

Municipal Summary Document for Warren County, PA Residential and Commercial Tax Abatement Program

Collection of F.A.Q.s for municipalities regarding tax abatement law for public officials and municipal solicitors, reference links to supportive materials, draft ordinances and other draft materials, forms and applications, a calendar and plan of action for municipalities to join the County in the effort to provide tax incentives for redevelopment.

Written by Commissioner Eggleston and Reviewed by County Solicitor Nathaniel Schmidt

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Introduction

Thank you for your interest in the County's effort to expand tax abatement programs in both the commercial and residential areas. We thoroughly believe this will be another tool to be used in the private sector to redevelop our beautiful community and create more opportunities for individuals and businesses to flourish in Warren County.

Initially, we (the municipalities interested in expanding tax abatement) were ready to move forward with the initiative utilizing drafted ordinances and several public notices of coordinated public hearings. The plan was halted when several municipal solicitors questioned the validity of the program and the process we were using to move forward with it. That concern is understandable as they were not properly included in some of the discussions related to the program.

This document is a summary document of some of the concerns we've cataloged from email correspondence and discussions so that we can address the concerns raised by solicitors and local public officials. Initially, this document is a "F.A.Q." doc outlining questions and answers. The last part of the document is an overview of how we could move forward and a request for information from the

municipalities so that the County can assist in addressing municipal/School District needs. Your prompt response is greatly appreciated so we can address your concerns in a timely manner.

Again, the goal here is to keep the momentum and to get everyone moving in a direction so we can get this done and move on to the next policy challenge. We are grateful for your willingness to work with us.

Response to Questions

The following questions and answers are numbered but not written in any kind of order. The numbers are to assist with follow up questions. These are collected questions from solicitors and municipal officials over the past few weeks.

#1 - In the ad run by the County advertising the series of public hearings, no reference to the “statutory sections” related to the ordinance were made. Don’t they need to be as a matter of “best practice”?

No, they do not need to be legally included in the advertisement. Some solicitors prefer to include them. When we run a second ad (a draft is included at the end of this document) on behalf of the municipalities, we will happily include it. That will reference the “Improvement of Deteriorating Real Property or Areas Tax Exemption Act”, 72 P.S. § 4711-01, *et seq.*, as amended, as well as the “Local Economic Revitalization Tax Assistance Act,” 72 P.S. § 4722, *et seq.*, as amended. We will send a draft to the solicitors and municipalities in advance of publication for their approval.

#2 - Don’t the townships and boroughs have different requirements for public advertising of ordinance adoption? Can they be “lumped together”?

Yes, they can and their regulations are the same according to the Second Class Township Code as well as the Borough Code. Both require a minimum of seven days and a maximum of sixty days for the publication of ordinances (via an advertisement in a local paper) prior to adoption. Both require a summary of the ordinance to be published with the complete title of the ordinance and a description that outlines the “provisions in reasonable detail”.

Link to the Township Code:

<https://www.legis.state.pa.us/cfdocs/legis/LI/uconsCheck.cfm?txtType=HTM&yr=1933&sessInd=0&smthLwInd=0&act=069&chpt=16>

Link to the Borough Code:

<https://www.legis.state.pa.us/cfdocs/legis/LI/consCheck.cfm?txtType=HTM&tI=08&div=0&chpt=33#>

Figure 1 - Sample Advertisement run by Conewango Township in 2011 when they adopted a commercial LERTA program. As you can see, the statutes are not included and the summary is simple and straightforward.

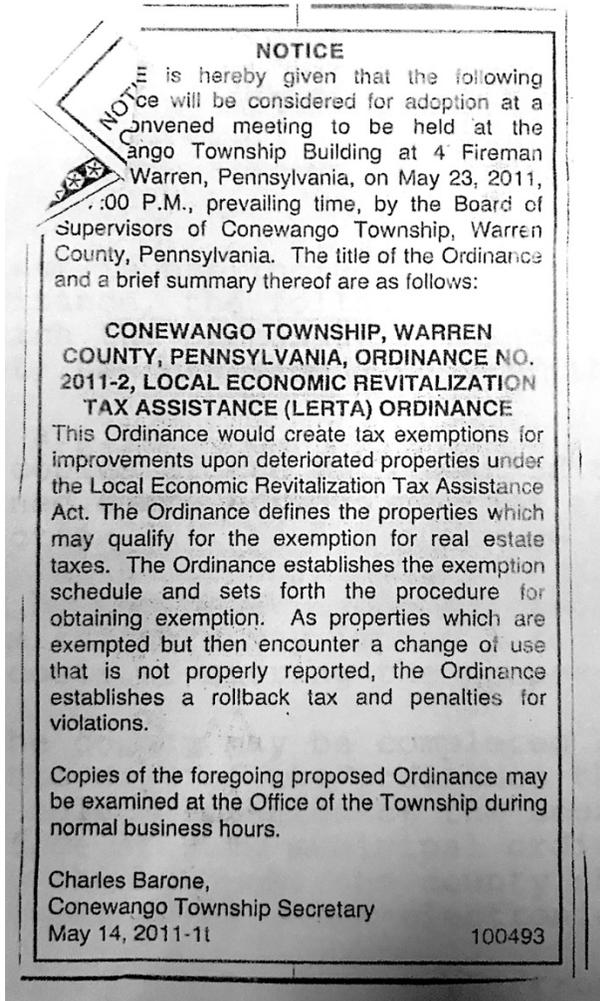
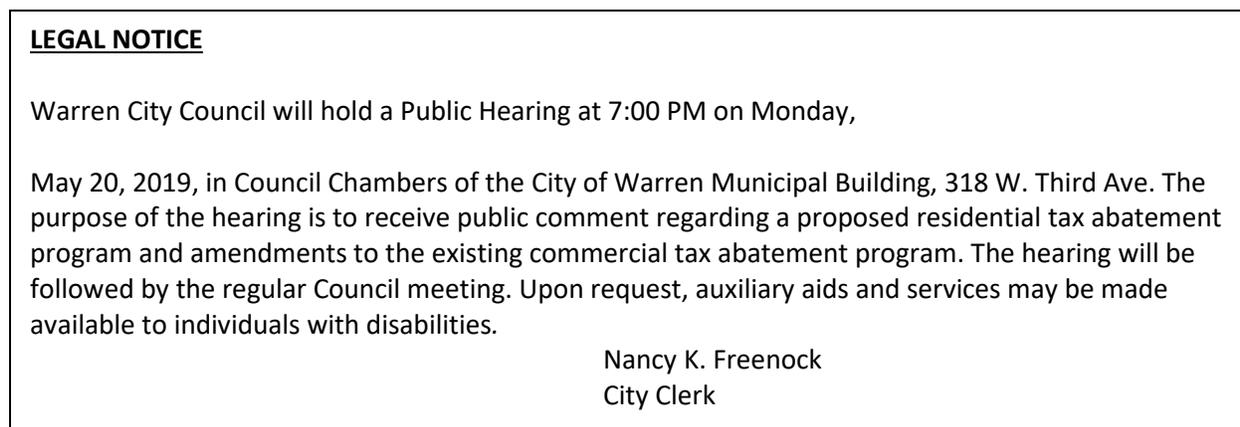


Figure 2 - City of Warren Public Announcement for their tax abatement program.



#3 - Aren't the LERTA and IDR PAT laws different? Can they be combined into one ordinance? Do we need to do more than one public hearing to pass this program?

Are they two separate laws? Yes. Do they do different things? There are few minor differences between the laws (as you can see by reading them using the descriptions and links below) aside from the obvious major differences of the LERTA dealing with commercial property and IDR PAT dealing with residential property.

LERTA (Local Economic Revitalization Tax Assistance)

Folks are more familiar with this law; however, it was passed in 1977 after IDR PAT was passed. This law simply authorizes local taxing authorities to provide for tax exemption for certain "deteriorated industrial, commercial and other business property and for new construction in deteriorated areas of economically depressed communities..." To summarize, it allows municipalities to grant a tax exemption for new commercial construction (both updates and new construction).

Requirements for the adoption of LERTA

- The "local taxing authority" must pass an ordinance.
- Affix the boundaries of the deteriorated area - "...the municipal governing body shall affix the boundaries of a deteriorated area or areas, wholly or partially located within its jurisdiction."
- Hold one public hearing for "determining said boundaries".
- At the hearing, the "local taxing authorities, planning commission OR redevelopment authority and other public and private agencies and individuals, knowledgeable and interested in the improvement of deteriorated areas, shall present their recommendations concerning the location of boundaries of a deteriorated area or areas for the guidance of the municipal governing bodies..."
- The ordinance "shall specify a description of each such area as determined by the municipal body" and a schedule of taxes exempted.

Some have alleged that the section discussing "recommendations" meant that all three entities (taxing authority, planning commission, and redevelopment authority) had to be involved. As is stated, there is an important "OR" in the sentence which means any of the entities can present recommendations. In this case, it would be the taxing authorities which include townships, boroughs, and the County.

Some have believed that specific provisions of the "Urban Redevelopment Law" and the "Neighborhood Assistance Act" need to be accommodated in order to pass the ordinance and designate areas as "blighted areas" or "impoverished areas", as they are referenced in the "recommendations". Nowhere in the LERTA law does it state specific terms that need to be accommodated to set the boundaries of the area, nor does it specify that the recommendations need to accommodate either of those laws. It simply states that the recommendations are "taking into account the criteria set forth" in the two laws, along with several other criteria. "Take into account" simply means "to consider" or "bear in mind". Nowhere does it say that "if this aspect of the Urban Redevelopment Law is not accommodated, the boundary is unofficial."

That is why, when municipalities have previously passed LERTA ordinances, the municipal officials have generally decided where the boundaries are, with little debate or input from the Planning Commission. All of these entities (Planning Commission, RDA, etc.) must have the opportunity to weigh in. That does not mean their recommendations are required to pass the ordinance.

It's also important to note that the Urban Redevelopment Law and Neighborhood Assistance Act are vague in their definitions of "blighted areas" or "impoverished areas", so to divine guidance from those laws is difficult. The only real, discernable item is a certification of "Impoverished Area" by DCED and the Governor, which is clearly not needed as none of the areas currently under LERTA in northwest PA are designated Impoverished Areas by the Governor (especially considering multiple municipalities already have LERTAs in Warren County and do not have an Impoverished Area designation).

It is our original understanding that the descriptions within the draft ordinances should suffice for "recommendations" according to the above law, as the draft ordinances are being presented for adoption by the "taxing bodies" or the boroughs and townships. With that in mind, we are going one step further and will be sending a summary document with census statistics, income statistics, and vacant property statistics to all of the municipalities to help them with the "recommendations" portion of the law.

The section that provides the greatest coverage on new construction and accommodates properties that might not fit the "deteriorated property" definition is:

Excerpt from the Local Economic Revitalization Tax Assistance act:

Property adjacent to areas meeting the criteria of this section, but which would not otherwise qualify, may be included within the deteriorated area designated if the local taxing authority determines that new construction on such property would encourage, enhance or accelerate improvement of the deteriorated properties within economically depressed communities.

Therefore, the law is very open and essentially leaves it up to the governing body to set the boundaries, and include whatever properties are included in the municipal boundaries.

IDRPAT (Improvement of Deteriorating Real Property or Areas Tax Exemption Act)

The IDRPAT was passed prior to LERTA, in 1971, and is similar to LERTA with some clear (but minor) differences. We've used the term "LERTA" as a catchall because the public is familiar with the term LERTA. Although this law has a different title, it creates the same provisions for tax abatement, but for residential properties instead of commercial.

It is important to note that IDRPAT has two separate sections dealing with tax abatement. The first ("Article II - Deteriorating Dwellings Improvement") focuses on property improvements while the second ("Article III - Deteriorating Area Improvement") focuses on new construction in the "deteriorating area". Both articles are similar, with the noted exception that the second includes some specific provisions for determining a "deteriorating area". For the purpose of this effort, we've determined our ordinance accommodates Section 301 (5) of the law which states that a "significant percentage of buildings used for residential purposes is over 20 years old".

Requirements for the adoption of IDRPAT (Article II):

- The "local taxing authority" must pass an ordinance.
- Affix the boundaries of the deteriorated neighborhood - "...the local taxing authority shall affix the boundaries of a deteriorated neighborhood or neighborhoods, wholly or partially located within its jurisdiction..."
- Hold one public hearing for "determining said boundaries".

- At the hearing, the “planning commission OR redevelopment authority and other public and private agencies and individuals, knowledgeable and interested in the improvement of deteriorated neighborhoods, shall present their recommendations concerning the location of boundaries of a deteriorated neighborhood or neighborhoods for the guidance of the municipal governing bodies...”
- The ordinance “shall specify a description of each such neighborhood or neighborhoods as determined by the local taxing authority” and a schedule of taxes exempted.

Requirements for the adoption of IDR PAT (Article III):

- The “local taxing authority” must pass an ordinance.
- Affix the boundaries of the deteriorated neighborhood - “...the local taxing authority shall affix the boundaries of a deteriorated neighborhood or neighborhoods, wholly or partially located within its jurisdiction...”
- Hold one public hearing for “determining said boundaries”.
- At the hearing, the “planning commission OR redevelopment authority and other public and private agencies and individuals, knowledgeable and interested in the improvement of deteriorated neighborhoods, shall present their recommendations concerning the location of boundaries of a deteriorated neighborhood or neighborhoods for the guidance of the municipal governing bodies...”
- The ordinance “shall specify a description of each such neighborhood or neighborhoods as determined by the local taxing authority” and a schedule of taxes exempted.

LERTA law and IDR PAT law Conclusions

As can be seen in the requirements listed above, with few minor exceptions, the laws or “statutes” are identical in their requirements for passage. This is why municipalities who’ve passed these ordinances in the past went through the simple process of drafting an ordinance, running an ad promoting the availability of an ordinance, held a simple public hearing where they declared the boundaries of the redevelopment area (driven by the municipal officials), and then adopted the ordinance.

Below (next page) are links to two example ordinances, one for the City of Erie, the other for Union City, both in Erie County, which combines the two laws into a single ordinance. Both of these have been passed and been put into effect. Neither of those municipalities did separate public hearings for the various statutes related to the two laws.

Included in this document below are several figures which outline conversations with the Director of the City of Erie Department of Economic and Community Development, Chris Groner, regarding the execution and development of their ordinance, all of which is in full effect. As you can see, they administer the program uniformly and passed it with a similar ideology.

These laws can be combined, have been combined, and are viewed as complementary by multiple municipalities. This is by no means an “oversimplification of the issues”, but instead a reasonable reading of the law based on precedent and the text of said laws.

Please review the draft County ordinance included here (Reference3 Item #3 at the end of this document) which combines both laws and is clear in its separation of each statute as well as its accommodation of all aspects of both laws. All of the municipal ordinances that were drafted are based on this model and accomplish the same goals.

Links to Reference Materials

“Local Economic Revitalization Tax Assistance” Act:

<https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=1977&sessInd=0&act=76>

“Improvement of Deteriorating Real Property or Areas Tax Exemption” Act:

<https://www.legis.state.pa.us/cfdocs/Legis/LI/uconsCheck.cfm?txtType=HTM&yr=1971&sessInd=0&smt hLwInd=0&act=0034>.

“Urban Redevelopment Law”:

<https://www.legis.state.pa.us/cfdocs/Legis/LI/uconsCheck.cfm?txtType=HTM&yr=1945&sessInd=0&smt hLwInd=0&act=0385>.

“Neighborhood Assistance” Act:

<https://www.legis.state.pa.us/cfdocs/legis/LI/uconsCheck.cfm?txtType=HTM&yr=1971&sessInd=0&smt hLwInd=0&act=002&chpt=19A#>

Link to Erie County tax abatement ordinance which incorporates both laws:

https://drive.google.com/open?id=1XjDWyrd03CcWs3B6cEq_tJerhFSI1H9n

Link to Union City tax abatement ordinance which seamlessly combines the two laws:

<https://drive.google.com/open?id=1OFFEnpHFctXu3Gqi74W-knpXJcWkK4v4>

#4 - Should we be referring to all of these matters as “LERTA” considering they are utilizing two different laws?

The use of the term “LERTA” is for the public’s benefit as most of the constituents interested in property tax abatements are aware of and familiar with LERTA programs. Therefore, the general use of the term is to simplify the discussion for the public. For the legal definitions, in all areas including the draft ordinances, the terms are properly parsed out to accommodate the different statutes.

#5 - Shouldn’t the public notice of the hearings clearly state that the purpose of the public hearing is to set the boundaries of these programs?

Although this can be debated, we have thoroughly revised our public notice (Reference Item #6 at the end of this document) for a joint hearing and included it in this packet of information for your review. That revised advertisement does state that one aspect of the public hearing is to set the boundaries of the deteriorated areas.

#6 - Can we even hold a public hearing for all of the areas jointly? Shouldn’t we do our own public hearings? Do we need to do multiple public hearings to accommodate the various statutory sections of the two laws?

Multiple Public Hearings

As has been illustrated previously, a single public hearing for setting the boundaries of the “deteriorated areas” or “deteriorated neighborhoods”, depending on which statute you’re focusing on is clearly appropriate and has been done previously without objection.

Joint Public Hearings vs. Individual Public Hearings

It is perfectly OK to do either a joint public hearing or an individual public hearing. We originally did individual public hearings because Commissioner Eggleston felt it would give each municipality the ability to have their own voice and speak directly to their constituents. We did a joint advertisement to help municipalities reduce costs with advertising, rather than each of them pay for their own ads.

With that in mind, we are now advocating for a joint public hearing simply to do the entire “boundary setting” event in one motion. Both laws have specific provision which promote the idea of joint public hearings, as shown below.

LERTA law - Section 4 (b)

(b) Two or more municipal governing bodies may join for the purpose of determining the boundaries of a deteriorating area and to establish the maximum cost per dwelling unit, and such municipal governing bodies shall cooperate fully with each other for the purpose of implementing this article. The local taxing authorities may, by implementing ordinance or resolution, agree to adopt tax exemptions contingent upon the similar adoption by an adjacent or coterminous local taxing authority, within the limitations provided herein.

The County, the townships, and the boroughs are all municipal governing bodies. It’s also important to note that all ordinances can include clauses that make the adoption of the ordinance “contingent” on the passage of a similar provision by the School District (which all of our draft ordinances do).

IDRPAT law - Article 2, Section 202 (b)

(b) Two or more local taxing authorities may join together for the purpose of determining the boundaries of a deteriorated neighborhood, and such local taxing authorities shall cooperate fully with each other for the purposes of implementing this act. The local taxing authorities may by implementing ordinance or resolution agree to adopt tax exemptions contingent upon the similar adoption by an adjacent or conterminous local taxing authority, within the limitations provided herein.

IDRPAT law - Article 3, Section 302 (b)

(b) Two or more municipal governing bodies may join for the purpose of determining the boundaries of a deteriorating area and to establish the maximum cost per dwelling unit, and such municipal governing bodies shall cooperate fully with each other for the purpose of implementing this article. The local taxing authorities may, by implementing ordinance or resolution, agree to adopt tax exemptions contingent upon the similar adoption by an adjacent or coterminous local taxing authority, within the limitations provided herein.

As can be seen in both statutes of the IDRPAT law, two or more “taxing bodies” or “municipal governing bodies” can join for the purpose of determining boundaries of either a “deteriorated neighborhood” or “deteriorated area”. In this case, the pool of municipalities we are working with are all “taxing bodies” and “municipal governing bodies” and we’ve lumped “deteriorated neighborhoods” or “deteriorated areas” together in our single ordinance. Therefore, we are more than capable and legally allowed to hold a joint public hearing.

We are proposing a joint public hearing for all municipalities involved (which haven’t already passed ordinances) on Thursday, October 3rd at 6:00 pm in the Jackson Courtroom of the Courthouse. If your municipality is comfortable working with us on this, please let us know ASAP. We would advertise this

hearing a minimum of seven days from the date (Thursday, September 26th). We will coordinate with you to get everything in order on your end so that you have a final draft ordinance and that all necessary information is provided to the public.

#7 - Isn't the notice provided in the paper too simple to accommodate the statutory sections of the two laws?

No, it is not too simple. As has been shown in two previous examples, one from 2011 when Conewango Township first adopted their commercial LERTA program, our notice has far more information about the law and how it works than previous efforts. If a solicitor has specific examples of what they are looking for, however, we will do our best to incorporate them into the advertisement going forward.

#8 - Aren't there different statutory sections as to how someone acquires the exemption? Can you provide an example of what the application document will look like and how it will function?

As can be seen in the sections provided below from both laws, the procedure is the same. An application will be provided to all municipalities (which a draft is provided as a part of this packet) which will be filled out by a property owner and submitted to the municipality when a project is being started and that will trigger the following process:

1. Taxpayer fills out application and turns it into township/borough secretary/executive.
2. The municipality will forward the application to the County Assessment Office.
3. The Assessment Office will monitor the situation and when the project is finished, will inspect the property for reassessment.
4. Once the Assessment Office finishes the reassessment, the taxing bodies and property owner will be notified.
5. The Assessment Office will then input all data into their system and the tax abatement will begin.

LERTA law obtaining exemption provision:

Section 6. Procedure for obtaining exemption.

(a) Any person desiring tax exemption pursuant to ordinances or resolutions adopted pursuant to this act, shall notify each local taxing authority granting such exemption in writing on a form provided by it submitted at the time he secures the building permit, or if no building permit or other notification of new construction or improvement is required, at the time he commences construction. A copy of the exemption request shall be forwarded to the board of assessment and revision of taxes or other appropriate assessment agency. The assessment agency shall, after completion of the new construction or improvement, assess separately the new construction or improvement and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by the local taxing authorities and notify the taxpayer and the local taxing authorities of the reassessment and amounts of the assessment eligible for exemption. Appeals from the reassessment and the amounts eligible for the exemption may be taken by the taxpayer or the local taxing authorities as provided by law.

IDRPAT law obtaining exemption provisions:

Section 205. Procedure for Obtaining Exemption.--Any person desiring tax exemption pursuant to ordinances or resolutions adopted pursuant to this article, shall notify each local taxing authority granting such exemption in writing on a form provided by it submitted at the time he secures the building permit, or if no building permit or other notification of improvement is required, at the time he commences construction. A copy of the exemption request shall be forwarded to the board of assessment and revision of taxes or other appropriate assessment agency. The assessment agency shall, after completion of the improvement, assess separately the improvement and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by the local taxing authorities and notify the taxpayer and the taxing authorities of the reassessment and amounts of the assessment eligible for exemption. Appeals from the reassessment and the amounts eligible for the exemption may be taken by the taxpayer or the local taxing authorities as provided by law.

Section 305. Procedure for Obtaining Exemption.--(a) Any taxpayer desiring tax exemption pursuant to ordinances or resolutions adopted under authority of this article shall apply in writing to each local taxing authority granting such exemption on a form provided by said local taxing authority at the time he secures the building permit, or, if no building permit or other notification is required, at the time he commences construction. A copy of the exemption request shall be forwarded to the board of assessment and revision of taxes or other local assessment agency. The assessment agency shall, after completion of the construction, assess separately the dwelling unit and the land upon which the new residential construction stands; calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by the local taxing authorities; and notify the taxpayer and the local taxing authorities of the amounts of the assessment eligible for exemption. Appeals from the assessment and/or the amounts eligible for exemption may be taken by the taxpayer as heretofore provided by law.

#9 - You stated in your original public notice that tax abatement related information would be on the County website. We could not find it. Where is it and why is it not on the website?

At the time, due to a confluence of issues both with municipalities and internally, there was a delay in getting the data online. After receiving multiple reports that municipalities were holding off on moving forward with their public hearings for more information we did not upload all of our data. We have since uploaded our draft County ordinance, all of the draft municipal ordinances we've circulated, a map of the municipalities involved in the program, this summary document, the short fact sheet previously offered by Commissioner Eggleston as well as the longer "LERTA Guide", links to ordinances that have been adopted by other municipalities, a copy of the proposed ad to run advertising the next public hearing, and contact forms for people to submit feedback. More information will be added as time goes on.

#10 - Don't the statutory sections of the two laws differentiate between "municipal governing bodies" and "local taxing authorities" as it relates to setting boundaries? In other words, the School District is a "local taxing authority" but not a "municipal governing body". The School District is not required to pass an ordinance. Is it false to "indicate in a public notice that if these ordinances are adopted the Tax Payer's Real Estate Taxes would not increase for five years..."? After all, a municipality "cannot force a School District or other Taxing Authority to adopt these ordinances."

First, it is true that the municipalities cannot force the School District to adopt these ordinances. It is clear, however, that in all cases, the ordinance can state that the ordinance will not take effect unless the School District passes a complimentary ordinance.

LERTA law statement related to "related taxing authorities":

The local taxing authorities may by implementing ordinance or resolution agree to adopt tax exemptions contingent upon the similar adoption by an adjacent local taxing authority or by a local taxing authority with mutual jurisdiction, within the limitations provided herein.

IDRPAT law statement related to "related taxing authorities":

The local taxing authorities may by implementing ordinance or resolution agree to adopt tax exemptions contingent upon the similar adoption by an adjacent local taxing authority or by a local taxing authority with mutual jurisdiction, within the limitations provided herein.

It is clear, the municipalities and the County can pass these ordinances with the expectation that they only take effect if the School District passes similar legislation (in the form of a resolution).

Second, the notion that the School District is not included in the notice is disingenuous as it relates to a Tax Payer's Real Estate Taxes exemption is not accurate as the notice and the hearings are being held by the County and the various municipalities. Obviously the notice would only apply to those taxing bodies and not the School District as those taxing bodies have no jurisdiction over the School District. Nonetheless, we have no problem spelling that out in the notice, if need be.

Third, although you could assume that "taxing authority" and "municipal governing body" are used interchangeably between the three statutes as it relates to joint public hearings and determining "deteriorated areas" and "deteriorated neighborhoods" which would allow for joint County and School District hearings, we believe it would be best if the School District held its own public hearing. With that in mind, the County is certainly open to doing one large public hearing to set boundaries with all taxing authorities.

Next Steps

In order to move forward, we need to accept a schedule that works for everyone. Below is a draft schedule that the municipalities can use to move forward. It is our opinion that we can work jointly, and we can provide revisions to any draft ordinance at the request of any municipality. We are here to work for you and to help alleviate the burden on the municipality.

Here are the recommended steps to moving forward:

1. Municipalities use 1-2 meetings to finalize their draft ordinance. Although we do believe they can authorize their Secretary/Administrator to work with their solicitors to finalize their draft before or after those 1-2 meetings, it would be good to have the elected officials give their "stamp" prior to publication.
2. Municipal Secretary/Administrator send the final draft to the County for publication on the County website and also keep a copy at their local municipal office.
3. Municipal Secretary/Administrator sends written confirmation (provided) that the municipality intends to join the County in a joint public hearing, or that the municipality intends to schedule its own public hearing.
4. Municipal Secretary/Administrator (along with municipal solicitor) reviews the draft public notice and sends a written "OK" (provided) stating they are comfortable with the public notice that's been generated by the County.
5. At least one township supervisor/administrator (representative) attends the proposed joint public hearing where the municipalities will hear public comment on recommendations related to the boundaries of the "Investment Opportunity Areas".
6. After the public hearing, the municipalities will then vote on their respective ordinances at their next public meeting.

Important Notes

Youngsville, Clarendon, Limestone, and Watson all have meetings once a month. Clarendon, Limestone, and Watson do not have meetings for the first two weeks of September, which is plenty of time to finalize any changes to the draft ordinances. We request that those municipalities please work with us to get a finalized draft for their meeting in September. Again, they are not voting on the draft at that meeting, but any issue they have or anything they want to change is brought to the County or their solicitor for revision so that it can be finalized. Minor changes can still be made prior to final adoption in October, but the major provision in the draft ordinances need to be finalized to move forward.

Youngsville is in a unique situation as it's meeting in September only allows four days at the beginning of the month to work on the draft ordinance prior to the meeting on Monday, September 9th. Again, we could work to tweak it afterward, prior to the need to run an ad by September 26th for the October 3rd proposed public hearing. We just need to know any major changes or tweaks from either the Solicitor or the Borough Manager so we can revise the draft.

It's also important to note, the City of Warren, Pine Grove Township, and Tidioute Borough have all passed ordinances for the tax abatement program. Pine Grove and Tidioute passed the draft ordinances provided to them. In all cases, the municipalities chose the 5 year, 100% tax abatement for both residential and commercial projects.

Warren County, PA Tax Abatement Summary for Municipal Review (8/29/19)

LERTA Calendar to Move Forward			
Municipality	Discuss Provisions/Changes	Finalize Draft	Vote on Ordinance
Cherry Grove Township	Monday, Sept. 9	Monday, Sept. 23	Monday, Oct. 14
Conewango Township	Monday, Sept. 9	Monday, Sept. 23	Monday, Oct. 14
Glade Township	Tuesday, Sept. 3	Tuesday, Sept. 17	Tuesday, Oct. 15
Limestone Township	Wednesday, Sept. 18	Wednesday, Sept. 18	Wednesday, Oct. 16
Pleasant Township	Tuesday, Sept. 10	Tuesday, Sept. 24	Tuesday, Oct. 8
Watson Township	Wednesday, Sept. 18	Wednesday, Sept. 18	Wednesday, Oct. 16
Clarendon Borough	Tuesday, Sept. 17	Tuesday, Sept. 17	Tuesday, Oct. 15
Youngsville Borough	Monday, Sept. 9	Monday, Sept. 9	Monday, Oct. 14

The boxes in yellow indicate the same meeting date being used for both discussion and finalizing a draft or finalizing provisions.

If you have any questions regarding this document or the tax abatement program, please contact Commissioner Jeff Eggleston via email at jeff.eggleston@warren-county.net and via phone at 814-706-8343.

Thank you again for your interest in this program. We look forward to working with you on moving it forward.

Reference 1 – Discussion with City of Erie and City of Warren

As a part of the effort to gather information, multiple individuals were contacted to review current tax abatement programs. Two of the areas reviewed were the City of Erie and the City of Warren. Below are sample email chains from Chris Groner, Director of the City of Erie Department of Economic and Community Development, and Terry Williams, Director of Codes, Permits, and Recreation Services for the City of Warren, which help illustrate how these municipalities passed and deal with their tax abatement programs.

**Chris Groner, Director of the City of Erie Department of
Economic and Community Development**

Question: That covers all construction in the designated areas, correct? Does it cover new construction on a commercial lot? Say a vacant lot and someone builds a store on it. Is that covered? That would have to be a property zoned commercial?

Answer: The LERTA covers all construction both residential and commercial. The residential is a full 10 yr. 100% abatement. The commercial is 10 yr. 100% for city and county taxes and 80% for school.

If someone builds on a vacant lot there taxes would be on the original assessed value, not the new higher assessment upon completion. A commercial development would need to be on a commercial lot.

Question: Just to be clear, on the residential side, the ordinance covers all property in the zone, right? Not just blighted or deteriorated property? So, if you build a house on a vacant, unused lot, that had nothing on it before, that would be covered?

Answer: You are right, the LERTA covers the entire city and all development that results in a higher assessed value. A newly constructed home will pay tax on only the assessed value of the lot for 10 years.

Question: Can you summarize what process, even in a couple of bullet points, what you did to update your LERTA?

Answer: The City advertised by announcing the meeting times to the media, tv, newspaper. The public hearing times were in stories done by the Times News.

LERTA was updated by: Removing target vs. non-target areas. Now the entire city qualifies, including waterfront. The abatement percentage was increased from the previous version.

<https://cityof.erie.pa.us/lerta/>

The City approved first followed by school district and county.

**Terry Williams, Director of Codes, Permits, and
Recreation Services for the City of Warren**

Question:

Does your LERTA program cover new construction on vacant, "un-deteriorated" lots? In other words, if someone bought a zoned commercial lot, which never had anything on it, and built a new building, would that be covered by your program?

For residential development, does it cover "deteriorated property" or does it cover all property in the city limits and all new construction?

Answer:

All new construction of living space and commercial space is covered, as are garages and other storage buildings over 300 Sq ft. New construction on vacant lots is covered and the LERTA is actively being used as a marketing tool to encourage new residential development. The entire city has been designated as "distressed" to fit the criteria of the redevelopment law but all properties, not only those considered blighted, qualify for the tax abatement

Reference 2 – Sample Application for Tax Abatement

Below is a sample application showing the type of information that will be gathered on an application for tax abatement. Whether a municipality uses permits or “letters of intent” to track construction, a property owner must turn this into the corresponding municipality, and the municipality must forward it to the assessment office. We could also, potentially, create a system where the landowner is responsible to turn an application in to both.

Page 1 of 3 (Sample)

<h3 style="margin: 0;">Application for Tax Abatement</h3> <p style="margin: 0;">Warren County Tax Assessment Office 204 Fourth Avenue, Warren, PA 16365</p>	
<p>Property tax exemptions for alterations or new construction for both residential and commercial properties are available in various forms (<i>see instructions at the end of this document</i>) in the following municipalities in Warren County, PA: Conewango Township, Cherry Grove Township, Glade Township, Limestone Township, Pleasant Township, Watson Township, Clarendon Borough, Tidioute Borough, Youngsville Borough, and the City of Warren. An application may be secured from those relevant municipal offices or the Warren County Tax Assessment Office or the County website at http://warrencopa.com. Applications must be filled out completely and returned to the proper offices (see instruction at the end of this document). Only one abatement per application. Do not request multiple property abatements on one application.</p>	
PROPERTY INFORMATION	
Parcel ID: _____	Control #: _____
Location of Tax Abatement: _____	
City: _____	State _____ Zip: _____
APPLICANT INFORMATION	
Owner Name: _____	Phone #: _____
Owner Mailing Address: _____	
City: _____	State _____ Zip: _____
Cell Phone #: _____	Email: _____
<p>DEVELOPMENT DESCRIPTION (Check One)</p> <p>Type of Improvement: <input type="checkbox"/> New Commercial Construction <input type="checkbox"/> Commercial Addition/Renovation <input type="checkbox"/> New Residential Construction <input type="checkbox"/> Residential Addition/Renovation <input type="checkbox"/> New Garage/Outbuilding greater than 300 square feet <input type="checkbox"/> Other (please specify) _____</p> <p>Summarize project, projected costs, and any questions/comments related to your application:</p> <div style="border: 1px solid black; height: 50px; width: 100%; margin-top: 5px;"></div>	
Applicant Signature: _____ Date: _____	

Tax Abatement Program Overview

Starting in 2019, the County of Warren, in conjunction with multiple municipalities and the Warren County School District have initiated a comprehensive tax abatement program for both residential and commercial properties utilizing the “Improvement Of Deteriorating Real Property or Areas Tax Exemption Act” of 1971 and the “Local Economic Revitalization Tax Assistance Act” of 1977 to write complimentary ordinances and resolutions authorizing such exemptions. The County, municipalities, and School District believe this will be a tool to assist in an eventual tax base increase, an increase in overall employment, and aid in the redevelopment of our communities.

Tax Abatement Eligibility Requirements

All properties within Conewango Township, Cherry Grove Township, Glade Township, Limestone Township, Pleasant Township, Watson Township, Clarendon Borough, Tidioute Borough, Youngsville Borough, and the City of Warren shall be eligible for some type of property tax abatement (according to the schedules below) on property tax increases resulting from the redevelopment or substantial improvement of a property which results in reassessment of the property by the County Assessment Office. Any person and/or business owning a property in those municipalities is eligible to apply for this program, with any award provided being done so in compliance with all sections of these guidelines.

Exemption Schedules

When a property is improved through the substantial renovation or new construction of a structure or site renovation a property is reassessed and a new value is placed on the property. This program allows property owners to pay abated taxes on the new tax assessed amount for a period of up to 5 years. It’s important to note, the abatement can vary municipality-to-municipality based on the decisions of a municipality’s elected officials. ***The exemption from real property taxes shall be upon real property exempted and shall not terminate upon the sale or exchange of the real property.*** The assessed valuation of residential improvements, residential construction, business improvements and business construction shall be exempted from real property taxes in accordance with the following schedule:

Property Tax Abatement Schedules				
Municipality	Residential Improvements	Residential New Construction	Commercial Improvements	Commercial New Construction
Cherry Grove Twp.	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%
Conewango Twp.	5 Yrs./100%	2 Yrs./100%	2 Yrs./100%	—
Glade Twp.	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%
Limestone Twp.	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%
Pleasant Twp.	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%
Pine Grove Twp.	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%
Watson Twp.	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%
Clarendon Borough	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%
Tidioute Borough	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%
Youngsville Borough	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%
City of Warren	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%	5 Yrs./100%

Definitions

New Commercial Construction - The building or erection of structures other than Dwelling Units upon vacant land or land specifically prepared to receive such structures.

Commercial Addition/Renovation - The repair, construction or reconstruction, including alterations and additions, of commercial property on lots where structures already exist. Ordinary upkeep and maintenance shall not be deemed an improvement.

New Residential Construction - The building or erection of Dwelling Units upon vacant land or land specifically prepared to receive such structures. "Dwelling Unit" means a house, double house, or duplex, townhouse, or row house, apartment, condominium, or any building designed or used as a permanent or temporary living quarters for human habitation by an individual, a family, or families, or other persons.

Residential Addition/Renovation/ New Garage/Outbuilding - The repair, construction or reconstruction, including alterations and additions, of Dwelling Units on lots where structures already exist. Ordinary upkeep and maintenance shall not be deemed an improvement.

Application Process

Applications for Exemption may be obtained from the Tax Assessment Office in the County Courthouse, through the County website at <http://warrencopa.com> or at one of the municipal offices who've opted into the program.

You must submit your completed application to the County Assessment Office, your local municipal office, and to the Warren County School District using the addresses listed below.

Warren County Tax Assessment Office Residential Real Property Tax Exemption 204 Fourth Avenue, Warren, PA 16365	Warren County School District Real Property Tax Exemption 6820 Market Street Russell, PA 16345
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Municipal Offices				
Municipality	Address	City	State	ZIP
Cherry Grove Twp.	6039 Cherry Grove Road	Clarendon	PA	16313
Conewango Twp.	4 Fireman Street	Warren	PA	16365
Glade Twp.	1285 Cobham Park Road	Warren	PA	16365
Limestone Twp.	P.O. Box 211	Tidioute	PA	16351
Pleasant Twp.	8 Chari Lane	Warren	PA	16365
Pine Grove Twp.	P.O. Box 125	Russell	PA	16345
Watson Twp.	238 Dunham Mills Road	Clarendon	PA	16313
Clarendon Borough	P.O. Box 335	Clarendon	PA	16313
Tidioute Borough	129 Main Street	Tidioute	PA	16351
Youngsville Borough	40 Railroad Street	Youngsville	PA	16371
City of Warren	318 W. Third Avenue	Warren	PA	16365

Reference 3 – Draft County Ordinance

ORDINANCE NO. 2-2019

AN ORDINANCE OF THE COUNTY OF WARREN, PENNSYLVANIA, ENTITLED THE “WARREN COUNTY TAX RELIEF AND REDEVELOPMENT ACT”; GRANTING REAL ESTATE TAX RELIEF FOR PROPERTIES IN DETERIORATED AREAS/NEIGHBORHOODS PURSUANT TO 72 P.S. § 4711-01, ET SEQ. AND 72 P.S. § 4722. ET SEQ., AND ITS VARIOUS AMENDMENTS, AND PROVIDING FOR REAL ESTATE TAX ABATEMENT FOR COMMERCIAL, BUSINESS AND INDUSTRIAL PROPERTIES AND FOR REAL ESTATE TAX ABATEMENT FOR RESIDENTIAL CONSTRUCTION AND IMPROVEMENTS WITHIN WARREN COUNTY

WHEREAS, the Commonwealth of Pennsylvania adopted an Act known as the “Improvement of Deteriorating Real Property or Areas Tax Exemption Act”, 72 P.S. § 4711-01, *et seq.*, as amended, authorizing local taxing authorities to exempt the increased assessed valuation of the actual cost of new construction or improvements for deteriorated residential property and deteriorated areas for a term not to exceed ten years; and

WHEREAS, the Commonwealth of Pennsylvania adopted an Act known as the “Local Economic Revitalization Tax Assistance Act,” 72 P.S. § 4722, *et seq.*, as amended, authorizing local taxing authorities to exempt the increased assessed valuation of the actual cost of improvements to certain deteriorated industrial, commercial, and other business property, and new construction of industrial, commercial, and other business property in deteriorated areas of economically depressed communities, not to exceed ten years; and

WHEREAS, the Warren County Board of Commissioners finds that the creation of certain tax exemptions authorized by the Improvement of Deteriorating Real Property or Areas Tax Exemption Act and the Local Economic Revitalization Tax Assistance Act, will have a positive impact upon the development and redevelopment within the County of Warren, Pennsylvania; and

WHEREAS, the Warren County Board of Commissioners, after a public hearing held on Thursday, October 3, 2019 for the purpose of affixing boundaries of deteriorated areas located within the County has determined that the City of Warren, Conewango Township, Glade Township, Limestone Township, Pleasant Township, Sheffield Township, Youngsville Borough and Clarendon Borough are all determined to be deteriorated as described in 72 P.S. §4725 and 72 P.S. §4711-202; and

WHEREAS, the Warren County Board of Commissioners declares that it is in the best interest of the County to adopt a Tax Abatement Ordinance providing for certain tax exemptions for the construction and or improvements of deteriorated residential, industrial, commercial, and other business properties within the jurisdiction of the Investment Opportunity Area outlined herein.

NOW, THEREFORE, IT IS HEREBY ENACTED AND ORDAINED by the Board of Commissioners of Warren County, Pennsylvania, the following:

SECTION ONE. TITLE

This Ordinance shall be known as the “Warren County Tax Relief and Redevelopment Act.”

SECTION TWO. DEFINITIONS

- (a) “County” means Warren County, Pennsylvania.
- (b) “Deteriorated Property Non-Residential” means any industrial, commercial, or other business property owned by an individual, association or corporation, and located in an Investment Opportunity Area, or any such property within the Investment Opportunity Area 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.
- (c) “Deteriorated Property Residential” means a Dwelling Unit located in an Investment Opportunity Area, as herein after defined, or a Dwelling Unit 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 has been the subject of an order by such an agency requiring the unit to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, and regulations.
- (d) “Dwelling Unit” means a house, double house, or duplex, townhouse, or row house, apartment, condominium, or any building designed or used as a permanent or temporary living quarters for human habitation by an individual, a family, or families, or other persons which 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.
- (e) “Investment Opportunity Area” means all that area within the boundaries of the City of Warren, Conewango Township, Glade Township, Limestone Township, Pleasant Township, Sheffield Township, Youngsville Borough and Clarendon Borough, which have been found after public hearing and notice to be “deteriorated areas” or “deteriorated neighborhoods” for the purposes of the “Improvement of Deteriorating Real Property or Areas Tax Exemption Act”, 72 P.S. § 4711-01, *et seq.* and the “Local Economic Revitalization Tax Assistance Act,” 72 P.S. § 4722, *et seq.*
- (f) “Improvement” means repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a deteriorated property so that it becomes habitable or attains higher standards of safety, health, economic use or amenity, or is brought into compliance with laws, ordinances or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed an improvement.
- (g) “Non-Residential Construction” means the building or erection of structures other than Dwelling Units upon vacant land or land specifically prepared to receive such structures.
- (h) “Real Property Tax or Taxation” means the taxes on real property levied in the Investment Opportunity Area by the County of Warren.
- (i) “Residential Construction” means the building or erection of Dwelling Units upon vacant land or land specifically prepared to receive such structures.

SECTION THREE. EXEMPTION

- (a) There is hereby exempted from real property taxation the increased assessed valuation of the actual cost of New Construction or Improvements, the increase of which is directly attributable to:
 - 1. Improvements to Deteriorated Property Residential;
 - 2. Improvements to Deteriorated Property Non-Residential;
 - 3. New Residential Construction;
 - 4. New Non-Residential Construction.
- (b) The exemption authorized by subsection (a)(1), (a)(2), (a)(3), and (a)(4) of this section three shall be in the amounts, and in accordance with, the provisions and limitations herein provided.

SECTION FOUR: 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 Construction or Improvements provided herein.
- (b) The date of Improvement shall be for Residential Construction, the date of issuance of the building permit, improvement record, or other required notification of construction, and for Nonresidential Construction, from the completion of the Improvement or New Construction.
- (c) In all cases the exemption from taxes shall be limited to that portion of the additional assessment attributable to the actual cost of 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 separately requested. No tax exemption shall be granted if the property owner does not secure the necessary and proper permits prior to making an Improvement of, or new Construction on, the property. No tax exemption shall be granted if the property, as completed, does not comply with the minimum standards of the applicable regulations and codes as adopted by the Pennsylvania Uniform Construction Code Act, 35 P.S. §§7210.1010 *et seq.*, as amended.
- (d) In any case, after the effective date of this Ordinance, where Deteriorated Property Non-Residential or Deteriorated Property Residential is damaged, destroyed, or demolished by any cause or for any reason, and 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 by the Ordinance shall be limited to that portion of new assessment attributable to the actual cost of Improvement or Construction that is in excess of the original assessment that existed prior to the damage, destruction or demolition of the property.

SECTION FIVE. EXEMPTION SCHEDULE.

Section Five (a) and Section Five (b) represent the exemptions schedules for the City of Warren, Glade Township, Limestone Township, Pleasant Township, Sheffield Township, Cherry Grove Township, Watson Township, Tidioute Borough, Youngsville Borough and Clarendon Borough.

- (a) The Real Property Tax exemption for Improvements to Deteriorated Property Residential and Deteriorated Property Non-Residential located within the jurisdiction of the Investment Opportunity Area shall be in accordance with the following schedule:

<u>Year of Abatement</u>	<u>Exemption Percentage</u>
1 st Year	100%
2 nd Year	100%
3 rd Year	100%
4 th Year	100%
5 th Year	100%

After the 5th Year the exemption shall terminate.

- (b) The Real Property Tax exemption for New Construction Non-Residential and New Construction Residential, located within the jurisdiction of the Investment Opportunity Area shall be in accordance with the following schedule:

<u>Year of Abatement</u>	<u>Exemption Percentage</u>
1 st Year	100%
2 nd Year	100%
3 rd Year	100%
4 th Year	100%
5 th Year	100%

After the 5th Year the exemption shall terminate.

Section Five (c) and Section Five (d) and Section Five (e) represent the exemption schedules for Conewango Township. Conewango Township will not have an exemption for New Construction Non-Residential.

- (c) The Real Property Tax exemption for Improvements to Deteriorated Property Residential located within the jurisdiction of the Investment Opportunity Area shall be in accordance with the following schedule:

<u>Year of Abatement</u>	<u>Exemption Percentage</u>
1 st Year	100%
2 nd Year	100%
3 rd Year	100%
4 th Year	100%
5 th Year	100%

After the 5th Year the exemption shall terminate.

- (d) The Real Property Tax exemption for Improvements to Deteriorated Property Non-Residential located within the jurisdiction of the Investment Opportunity Area shall be in accordance with the following schedule:

<u>Year of Abatement</u>	<u>Exemption Percentage</u>
1 st Year	100%
2 nd Year	100%

After the 2nd Year the exemption shall terminate.

- (e) The Real Property Tax exemption for New Construction Residential, located within the jurisdiction of the Investment Opportunity Area shall be in accordance with the following schedule:

<u>Year of Abatement</u>	<u>Exemption Percentage</u>
1 st Year	100%
2 nd Year	100%

After the 2nd Year the exemption shall terminate.

SECTION SIX. DETERIORATED AREA BOUNDARY DESCRIPTION

The areas wherein Real Property Tax Abatement is available is for improvements to Deteriorated Property Residential and Deteriorated Property Non-Residential and for New Residential Construction and New Non-Residential Construction shall consist of the entire area within the jurisdiction of the City of Warren, Conewango Township, Glade Township, Limestone Township, Pleasant Township, Sheffield Township, Cherry Grove Township, Watson Township, Tidioute Borough, Youngsville Borough and Clarendon Borough.

SECTION SEVEN. SUNSET PROVISIONS

This Ordinance shall expire on December 31, 2029, unless extended by ordinance duly adopted, except that it shall survive to the extent necessary to preserve or enforce the rights of any applicant, property owner, or local taxing authority as herein passed or amended. Any applicant for tax abatement must have a building permit to be eligible for tax abatement treatment hereunder, with that permit having been issued on, or before, the 31st day of December 2029.

SECTION EIGHT. MISCELLANEOUS PROVISIONS

- (a) The exemption from Real Property Taxes granted under this Ordinance shall be upon the property exempted and shall not terminate upon the sale or exchange of the property.
- (b) The exemption from Real Property Taxes hereunder shall be forfeited by the applicant and/or the subsequent owner of the real estate for failure to pay nonexempt real estate taxes by their due date, i.e. the last date upon which taxes may be paid without penalty. Upon receipt of notice of nonpayment of nonexempt real estate taxes, the County's Administration shall direct the County Assessment Officer to discontinue the exemption provided for hereunder.
- (c) If an eligible property is granted tax exemption pursuant to this Ordinance, the Improvement shall not, during the exemption period, be considered as a factor in assessing other properties.

SECTION NINE. PROCEDURE FOR OBTAINING EXEMPTION

- (a) Any person desiring tax exemption pursuant to this Ordinance should apply to the appropriate municipality within the Investment Opportunity Area at the time that a building permit is secured for construction of the Improvement or New Construction, as the case may be, or at the time of the commencement of construction if no building permit or other notification of Improvement or New Construction is required. The application must be in writing upon forms specified by the proper municipality in the Investment Opportunity Area setting forth the following information:

1. The date the Building Permit was issued for said Improvement or new construction;
 2. The location of the property to be Improved or Constructed;
 3. The type of Improvement or Construction (commercial, mixed use, or residential);
 4. The summary of the plan of Improvement or Construction;
 5. The estimated cost of the Improvement or Construction;
 6. Whether the property has been condemned by any governmental body for non-compliance with laws or ordinances;
 7. Verification that the property has received a proper Zoning Permit;
 8. Such additional information as the municipality may require.
- (b) There shall be on the application form for a building permit a notice from the relevant municipality informing the requestor of the permit of the availability of tax abatement pursuant to this ordinance and the accompanying ordinances by the other taxing bodies.
- (c) A copy of the exemption request shall be forwarded to the County Board of Assessment Appeals by the relevant municipal Secretary. The Board shall determine whether the exemption shall be granted and shall, upon completion of the Improvement or New Construction, and notification from the municipality's designated Building Code Official that the Improvement or new construction complies with all applicable Building Codes, assess separately the Improvement or New Construction and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by this Ordinance and notify the taxpayer and the local taxing authorities of the reassessment and amounts of the assessment eligible for exemption, which exemption will commence in the following tax year. In the case of New Residential Construction, the Board shall assess separately the Dwelling Unit and the land upon which the New Residential Construction stands and shall otherwise perform its duties as above provided for construction or Improvement to residential, mixed use, and commercial properties.
- (d) The subsequent amendment of this Ordinance, if any, shall not apply to the schedule of taxes exempted to any Improvement or New Construction of any Residential or Non-Residential properties, or to any request initiated prior to the adoption of said amendment.

SECTION ELEVEN. EFFECTIVE DATE

The effective date of this Ordinance shall be five days from the date of final passage of related Ordinances or Resolutions by the Warren County School District.

SECTION TWELVE. REPEALER

All ordinances or parts thereof conflicting herewith, are hereby repealed. County of Warren Ordinance No. 1-2004 is specifically repealed.

Warren County, PA Tax Abatement Summary for Municipal Review (8/29/19)

ORDAINED and ENACTED this 9th day of October, 2019.

COMMISSIONERS OF WARREN COUNTY

Benjamin Kafferlin
Chair

Cindy Morrison
Vice Chair

Jeff Eggleston
Secretary

Attest:

Pamela J. Matve
Chief Clerk Secretary

Reference 4 – Draft Municipal Ordinance

ORDINANCE NO. _____

AN ORDINANCE OF THE BOROUGH OF CLARENDON, PENNSYLVANIA, ENTITLED THE “BOROUGH OF CLARENDON TAX RELIEF AND REDEVELOPMENT ACT”; GRANTING REAL ESTATE TAX RELIEF FOR PROPERTIES IN DETERIORATED AREAS/NEIGHBORHOODS PURSUANT TO 72 P.S. § 4711-01, ET SEQ. AND 72 P.S. § 4722. ET SEQ., AND ITS VARIOUS AMENDMENTS, AND PROVIDING FOR REAL ESTATE TAX ABATEMENT FOR COMMERCIAL, BUSINESS AND INDUSTRIAL PROPERTIES AND FOR REAL ESTATE TAX ABATEMENT FOR RESIDENTIAL CONSTRUCTION AND IMPROVEMENTS WITHIN CLARENDON BOROUGH

WHEREAS, the Commonwealth of Pennsylvania adopted an Act known as the “Improvement of Deteriorating Real Property or Areas Tax Exemption Act”, 72 P.S. § 4711-01, *et seq.*, as amended, authorizing local taxing authorities to exempt the increased assessed valuation of the actual cost of new construction or improvements for deteriorated residential property and deteriorated areas for a term not to exceed ten years; and

WHEREAS, the Commonwealth of Pennsylvania adopted an Act known as the “Local Economic Revitalization Tax Assistance Act,” 72 P.S. § 4722, *et seq.*, as amended, authorizing local taxing authorities to exempt the increased assessed valuation of the actual cost of improvements to certain deteriorated industrial, commercial, and other business property, and new construction of industrial, commercial, and other business property in deteriorated areas of economically depressed communities, not to exceed ten years; and

WHEREAS, the Borough Council of the Borough of Clarendon finds that the creation of certain tax exemptions authorized by the Improvement of Deteriorating Real Property or Areas Tax Exemption Act and the Local Economic Revitalization Tax Assistance Act, will have a positive impact upon the development and redevelopment within the Borough of Clarendon; and

WHEREAS, the Borough Council of the Borough of Clarendon, after a public hearing held on Thursday, October 3, 2019 for the purpose of affixing boundaries of deteriorated areas located within the Borough has determined that that the entire area within the jurisdiction of Borough of Clarendon, Warren County, Pennsylvania, is determined to be deteriorated as described in 72 P.S. §4725 and 72 P.S. §4711-202; and

WHEREAS, the Borough Council of the Borough of Clarendon declares that it is in the best interest of the Borough to adopt a Tax Abatement Ordinance providing for certain tax exemptions for the construction and or improvements of deteriorated residential, industrial, commercial, and other business properties within the jurisdiction of the Investment Opportunity Area outlined herein.

NOW, THEREFORE, IT IS HEREBY ENACTED AND ORDAINED by Borough Council of the Borough of Clarendon of the County of Warren, Pennsylvania, the following:

SECTION ONE. TITLE

This Ordinance shall be known as the “Borough of Clarendon Tax Relief and Redevelopment Act.”

SECTION TWO. DEFINITIONS

- (j) “Borough” means the Borough of Clarendon, Warren County, Pennsylvania.
- (k) “Deteriorated Property Non-Residential” means any industrial, commercial, or other business property owned by an individual, association or corporation, and located in an Investment Opportunity Area, or any such property within the Investment Opportunity Area 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.
- (l) “Deteriorated Property Residential” means a Dwelling Unit located in an Investment Opportunity Area, as herein after defined, or a Dwelling Unit 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 has been the subject of an order by such an agency requiring the unit to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, and regulations.
- (m) “Dwelling Unit” means a house, double house, or duplex, townhouse, or row house, apartment, condominium, or any building designed or used as a permanent or temporary living quarters for human habitation by an individual, a family, or families, or other persons which 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.
- (n) “Investment Opportunity Area” means all that area within the boundaries of the Borough of Clarendon, Pennsylvania which have been found after public hearing and notice to be “deteriorated areas” or “deteriorated neighborhoods” for the purposes of the “Improvement of Deteriorating Real Property or Areas Tax Exemption Act”, 72 P.S. § 4711-01, *et seq.* and the “Local Economic Revitalization Tax Assistance Act,” 72 P.S. § 4722, *et seq.*
- (o) “Improvement” means repair, construction or reconstruction, including alterations and additions, having the effect of rehabilitating a deteriorated property so that it becomes habitable or attains higher standards of safety, health, economic use or amenity, or is brought into compliance with laws, ordinances or regulations governing such standards. Ordinary upkeep and maintenance shall not be deemed an improvement.
- (p) “Non-Residential Construction” means the building or erection of structures other than Dwelling Units upon vacant land or land specifically prepared to receive such structures.
- (q) “Real Property Tax or Taxation” means the taxes on real property levied in the Investment Opportunity Area by the Borough of Clarendon, Pennsylvania.
- (r) “Residential Construction” means the building or erection of Dwelling Units upon vacant land or land specifically prepared to receive such structures.

SECTION THREE. EXEMPTION

- (c) There is hereby exempted from real property taxation the increased assessed valuation of the actual cost of New Construction or Improvements, the increase of which is directly attributable to:
 - 1. Improvements to Deteriorated Property Residential;
 - 2. Improvements to Deteriorated Property Non-Residential;
 - 3. New Residential Construction;
 - 4. New Non-Residential Construction.
- (d) The exemption authorized by subsection (a)(1), (a)(2), (a)(3), and (a)(4) of this section three shall be in the amounts, and in accordance with, the provisions and limitations herein provided.

SECTION FOUR: EXEMPTION LIMITATIONS

- (e) 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 Construction or Improvements provided herein.
- (f) The date of Improvement shall be for Residential Construction, the date of issuance of the building permit, improvement record, or other required notification of construction, and for Nonresidential Construction, from the completion of the Improvement or New Construction.
- (g) In all cases the exemption from taxes shall be limited to that portion of the additional assessment attributable to the actual cost of 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 separately requested. No tax exemption shall be granted if the property owner does not secure the necessary and proper permits prior to making an Improvement of, or new Construction on, the property. No tax exemption shall be granted if the property, as completed, does not comply with the minimum standards of the applicable regulations and codes as adopted by the Pennsylvania Uniform Construction Code Act, 35 P.S. §§7210.1010 *et seq.*, as amended.
- (h) In any case, after the effective date of this Ordinance, where Deteriorated Property Non-Residential or Deteriorated Property Residential is damaged, destroyed, or demolished by any cause or for any reason, and 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 by the Ordinance shall be limited to that portion of new assessment attributable to the actual cost of Improvement or Construction that is in excess of the original assessment that existed prior to the damage, destruction or demolition of the property.

SECTION FIVE. EXEMPTION SCHEDULE.

- (c) The Real Property Tax exemption for Improvements to Deteriorated Property Residential and Deteriorated Property Non-Residential located within the jurisdiction of the Investment Opportunity Area shall be in accordance with the following schedule:

<u>Year of Abatement</u>	<u>Exemption Percentage</u>
1 st Year	100%
2 nd Year	100%
3 rd Year	100%
4 th Year	100%
5 th Year	100%

After the 5th Year the exemption shall terminate.

- (d) The Real Property Tax exemption for New Construction Non-Residential and New Construction Residential, located within the jurisdiction of the Investment Opportunity Area shall be in accordance with the following schedule:

<u>Year of Abatement</u>	<u>Exemption Percentage</u>
1 st Year	100%
2 nd Year	100%
3 rd Year	100%
4 th Year	100%
5 th Year	100%

After the 5th Year the exemption shall terminate.

SECTION SIX. DETERIORATED AREA BOUNDARY DESCRIPTION

The areas wherein Real Property Tax Abatement is available is for improvements to Deteriorated Property Residential and Deteriorated Property Non-Residential and for New Residential Construction and New Non-Residential Construction shall consist of the entire area within the jurisdiction of Clarendon Borough.

SECTION SEVEN. SUNSET PROVISIONS

This Ordinance shall expire on December 31, 2029, unless extended by ordinance duly adopted, except that it shall survive to the extent necessary to preserve or enforce the rights of any applicant, property owner, or local taxing authority as herein passed or amended. Any applicant for tax abatement must have a building permit to be eligible for tax abatement treatment hereunder, with that permit having been issued on, or before, the 31st day of December 2029.

SECTION EIGHT. MISCELLANEOUS PROVISIONS

- (d) The exemption from Real Property Taxes granted under this Ordinance shall be upon the property exempted and shall not terminate upon the sale or exchange of the property.
- (e) The exemption from Real Property Taxes hereunder shall be forfeited by the applicant and/or the subsequent owner of the real estate for failure to pay nonexempt real estate taxes by their due date, i.e. the last date upon which taxes may be paid without penalty. Upon receipt of notice of nonpayment of nonexempt real estate taxes, the County's Administration shall direct the County Assessment Officer to discontinue the exemption provided for hereunder.
- (f) If an eligible property is granted tax exemption pursuant to this Ordinance, the Improvement shall not, during the exemption period, be considered as a factor in assessing other properties.

SECTION NINE. PROCEDURE FOR OBTAINING EXEMPTION

- (e) Any person desiring tax exemption pursuant to this Ordinance should apply to the appropriate municipality within the Investment Opportunity Area at the time that a building permit is secured for construction of the Improvement or New Construction, as the case may be, or at the time of the commencement of construction if no building permit or other notification of Improvement or New Construction is required. The application must be in writing upon forms specified by the proper municipality in the Investment Opportunity Area setting forth the following information:
1. The date the Building Permit was issued for said Improvement or new construction;
 2. The location of the property to be Improved or Constructed;
 3. The type of Improvement or Construction (commercial, mixed use, or residential);
 4. The summary of the plan of Improvement or Construction;
 5. The estimated cost of the Improvement or Construction;
 6. Whether the property has been condemned by any governmental body for non-compliance with laws or ordinances;
 7. Verification that the property has received a proper Zoning Permit;
 8. Such additional information as the municipality may require.
- (f) There shall be on the application form for a building permit a notice from the relevant municipality informing the requestor of the permit of the availability of tax abatement pursuant to this ordinance and the accompanying ordinances by the other taxing bodies.
- (g) A copy of the exemption request shall be forwarded to the County Board of Assessment Appeals by the municipal Secretary. The Board shall determine whether the exemption shall be granted and shall, upon completion of the Improvement or New Construction, and notification from the municipality's designated Building Code Official that the Improvement or new construction complies with all applicable Building Codes, assess separately the Improvement or New Construction and calculate the amounts of the assessment eligible for tax exemption in accordance with the limits established by this Ordinance and notify the taxpayer and the local taxing authorities of the reassessment and amounts of the assessment eligible for exemption, which exemption will commence in the following tax year. In the case of New Residential Construction, the Board shall assess separately the Dwelling Unit and the land upon which the New Residential Construction stands and shall otherwise perform its duties as above provided for construction or Improvement to residential, mixed use, and commercial properties.
- (h) The subsequent amendment of this Ordinance, if any, shall not apply to the schedule of taxes exempted to any Improvement or New Construction of any Residential or Non-Residential properties, or to any request initiated prior to the adoption of said amendment.

SECTION ELEVEN. EFFECTIVE DATE

The effective date of this Ordinance shall be five days from the date of final passage of related Ordinances or Resolutions by the Warren County School District.

SECTION TWELVE. REPEALER

All ordinances or parts thereof conflicting herewith, are hereby repealed.

ORDAINED and ENACTED this 15th day of October, 2019.

BOROUGH OF CLARENDON

ATTEST:

Secretary

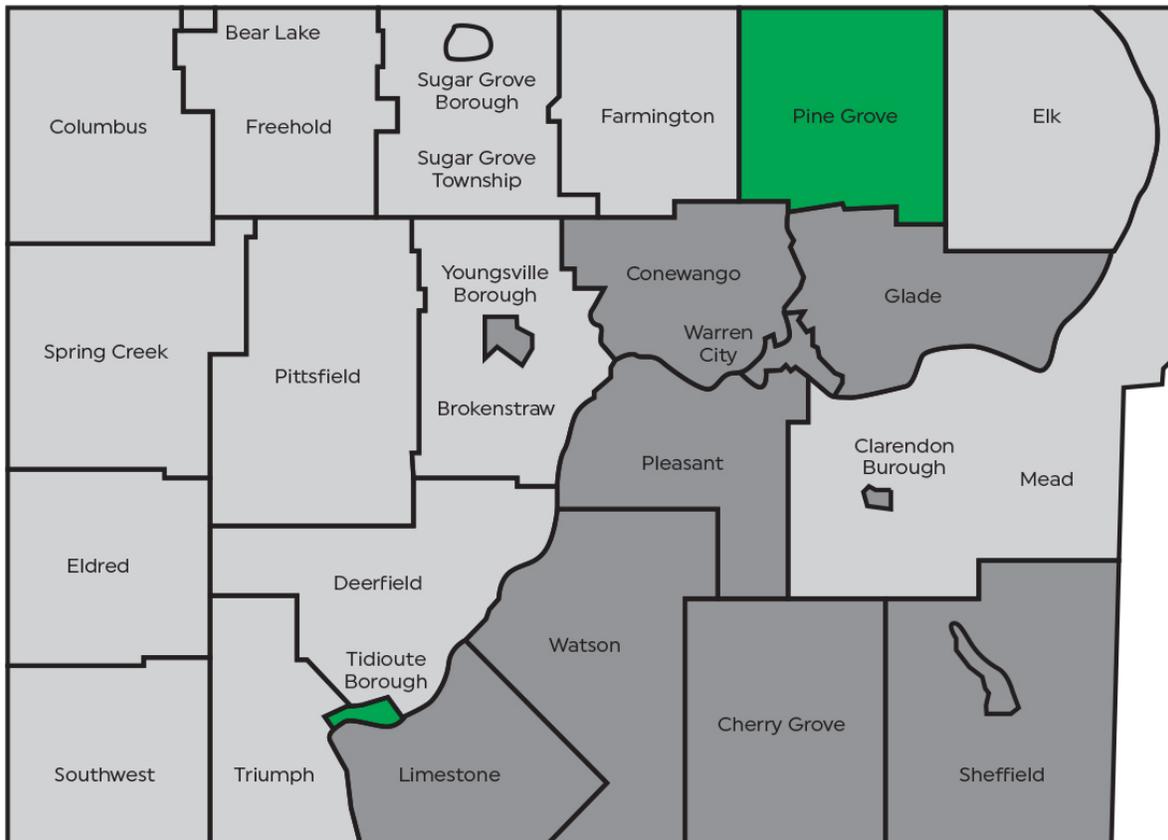
Mayor

Reference 5 – Map of proposed tax abatement districts

List of Municipalities moving forward with Residential and Commercial Tax Abatement Programs

Conewango Township
 Glade Township
 Limestone Township
 Pleasant Township
 Pine Grove Township
 Watson Township

Sheffield Township
 City of Warren
 Clarendon Borough
 Tidioute Borough
 Youngsville Borough



Municipalities that have passed an ordinance
 Municipalities that have expressed interest in LERTA
 Municipalities that have not expressed an interest

Reference 6 – Approval of DRAFT Public Notice

Below is the revised public notice the County would like to run in support of the tax abatement program which outlines the joint public hearing we intend to hold on October 3rd at 6:00 pm in the Jackson Courtroom. Watson Township’s ordinance number will be included once we receive it prior to the meeting.

Approval - Please review this ad and if it meets with your approval, please print out this page, sign the document, and scan it and email it to jeff.eggleson@warren-county.net or mail it to Commissioner Eggleston, 204 4th Avenue, Warren, PA 16365 so that we have your approval to move forward.

We need your response by Wednesday, September 25th.

PUBLIC NOTICE

The Board of Warren County Commissioners and the Municipalities listed below are each proposing to adopt an Ordinance known as the “Tax Relief and Redevelopment Act” for real estate tax abatement for residential and commercial construction and improvements. The County and Municipalities are authorized to pass these ordinances pursuant to the Improvement of Deteriorating Real Property or Areas Tax Exemption Act (IDRPA), 72 P.S. § 4711-01, et seq., and the Local Economic Revitalization and Tax Abatement Act (“LERTA”) 72 P.S. § 4722. et seq., and their various amendments, providing for real estate tax abatement for commercial, business and industrial properties and for real estate tax abatement for residential construction and improvements within Warren County.

Pursuant to the ordinances, residential and commercial properties will be exempted from real property taxation the increased assessed valuation of the actual cost of New Construction or Improvements, the increase of which is directly attributable to: Improvements to Residential and Non-Residential Property; and New Residential and New Non-Residential Construction. This is not limited to “deteriorated property” but to all property within these jurisdictions.

In simple terms, if a citizen or business either does qualifying improvements on their property (builds an addition, expands, or makes substantial changes; ordinary upkeep and maintenance does not qualify), or qualifying new construction on their property, their property taxes will not increase as a result of the improvements or new construction for a period of up to five years.

The proposed ordinances for those participating municipalities (other than Conewango Township) will offer the following tax abatement schedule based on the actual cost of construction and improvements to the subject properties:

<u>Year of Abatement</u>	<u>Exemption Percentage</u>
1 st Year	100%
2 nd Year	100%
3 rd Year	100%
4 th Year	100%
5 th Year	100%

After the 5th Year the exemption shall terminate.

Warren County, PA Tax Abatement Summary for Municipal Review (8/29/19)

Conewango Township has chosen the following abatement schedule which is different from the remaining municipalities: **Commercial Properties** will receive 100% abatement for alterations and additions for 2 years and no abatement for new construction. **Residential Properties** will receive 100% abatement for 5 years for additions and alterations and 100% abatement for 2 years for new home construction.

The proposed ordinances require that at least one public meeting be held before adoption of the ordinances can be approved and go into effect. The purpose of the hearing is to present evidence to establish the qualifications of each municipality to be declared an economically challenged or deteriorating area, to set the boundaries of the deteriorated area (in this case the townships and boroughs listed below and the City of Warren) and to receive public comment. A joint public hearing will be conducted by the Warren County Commissioners on October 3, 2019, at 6:00 p.m., at the Warren County Courthouse in the Jackson Courtroom, at which time the following municipalities will also jointly participate in the hearing:

Township/Borough	Ordinance #
Glade Township	234
Limestone Township	3-2019
Pleasant Township	01-2019
Sheffield Township	164
Conewango Township	2019-3
Cherry Grove Township	81219
Clarendon Borough	8202019
Tidioute Borough	3-2019
Youngsville Borough	597
Pine Grove Township	8-14-19
Watson Township	
City of Warren	
Warren County	2-2019

The full text of each proposed ordinance is located in the municipal offices presented above during normal business hours, and the County Ordinance will be available at the Commissioner’s Office at 204 Fourth Ave., Warren, PA for public review before the listed meeting dates. The County Ordinance will also be available on the County website at <http://warrencopa.com>.

Pamela J Matve, Chief Clerk

We, the governing body of _____, do hereby approve the above ad as written for the purpose of promoting our tax abatement ordinance and the public hearing to be held on October 3rd.

Name: _____ Title: _____ Date: _____

Reference 7 – Approval of Joint Public Hearing

Joint Public Hearing

We are again offering to undertake a joint public hearing. This is simply to define the borders of the “deteriorated neighborhoods” and “deteriorated areas” to accommodate the various statutes we are employing. This is completely legal and is outlined in the two laws. If you would like to work with us on a joint public hearing, please check the appropriate box below.

Individual Public Hearing

If your municipality would prefer to do its own public hearing and advertise it then please check the “Individual Public Hearing” box below and give us a time for your public hearing, so that we can add it to our information. We would ask that the public hearing please take place prior to the Commissioners Meeting at 12:00 pm on October 9th, so that all public hearings have occurred prior to that date. It is the Commissioners’ intention to vote on all areas at that meeting.

Please sign and date this document and return it to Commissioner Jeff Eggleston via email at jeff.eggleston@warren-county.net or mail it to Commissioner Eggleston, 204 4th Avenue, Warren, PA 16365 so that we have your approval to move forward.

Response (check one)

- Joint Public Hearing – We will join the County in a joint public hearing on October 3rd.
- Individual Public Hearing – We will stage our own advertisement and public hearing.

Name: _____ Title: _____ Date: _____

Municipality: _____

Reference 8 – Statistics Justifying Tax Abatement Programs

This data is provided for all taxing bodies to help justify the setting of boundaries before, during, and after the public hearings to take place to set said boundaries. This is a mixture of census data which includes population adjustments, wage information, and vacant home data.

Population Statistics

As can be seen in the data below, all of the municipalities have see a significant decline in population over the past 30 years, with the exception of Cherry Grove and Limestone, which have had modest increases in population considering their low overall numbers, all municipalities have suffered medium to high reductions in population. These reductions in population have affected housing stock, increased blighted property, and generally increased the volume of vacant property.

	Census Year Data									
Municipality	1990	2000	Inc/Dec	Inc/Dec %	2010	Inc/Dec	Inc/Dec %	1990-2010 Diff	Total Decline %	Annual Ave. %
Clarendon Boro	650	564	-86	-13%	450	-114	-20%	-200	-31%	-1.82%
Tidioute Boro	791	792	1	0%	688	-104	-13%	-103	-13%	-0.70%
Youngsville Boro	1775	1834	59	3%	1729	-105	-6%	-46	-3%	-0.13%
Warren City	11122	10259	-863	-8%	9710	-549	-5%	-1412	-13%	-0.68%
Cherry Grove Twp	155	228	73	47%	216	-12	-5%	61	39%	1.67%
Conewango Twp	4475	3915	-560	-13%	3594	-321	-8%	-881	-20%	-1.09%
Glade Twp	2371	2319	-52	-2%	2308	-11	0%	-63	-3%	-0.13%
Limestone Twp	359	418	59	16%	403	-15	-4%	44	12%	0.58%
Pine Grove Twp	2756	2712	-44	-2%	2695	-17	-1%	-61	-2%	-0.11%
Pleasant Twp	2663	2528	-135	-5%	2444	-84	-3%	-219	-8%	-0.43%
Sheffield Twp	2382	2346	-36	-2%	2121	-225	-10%	-261	-11%	-0.58%
Watson Twp	276	322	46	17%	274	-48	-15%	-2	-1%	-0.04%

Low/Moderate Income Statistics

Low and Moderate Income (definition): Low and moderate income (also referred to in this document as LMI) means family or household annual income less than the Section 8 Low Income Limit, generally 80 percent of the area median income, as established by HUD. Clarendon Borough qualifies for CDBG funds due to an LMI over 50%. Cherry Grove, despite the census data on the previous chart showing population growth, has an LMI of 50% which makes it close to qualifying for CDBG funds.

Low/Moderate Income Chart	
Municipality	%LMI
Clarendon Borough	56.44%
Tidioute Borough	49.35%
Youngsville Borough	33.33%
Warren City	44.58%
Cherry Grove Twp	50.00%
Conewango Twp	38.66%
Glade Twp	34.30%
Limestone Twp	30.77%
Pine Grove Twp	30.30%
Pleasant Twp	22.37%
Sheffield Twp	43.72%
Watson Twp	26.79%

Housing Occupancy Rate

This is another telling set of figures which outlines the overall increases in vacant property. The vacancy rates are calculated by subtracting the seasonal and recreational properties from the vacant properties and then subtracting the subtotal from the total number of housing units. Most of these municipalities have had dramatic increases in the number of vacant properties.

It's also important to note the increases in the number of "seasonal or recreational" properties, which we could consider an "undesirable land use". Certainly we want tourists and sportsmen to visit our beautiful County, but the notion of a population mostly made up of visitors does not node well for local charities, volunteer organization and community driven efforts.

Housing Occupancy Data										
Municipality	2010 Data					2000 Data				
	Total Housing Units	Occup.	Vac.	Seas. & Rec.	Vac. Rate	Total Housing Units	Occup.	Vac.	Seas. & Rec.	Vac. Rate
Clarendon Boro	224	192	32	1	14%	239	220	19	1	8%
Tidioute Boro	376	314	62	30	9%	366	314	52	20	9%
Youngsville Boro	791	740	51	4	6%	821	767	54	5	6%
Warren City						5046	4565	481	27	9%
Cherry Grove Twp	356	96	260	253	2%	368	92	276	270	2%
Conewango Twp	1662	1500	162	38	7%	1659	1526	133	23	7%
Glade Twp	1164	1035	129	83	4%	1071	961	110	61	5%
Limestone Twp										
Pine Grove Twp	1270	1134	136	74	5%	1193	1084	109	62	4%
Pleasant Twp	1351	1045	306	263	3%	1238	1032	206	165	3%
Sheffield Twp	1271	916	355	255	8%	1277	955	322	240	6%
Watson Twp	468	127	341	335	1%	451	121	330	324	1%

County-Wide Statistics

The statistics below were gathered from the Center for Rural Pennsylvania which is a legislative agency of the Pennsylvania General Assembly. This shows a variety of County-wide statistics which justify the need for “deteriorated neighborhood” designations.

Our average household income and per capita income are far below the state averages. Warren County’s poverty rate, child poverty rate, and school lunch programs have all increased dramatically in the past few years.

Household Income			
Year	County	State	% Diff
2008	\$45,920	\$56,520	19%
2012	\$46,483	\$53,548	13%
2016	\$43,896	\$56,897	23%
Per Capita Income			
Year	County	State	% Diff
2008	\$40,510	\$46,743	13%
2012	\$39,418	\$47,951	18%
2016	\$39,645	\$50,742	22%
Total Poverty Rate			
Year	County	State	% Diff
2008	11.4%	12.1%	-6%
2012	13.0%	13.7%	-5%
2016	15.3%	12.9%	16%
Poverty Rate for Children (Under 18)			
Year	County	State	% Diff
2008	19.2%	16.6%	14%
2012	22.0%	19.6%	11%
2016	26.1%	18.4%	30%
Students Receiving Free & Reduced Lunch			
Year	County	State	% Diff
2015	49.4%	49.1%	1%
2016	49.2%	49.8%	-1%
2017	52.4%	50.7%	3%