

MCKEAN TOWNSHIP TOWNSHIP-WIDE TAX EXEMPTION FOR NEW RESIDENTIAL CONSTRUCTION ORDINANCE

AN ORDINANCE ESTABLISHING THE POLICY, CRITERIA AND PROCEDURE FOR AUTHORIZING TAX EXEMPTIONS FOR NEW RESIDENTIAL CONSTRUCTION IN APPROVED AREAS, AND PROVIDING FOR AN EXEMPTION SCHEDULE, ESTABLISHING STANDARDS AND QUALIFICATIONS FOR GROWTH AREA BOUNDARIES, AND ESTABLISHING PROCEDURES FOR OBTAINING SUCH EXEMPTIONS PURSUANT TO THE PROVISIONS OF THE IMPROVEMENT OF DETERIORATING REAL PROPERTY OR AREAS TAX EXEMPTION ACT (ACT OF JULY 9, 1971, P.L. 206, NO. 34, AS AMENDED BY ACT OF AUGUST 5, 1977, P.L. 167, NO. 42, Pa.Stat.Ann.tit. 72, § 4711-101 *et seq.*).

WHEREAS, Act No. 42 of 1977 amended Act No. 34 of 1971 to authorize the exemption from tax of New Residential Construction in qualified and approved areas within by the Commonwealth of Pennsylvania; and

WHEREAS, McKean Township (the “municipality”) is geographically located within the bounds of the General McLane School District; and

WHEREAS, McKean Township desires to establish a policy and procedure to provide tax relief for New Residential Construction on property, properly zoned therefor by the municipality, and which is within a residential investment incentive boundary area qualified for tax exemption pursuant to the Improvement of Deteriorating Real Property or Areas Tax Exemption Act, as amended, Pa.Stat. Ann. Tit. 72, § 4711-101 *et seq.* (“Deteriorating Real Property or Areas Tax Exemption Act”) provided that the New Residential Construction meets the requirements of this Ordinance, and provided further that the School District and the County of Erie grant tax relief for said New Residential Construction pursuant to the Improvement of Deteriorating Real Property or Areas Tax Exemption Act, on a basis no less favorable to the property owner than the tax relief authorized pursuant to this Ordinance and granted in accordance with the terms hereof by an area-specific implementing resolution hereafter adopted; and

WHEREAS, this is intended to be an Ordinance for the grant of tax relief under the Improvement of Deteriorating Real Property or Areas Tax Exemption Act, as amended, Pa.Stat. Ann. Tit. 72, § 4711-101 *et seq.*, throughout McKean Township, with specific relief being granted by implementing resolutions hereafter adopted which are applicable to specific areas and properties upon satisfactory compliance with the terms and conditions of this Ordinance.

NOW THEREFORE, be it enacted, and it is hereby enacted, by McKean Township, Erie County, Pennsylvania, by and through its duly elected Board of Supervisors, as follows:

SECTION 1. STATEMENT OF POLICY

It is the policy of McKean Township to encourage new residential development in all parts of the Township by making Deteriorating Real Property or Areas Tax Exemption Act incentives available for qualifying New Residential Construction in designated qualified areas, provided the New Residential Construction is eligible for the homestead or farmstead tax exemption pursuant to the Property Exclusion Program Act, 52 Pa.Cons. Stat. Ann §§ 8581 *et seq.* Therefore, the Township will consider providing Deteriorating Real Property or Areas Tax Exemption Act incentives to New Residential Construction, which is within designated, qualified and approved municipal areas of tax exemption, provided the New Residential Construction is eligible for the homestead or farmstead tax exemption pursuant to the Property Exclusion Program Act, 53 Pa.Cons.Stat. Ann. §§ 8581 *et seq.*

SECTION 2. SHORT TITLE

This document is a Deteriorating Real Property or Areas Tax Exemption Act Ordinance and shall be known and cited as the “McKean Township Township-Wide Tax Exemption for New Residential Construction Ordinance”.

SECTION 3. DEFINITIONS

A. **“Residential Investment Incentive Boundary Area(s)”** means such area(s) within the Township which have been designated by the Board of Supervisors to be eligible for tax exemption under the Deteriorating Real Property or Areas Tax Exemption Act ordinance of that municipality, and are designated by the Board of Supervisors as Residential Investment Incentive Boundary Area(s) at or following any public hearing held for the purpose of so designating area(s) to be eligible for tax exemption in accordance with this Ordinance. Once so designated by the municipality, the area(s) shall be eligible for consideration of tax relief by the Township under the terms and conditions of this Ordinance.

B. **“Dwelling Unit”** means a house, double house or duplex, townhouse, row house, or condominium, intended for occupancy as living quarters by an individual, a family or families or other persons, which living quarters contain a kitchen or cooking equipment for the exclusive use of the occupant or occupants, and may contain a residential garage if included as an integral part of the same building, provided the Dwelling Unit, as owned and occupied, is eligible, and continues to be eligible during the period of exemption, for the homestead or farmstead tax exemption pursuant to the Property Exclusion Program Act, 53 Pa.Cons.Stat. Ann. §§ 8581 *et seq.*

C. **“Residential Construction” or “New Residential Construction”** means the building or erection of a Dwelling Unit, as defined herein, upon vacant land or land specifically prepared to receive such structures.

SECTION 4. RESIDENTIAL INVESTMENT INCENTIVE BOUNDARY AREA

The following specific properties encompass the Residential Investment Incentive Boundary Area of the McKean Township Township-Wide Tax Exemption for New Residential Construction Ordinance. Any subsequent changes to these properties by replotting of lot lines or subdivision into smaller lots shall also be included.

All properties situate in the A-1 Conservation District, R-1 Rural Residential District, and R-2 Suburban Residential District of McKean Township, Erie County, Pennsylvania.

SECTION 5. EXEMPTION

In accordance with this Ordinance, the assessed valuation of New Residential Construction may be exempted from property taxation in accordance with the provisions and limitations provided herein.

SECTION 6. EXEMPTION LIMITATIONS

A. The exemption from real property taxation under this Ordinance shall be limited to that portion of the increased assessment directly attributed to the actual cost of eligible New Residential Construction.

B. After the effective date of this Ordinance, if any Dwelling Unit, subject to approved tax exemption, is damaged, destroyed or demolished, by any cause or for any reason, and the assessed valuation of the subject property has been reduced as a result of said damage, destruction or demolition, any exemption from real property taxation authorized for that property shall be abated and proportioned by the percentage of the damage, destruction or demolition.

SECTION 7. EXEMPTION SCHEDULE

The schedule for real estate taxes to be considered for exemption shall be as follows:

A. New Residential Construction:

1. For the first year during which the qualifying New Residential Construction within a Residential Investment Incentive Boundary Area becomes assessable, one hundred percent (100%) of the eligible assessment related to qualified New Residential Construction, may be exempted.

2. For the second year during which the qualifying New Residential Construction within a Residential Investment Incentive Boundary Area becomes assessable, one hundred percent (100%) of the eligible assessment related to qualified New Residential Construction, may be exempted.

3. For the third year during which the qualifying New Residential Construction within a Residential Investment Incentive Boundary Area becomes assessable, one hundred percent (100%) of the eligible assessment related to qualified New Residential Construction, may be exempted.

4. There shall be no real estate tax exemption after three (3) years.

B. The exemption for New Residential Construction shall commence in the tax year immediately following the year in which the qualified New Residential Construction is substantially completed.

C. The exemption from taxes granted pursuant to this Ordinance shall be upon the qualifying property and shall not terminate upon the sale or exchange of the property, provided the Dwelling Unit, as owned and occupied, remains eligible for the homestead or farmstead exemption as herein required.

D. Eligibility for the homestead or farmstead exemption for purposes of real estate tax exemption hereunder, shall be determined by the timely filing of an application for homestead or farmstead exemption and the approval of that application by the County of Erie.

E. If an eligible property is granted tax exemption, pursuant to this Ordinance, then the New Residential Construction shall not, during the exemption period, be considered as a factor in assessing other properties.

SECTION 8. PROCEDURE OF OBTAINING EXEMPTION

A. Any person desiring tax exemption shall notify each local taxing authority (the Township, Erie County, and the General McLane School District) in writing on a form provided or approved by the Township. The completed form shall be submitted to the appropriate authorities at the time of securing the zoning permit, or if no zoning permit or other notification of New Residential Construction is required, then at the time of commencing construction. Copies of the completed documentation shall be contemporaneously filed directly with the Township. The documentation shall include detailed information that establishes the applicant's eligibility for the homestead or farmstead tax exemption pursuant to the Property Exclusion Program Act, 53 Pa.Cons.Stat. Ann. §§ 8581 *et seq.*, and compliance with the requirements of this Ordinance.

B. Any subsequent amendment to this Ordinance shall not apply to property exemption requests filed prior to the enactment any such amendment.

C. In addition to the procedures set forth in this Ordinance, and to the extent not inconsistent herewith, the Township hereby adopts the lawful guidelines, procedures, and regulations of Erie County under the Erie County Deteriorating Real Property or Areas Tax Exemption Act Ordinance, and further authorizes the Erie County Board of Assessment to evaluate, administer, and process any Deteriorating Real Property or Areas Tax Exemption Act

tax exemption requests in accordance with this Ordinance. To the extent of any inconsistency, this Ordinance shall control.

SECTION 9. EXCLUSIONS

This Ordinance and the tax exemptions provided for herein shall not apply and shall not be available where: a) the property owner does not secure the necessary and proper permits prior to construction of the Dwelling Unit; or b) the property, as completed, does not comply with the minimum standards of the laws, resolutions, and regulations of the Township, the General McLane School District, and Erie County Pennsylvania; or c) the property owner does not comply with the qualification requirements of this Ordinance, including eligibility for the homestead or farmstead tax exemption pursuant to the Property Exclusion Program Act, Pa.Cons.Stat. Ann. §§ 8581 *et seq.* requirements of this Ordinance on an ongoing basis; or d) according to the laws, ordinances, regulations and codes of the Township, the use for which the property is made is an unlawful use; or e) the property contains an unlawful use; or f) the property owner fails to comply with the provisions of this Ordinance hereafter adopted.

SECTION 10. EFFECTIVE DATE

A. Any tax exemption granted pursuant to this Ordinance shall be contingent upon approval of a tax exemption for the same or longer term by the County of Erie and the General McLane School District, and upon its administration by the Director of the Erie County Bureau of Assessment; and this Ordinance shall take effect thirty (30) days after the most recent adoption date of McKean Township, Erie County, and the General McLane School District.

B. Unless sooner amended or repealed, this Ordinance and the exemptions herein authorized shall expire at midnight on December 31, 2023, provided, however, that a period of exemption hereunder which is established as to specific New Residential Construction on or before the expiration date hereof shall continue until the approved exemption period applicable to that specific property and Dwelling Unit has been exhausted.