

**Allegheny County
Local Economic Revitalization Tax
Assistance Program
(LERTA)
Annual Project Evaluation
2010**



**ALLEGHENY COUNTY
ECONOMIC DEVELOPMENT**

Prepared By:

Allegheny County Economic Development

Executive Summary

The 2010 Local Economic Revitalization Tax Assistance Program (LERTA) encompassed 27 properties across 7 municipalities in Allegheny County. As a result of the tax incentive program, the County collected \$406,700 in 2010, while abating \$548,770. The LERTA program is used as a tool to promote economic development in Allegheny County. Through the reduction of blight and creation of tax revenue, the positive effects of the LERTA are realized. The program yielded an annual aggregate increase in real property taxes in the amount of \$584,701 in 2010, which is an important indicator of economic development.

Introduction

LERTA is an important tool to encourage private investment and the rehabilitation of deteriorated property within Allegheny County (County). The County LERTA Program exists pursuant to the Commonwealth of Pennsylvania Local Economic Revitalization Tax Assistance Act 76 of 1977 (the "Act"). The Act provides an additional mechanism for local taxing authorities to contribute to the economic development of their respective jurisdictions through the exemption of real property tax. LERTA allows for an exemption for the assessed valuation of new construction or improvements to certain industrial, commercial or other business properties in deteriorated areas to facilitate new development. An exemption can be provided on the assessment attributable to a portion of the actual cost of new construction of improvements or up to an established maximum cost of new construction or improvements uniformly established by the municipal governing body. The LERTA exemption can be made available for a maximum of ten (10) years.

Summary

Allegheny County Economic Development (ACED) has prepared this comprehensive inventory of the County LERTA Program effective for the 2010 fiscal year. Authorization of a LERTA can be driven either by a municipality seeking to redevelop a deteriorated area or by a developer for a specific development project. Twenty-seven (27) total properties in seven (7) municipalities received an exemption from County real property tax in 2010. The total County tax abated during this period is approximately \$548,770. During this period however, the County realized a total of approximately \$406,700 in new real property tax revenues from these same properties. When the LERTA Program is complete for all of the reported properties, the County will realize the full real property tax revenues of each property, totaling approximately \$784,075 annually. The 2010 aggregate increase in real property tax revenues as a result of the LERTA Program was approximately \$584,701. A summary of findings derived from the 2010 LERTA study can be found in the table below.

Allegheny County LERTA (2010)	
Properties Utilizing LERTA Exemption	27
Municipalities with LERTA	19
Municipalities Utilizing LERTA	7
Aggregate Post-Development Assessed Value (27 participating parcels) (2010)	\$199,337,500
Total County Real Property Taxes Collected during LERTA (2010)	\$406,700
Total County Real Property Taxes Abated during LERTA (2010)	\$548,770
Annual County Real Property Taxes to be Collected after LERTA	\$784,075
Annual Aggregate Increase in Real Property Taxes (2010)	\$584,701

Report Methodology

The report includes data obtained from the County Office of Property Assessments (OPA) covering 2010. Individual evaluation reports are provided for each municipality that has enacted the LERTA Program including:

- **LERTA Information** – legislative approval date, proposed development, termination date and maximum exemption
- **Exemption Schedule** – exemption term & rate of exemption
- **Properties Utilizing LERTA Exemption** – tax parcels that have sought exemption under the local LERTA Program

Note: Declining balance in this document is defined as the amount of exemption reduced annually during the life of the LERTA. For example, 5 years of tax exemption through LERTA at a 100% declining balance will be scheduled as follows:

<u>Year</u>	<u>Exemption</u>
1	100%
2	80%
3	60%
4	40%
5	20%
6	0%

A 10-year, 100% declining balance will be scheduled as follows:

<u>Year</u>	<u>Exemption</u>
1	100%
2	90%
3	80%
4	70%
5	60%
6	50%
7	40%
8	30%
9	20%
10	10%
11	0%

The 2010 LERTA Report was developed in collaboration with several public and private agencies. Data was provided by the County's Office of Property Assessment. Other entities that aided in the process were local municipalities, real estate developers, trustees, and the County Treasurer's Office. The current 2010 LERTA report will be used as a benchmark for future year's reporting purposes by obtaining and applying data from the entities mentioned above. Future reports will benefit from the current report due to the established relationships with these parties and using the provided data, thus ensuring and improving reporting accuracy.

Municipality: Carnegie Borough

LERTA Information

Ordinance enacted in 1996 by Carnegie Borough and Carlynton School District
Termination date—unknown

Exemption Schedule

<u>Cost of Project</u>	<u>Exemption</u>
\$25,000-50,000	5 years, 50% declining balance
\$51,000-75,000	6 years, 60% declining balance
\$76,000-100,000	7 years, 70% declining balance
\$101,000-125,000	8 years, 80% declining balance
\$126,000 and over	9 years, 90% declining balance

Municipality: Elizabeth Township

LERTA Information

Ordinance enacted in 1990 by Elizabeth Township
Termination date—unknown

Exemption Schedule

<u>Year</u>	<u>Exemption</u>
1	100%
2	100%
3	75%
4	50%

Municipality: Findlay Township

LERTA Information

Ordinance enacted in 2008 by Findlay Township, West Allegheny School District, and Allegheny County to support construction of a national headquarters and aviation center for Dicks Sporting Goods at the Allegheny County Airport Authority Northfield Site (Phase I only)
Termination date—2018
Max Tax Exemption—\$825,000 (County exemption shall not exceed \$137,527 in any single year)

Exemption Schedule

<u>Years</u>	<u>Exemption</u>
10	50% (up to Max)

Lot & Block	Owner	Year	Post Development Assessed Value (2010)	Land Assessed Value (2010)	Total Tax Collected by County (2010)	Total Tax Collected by County (Life of LERTA)	Total Tax Abated (2010)	Total Tax Abated (Life of LERTA)	Taxes to be collected after LERTA (per year)
1048-B-100	Dicks Sporting Goods	2010	\$73,942,800	\$6,643,300	*\$377,948	\$409,105	*\$346,791	\$346,791	\$148,552

*Annual taxes are projected to be \$117,395. The "Total Tax Collected by the County (2010)" and "Total Tax Abated (2010)" are the sum of the 2009 & 2010 tax years.

Municipality: Forest Hills Borough

LERTA Information

Ordinance enacted in 2003 by Forest Hills Borough, Woodlands Hills School District, and Allegheny County to facilitate redevelopment of the central business district along Ardmore Boulevard
Termination Date—2013
Assessment Valuation Limit—\$25,000 minimum increase to qualify

Exemption Schedule

<u>Years</u>	<u>Exemption</u>
5	100% declining balance

Municipality: Harrison Township

LERTA Information

Ordinance enacted in 1994 by Harrison Township

Exemption Schedule

<u>Years</u>	<u>Exemption</u>
3	100%

Municipality: Leetsdale Borough

LERTA Information

Ordinance enacted in 1998 by Leetsdale Borough to support redevelopment of a brownfield site off PA Route 65
Termination date—unknown
Assessment Valuation Max—\$500,000

Exemption Schedule

<u>Years</u>	<u>Exemption</u>
5	100% declining balance

Properties Utilizing LERTA Exemption

Lot & Block	Owner	Year	Post Development Assessed Value (2010)	Land Assessed Value (2010)	Total Tax Collected by County (2010)	Total Tax Collected by County (Life of LERTA)	Total Tax Abated (2010)	Total Tax Abated (Life of LERTA)	Taxes to be collected after LERTA (per year)
704-A-150	Leetsdale Industrial II LP	2010	\$3,688,300	\$459,600	\$19,454	\$64,828	\$0	\$51,894	\$19,454
704-A-201	Leetsdale Industrial II LP	2010	\$5,908,100	\$725,800	\$29,097	\$125,323	\$2,016	\$30,242	\$31,113
814-S-185	Leetsdale Industrial II LP	2010	\$273,600	\$132,700	\$1,906	\$7,584	\$0	\$3,850	\$1,906

Municipality: McKees Rocks Borough

LERTA Information

Ordinance enacted in 1997 by McKees Rocks Borough, and Allegheny County

Termination date—unknown

Assessment Valuation Max—New commercial construction: \$200,000; Improvements to industrial property: \$300,000; New industrial construction: \$1,000,000

Exemption Schedule

<u>Years</u>	<u>Exemption</u>
3	100% (up to Max)

Municipality: Millvale Borough

LERTA Information

Ordinance enacted in 2003 by Millvale Borough, Shaler Area School District, and Allegheny County to facilitate redevelopment within the central business district including the Lippert Saw Company building

Termination Date—unknown

Exemption Schedule

New Construction

<u>Years</u>	<u>Exemption</u>
3	100%

Rehabilitation

<u>Years</u>	<u>Exemption</u>
4	100% declining balance

Municipality: Municipality of Monroeville

LERTA Information

Ordinance enacted in 2008 by the Municipality of Monroeville, Gateway School District, and Allegheny County as a mechanism to finance certain infrastructure improvements necessary to facilitate the renovation of a building for use as a regional headquarters for Bechtel

Termination Date—2018

Max Tax Exemption—\$150,000 (County exemption shall not exceed \$27,000 in any single year)

Exemption Schedule

<u>Years</u>	<u>Exemption</u>
10	100% (up to Max)

Properties Utilizing LERTA Exemption

Lot & Block	Owner	Year	Post Development Assessed Value (2010)	Land Assessed Value (2010)	Total Tax Collected by County (2010)	Total Tax Collected by County (Life of LERTA)	Total Tax Abated (2010)	Total Tax Abated (Life of LERTA)	Taxes to be collected after LERTA (per year)
744-J-386	Jamison Lane LP	2010	\$8,332,300	\$1,640,000	\$20,444	\$40,888	\$26,326	\$52,652	\$46,770

Municipality: Moon Township (Moon Transportation Authority) _____

LERTA Information

Ordinance establishing LERTA boundaries in 1986, updated 2007 to further extend the expiration date to advance certain transportation infrastructure projects (exemptions are dedicated to the Moon Transportation Authority)
Termination date—2021

Municipality: Mount Oliver Borough _____

LERTA Information

Ordinance enacted in 1998 by Mount Oliver Borough
Termination date—unknown
Assessment Valuation Max—\$500,000

Exemption Schedule

<u>Years</u>	<u>Exemption</u> _____
3	100%

Municipality: Neville Township _____

LERTA Information

Ordinance enacted in 2004 by Neville Township, Cornell School District, and Allegheny County
Termination Date—2010
KOEZ parcels not eligible for LERTA
Assessment Valuation Max—\$100,000

Exemption Schedule

<u>Years</u>	<u>Exemption</u> _____
5	100% declining balance

Properties Utilizing LERTA Exemption

Lot & Block	Owner	Year	Post Development Assessed Value (2010)	Land Assessed Value (2010)	Total Tax Collected by County (2010)	Total Tax Collected by County (Life of LERTA)	Total Tax Abated (2010)	Total Tax Abated (Life of LERTA)	Taxes to be collected after LERTA (per year)
273-S-66	Neville Island Commons	2010	\$335,200	\$295,000	\$1,384	\$1,384	\$1,572	\$1,572	\$2,956
274-N-235	Concord Sierra Nevada Associates	2010	\$5,619,000	\$1,043,900	\$10,166	\$15,062	\$21,082	\$47,436	\$31,249
273-S-14	Neville Island Commons LLC	2010	\$150,100	\$55,300	\$541	\$1,200	\$422	\$1,689	\$963

Municipality: North Fayette Township

LERTA Information

Ordinance enacted in 2006 by North Fayette Township
Termination date—2016

Exemption Schedule

<u>Years</u>	<u>Exemption</u>
3	100%

Properties Utilizing LERTA Exemption

Lot & Block	Owner	Year	Post Development Assessed Value (2010)	Land Assessed Value (2010)	Total Tax Collected by County (2010)	Total Tax Collected by County (Life of LERTA)	Total Tax Abated (2010)	Total Tax Abated (Life of LERTA)	Taxes to be collected after LERTA (per year)
690-N-1	Imperial Business Park LP	2010	\$2,617,800	\$869,700	\$4,079	\$12,237	\$12,277	\$36,832	\$16,356

Municipality: North Versailles Township

LERTA Information

Ordinance enacted in 2010 by North Versailles Township
Termination date—unknown

Exemption Schedule

<u>Years</u>	<u>Exemption</u>
5	100% declining balance

Municipality: City of Pittsburgh

LERTA Information

Ordinance enacted in 2002 by the City of Pittsburgh, Pittsburgh Public Schools, and Allegheny County
Termination date—unknown

Exemption Schedule

Industrial and Commercial Improvements

<u>Years</u>	<u>Exemption</u>
5	100%

Conversion to Commercial or Industrial Use

<u>Year</u>	<u>Exemption</u>
1	100%
2	100%
3-4	90%
5-6	80%
7-8	70%
9-10	60%

Properties Utilizing LERTA Exemption

Lot & Block	Owner	Year	Post Development Assessed Value (2010)	Land Assessed Value (2010)	Total Tax Collected by County (2010)	Total Tax Collected by County (Life of LERTA)	Total Tax Abated (2010)	Total Tax Abated (Life of LERTA)	Taxes to be collected after LERTA (per year)
1-H-61	111 Wood Street Associates	2010	\$1,633,200	\$197,500	\$6,511	\$19,073	\$2,075	\$6,685	\$8,586
1-H-306	345 Fourth Ave LLC	2010	\$2,198,000	\$197,500	\$5,978	\$16,765	\$5,257	\$16,940	\$11,235
1-H-309	341 Fourth Ave LLC	2010	\$1,945,700	\$267,800	\$4,896	\$26,465	\$5,485	\$17,826	\$10,381
1-M-145	100 Smithfield Associates	2010	\$1,786,300	\$382,500	\$7,304	\$21,274	\$2,868	\$9,241	\$10,172
8-S-109	Century Building Housing	2010	\$7,594,000	\$420,000	\$17,597	\$17,597	\$19,988	\$19,988	\$37,586
8-S-122	100 7 th Street Apts	2010	\$15,450,000	\$1,213,000	\$12,935	\$37,248	\$65,214	\$275,350	\$78,150
24-S-190	Big River Development	2010	\$22,630,000	\$2,210,600	\$24,368	\$52,630	\$92,134	\$296,877	\$116,502
1-M-10	7 Conestoga Associates LLC	2010	\$2,002,800	\$303,100	\$5,539	\$15,444	\$5,276	\$17,000	\$10,815
9-N-105	930 Penn Associates	2010	\$4,396,800	\$436,800	\$6,004	\$20,313	\$16,665	\$70,365	\$22,670
9-N-60	905 Liberty	2010	\$566,400	\$183,600	\$2,618	\$13,605	\$899	\$11,017	\$3,517
24-R-25	Progress Street Partners	2010	\$17,810,000	\$2,137,000	\$42,625	\$174,929	\$50,927	\$292,828	\$93,551
9-N-41	947 Inc	2010	\$251,600	\$123,300	\$932	\$5,110	\$826	\$7,198	\$1,758
9-N-135	Penn Avenue Hotel	2010	\$12,196,100	\$869,100	\$24,233	\$117,619	\$37,042	\$250,036	\$61,276

Municipality: South Fayette Township

LERTA Information

Ordinance enacted in 2003 in South Fayette Township, South Fayette School District, and Allegheny County to facilitate redevelopment of several areas including the Campbell Airport site, the Millers Run Corridor, Abele Business Park, the Mayview Hospital Site and industrial property off Thoms Run Road and Presto-Sugan Road

Termination date—unknown

Exemption Schedule

Industrial Properties

Years

5

Exemption _____

100% declining balance

Commercial Properties

Years

5

Exemption _____

80% declining balance

Properties Utilizing LERTA Exemption

Lot & Block	Owner	Year	Post Development Assessed Value (2010)	Land Assessed Value (2010)	Total Tax Collected by County (2010)	Total Tax Collected by County (Life of LERTA)	Total Tax Abated (2010)	Total Tax Abated (Life of LERTA)	Taxes to be collected after LERTA (per year)
197-L-3	Richard T. Deklewa	2010	\$1,600,700	\$313,000	\$5,830	\$19,850	\$3,145	\$7,076	\$8,975
322-K-11	Salco Realty	2010	\$1,425,100	\$175,800	\$7,276	\$40,169	\$232	\$4,880	\$7,508
322-E-14	Washington Shady Apts	2010	\$583,300	\$135,700	\$2,825	\$11,389	\$547	\$5,471	\$3,372
323-F-4	Pittsburgh SMSA	2010	\$2,784,600	\$866,600	\$18,333	\$88,416	\$1,626	\$11,380	\$19,959
325-M-52	Paul Partnership	2010	\$762,800	\$160,900	\$2,901	\$11,644	\$1,431	\$10,017	\$4,332
325-M-53	Cuddy Associates	2010	\$384,800	\$213,400	\$2,084	\$8,975	\$722	\$5,053	\$2,086
323-F-20	OKW Enclosures	2010	\$468,100	\$120,700	\$1,444	\$3,015	\$1,317	\$5,269	\$2,761

Municipality: Stowe Township

LERTA Information

Ordinance enacted in 2007 by Stowe Township, Sto-Rox School District, and Allegheny County to facilitate redevelopment of property owned by the Redevelopment Authority of Allegheny County

Exemption Schedule

<u>Years</u>	<u>Exemption</u>
5 (County)	100% declining balance
10 (Township, School District)	100%

Municipality: Swissvale Borough

LERTA Information

Ordinance enacted in 1996 by Swissvale Borough

Exemption Schedule

<u>Years</u>	<u>Exemption</u>
10	100% declining balance

Municipality: West Mifflin Borough

LERTA Information

Ordinance enacted in 1998 in West Mifflin Borough

Exemption Schedule

<u>Years</u>	<u>Exemption</u>
5	100%

Conclusion

It is evident in this year's LERTA evaluation that the program is an effective economic development tool. The affects of LERTA can be measured by the reduction of blight, and the creation of new tax revenue, which would not otherwise have been generated without this program. This incentivized approach to economic development has been a significant benefit to developers, municipalities, and County residents. LERTA will continue to be an effective tool to induce development and have a quantifiable benefit in years to come.

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