption; or,
        ii. Creation of at least twenty percent (20%) of the total residential units, or an equal or greater number of bedrooms, that are affordable to and occupied by households earning at or below fifty percent (50%) of the AMI, including through participation in project-based rental subsidy programs administered by the U.S. HUD and/or the HACP, in which the total of all monthly rent, fees, charges, and utility costs exceed the

50% AMI affordability standard provided that the portion paid by the tenant does not, permits a tax exemption of up to one hundred percent (100%) in any single year, with said affordability requirement to run concurrently with the term of the tax exemption.

1. If the project is found eligible under § 268.05(e)(1)(ii), the Finance Director shall declare all of the eligible residential units as inclusionary housing, and shall so certify to the Director of City Planning, who shall certify the same to the Executive Director of the Housing Authority of the City of Pittsburgh.

If the commercial residential project or residential project is determined to be eligible under any of the provisions of § 268.05(e)(1), then the project shall accept all sources of income as defined in this Chapter.

2. For commercial residential projects or residential projects creating at least ten percent (10%) of the total residential units, or an equal or greater number of bedrooms, that are affordable to and occupied by households earning at or below sixty percent (60%) of the area median income (AMI), the creation of this affordable housing permits a tax exemption of up to ninety-five percent (95%) in any single year, with said affordability requirement to run concurrently with the term of the tax exemption; or,
3. For commercial residential projects or residential projects creating at least ten percent (10%) of the total residential units, or an equal or greater number of bedrooms, that are affordable to and occupied by households earning at or below seventy percent (70%) of the area median income (AMI), the creation of this affordable housing permits a tax exemption of up to ninety percent (90%) in any single year, with said affordability requirement to run concurrently with the term of the tax exemption; or,
4. For commercial residential projects or residential projects creating at least ten percent (10%) of the total residential units, or an equal or greater number of bedrooms, that are either for sale or for rent, and affordable to and occupied by households earning at or below eighty percent (80%) of the area median income (AMI), the creation of this affordable housing permits a tax exemption of up to eighty percent (80%) in any single year, with said affordability requirement to run concurrently with the term of the tax exemption; or,
5. For commercial or commercial residential projects that increase the net number of full-time equivalent (FTE) positions as set forth below:
   - i. Increase of thirty (30) to thirty-nine (39) FTEs permits a tax exemption of up to ninety percent (90%) in any single year; or,
   - ii. Increase of forty (40) to forty-nine (49) FTEs permits a tax exemption of up to ninety-five percent (95%) in any single year; or,
   - iii. Increase of fifty (50) FTEs or more permits a tax exemption of up to one hundred percent (100%) in any single year.
6. If a portion of a project includes commercial residential use and/or residential use, in order to get a tax exemption for that portion, such commercial residential use and/or residential use must satisfy the abatement eligibility criteria specified above.

f. The Finance Director, or his/her designee, will determine approval based upon the criteria in this Chapter and provide notification to each applicant and local taxing authority of the determination.
g. When the construction, conversion, and/or improvement has been completed, the property owner must notify the Department of Permits, Licenses, and Inspections, so that an inspection of the construction, conversion, and/or improvement may be made. When the Department of Permits, Licenses, and Inspections has completed its inspection and issued an occupancy permit, the board will assess the property in question for purposes of calculating the amount of the assessment eligible for tax exemption under this Chapter.
h. The board shall certify to the Finance Director, each appropriate local taxing authority, and the property owner the amount of the increase in assessment attributable to the construction, conversion, and/or improvement. The Finance Director shall then exonerate that portion of the increase and refund the amount of the taxes attributable to the exemption, up to the eligible maximum amount.
i. Appeals from the assessment may be taken by the taxpayer or by the City as provided by law.

Any person converting or improving deteriorated property, or constructing, converting, and/or improving commercial, industrial, residential, or other business structures in the acutely deteriorated area, for which that person intends to request exemption of the taxes that would otherwise be imposed on the increase in the assessed valuation of that property attributable to the cost of this construction, conversion, and/or improvement, but which exemption exceeds the annual percentages permitted by § 268.03 and/or § 268.05, may petition the Finance Director for special consideration of this request, in a manner to be prescribed by the Finance Director.

§ 268.06 - ATTACHMENT OF TAX EXEMPTION TO PROPERTY.

The exemption from taxes authorized by this Chapter shall be upon the property exempted and shall not terminate upon the sale, exchange, or other alienation of such property.

§ 268.07 - REPORTS TO CITY COUNCIL.

Reports containing information relative to the percentage and amount of each tax exemption and the property owner receiving each exemption shall be presented by the Finance Director to City Council on an annual basis each calendar year in which this Chapter is in effect.

§ 268.08 - AUDIT BY CITY CONTROLLER.

The City Controller shall perform an annual audit of the administering agencies, departments, authorities, and entities within the Controller's jurisdiction to do so, pursuant to the powers outlined in the Home Rule Charter.

The scope of this audit should include an accounting of all the projected and catalogued value of all assessment reductions and tax exemptions issued through this Chapter, as well as projections of incoming revenue upon expiration of any assessment reductions or tax exemptions issued through these programs in the most recent calendar year prior to the commencement of the audit. This audit shall document the total production, conversion, and removal of commercial, commercial residential and/or residential units that result from project (s) granted the tax exemptions described herein, including those associated with program compliance for the purposes of determining eligibility for exemptions, as delineated for each project.

This audit shall be submitted to City Council and filed with the City Clerk.

§ 268.09 - MONITORING COMMITTEE.

A three-member Monitoring Committee shall be formed to meet monthly and monitor the efficacy of the programs established in this Chapter, issue annual reports to City Council on the same, and make recommendations, as necessary, to ensure that the objectives outlined in this Chapter are met. Two members of this Committee will be appointed by the Mayor of the City of Pittsburgh. The third member of this Committee will be appointed by the President of City Council.

§ 268.10 - EFFECTIVE DATE.

The provisions of this Chapter shall apply to all applications filed from and after the effective date hereof and through the tenth anniversary of such effective date. The cost of new construction, conversion, and/or improvement to be exempted and the schedule of taxes exempted existing at the time of the initial request for tax exemption shall be applicable to that exemption request.

Subsequent amendment to this Chapter, if any, shall not be applied retroactively, and no construction, conversion, and/or improvement for which a building permit has already been issued shall be eligible for a tax exemption not codified at such a time.

All provisions of this Chapter shall become effective upon enactment of this Ordinance.

§ 268.11 - SEVERABILITY.

If any section, subsection, sentence, clause, phrase, or portion of this Chapter is held to be invalid or unconstitutional by a court of competent jurisdiction, then that decision shall not affect the validity of the Chapter as a whole or any other section, portion, or part thereof.

Exhibit "A"

The acutely deteriorated area referenced in § 268.01(a) of the above legislation is outlined in black below. The areas shaded in grey are ineligible for the proposed abatement as they are either outside of the district boundaries or fall within an existing TIF district.