

Legislation Text

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Providing for a payment to the City upon the construction of certain real estate, and directing Council to appropriate revenues from such payments to the Department of Planning and Development - Division of Housing and Community Development, in order to support equitable neighborhood development by constructing affordable housing, including units for sale or rent; providing assistance to Philadelphians who desire to become homeowners; providing opportunities for workforce development and apprenticeship; and requiring M/W/DBE participation goals, including monitoring and enforcement, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Title 19 of The Philadelphia Code is hereby amended to read as follows:

TITLE 19. FINANCE, TAXES AND COLLECTIONS.

* * *

CHAPTER 19-4400. DEVELOPMENT IMPACT TAX.

§ 19-4401. *Imposition of tax.*

(1) There is hereby imposed a tax on the privilege of constructing any structure for human occupancy for residential purposes, or making any improvements to any such structure, for which a building permit is required pursuant to § 4-A-301.1.1.

(a) For purposes of this Chapter 19-4400, "improvements" shall mean any repairs, constructions, or reconstruction, including additions and alterations, which have the effect of rehabilitating a structure so that it becomes habitable or attains a higher degree of housing safety, health or amenity, or is brought into compliance with the laws, ordinances, or regulations of the City of Philadelphia. Ordinary upkeep and maintenance shall not be deemed an improvement. The Office of Property Assessment, or such other agency or department designated by the Mayor, shall issue such regulations as may be necessary to clarify, in plain English, the types of construction activity that qualify as an "improvement" and the types of construction activity that do not qualify as an "improvement," as provided herein. Said regulations shall be promulgated on or before April 1, 2021.

(2) Fifty percent of the tax shall be payable at the time of issuance of the building permit and the remaining fifty percent shall be payable upon the issuance of a certificate of final inspection pursuant to § A-402.5. If no certificate of final inspection is required with respect to the construction authorized by the building permit, the tax shall be paid in full at the time of issuance of the building permit.

(3) Exemptions. No tax required by this Chapter shall be imposed upon the following improvements:

(a) Improvements that are not eligible for an exemption from real estate taxes pursuant to subsections 19-1303.2, 19-1303.3 or 19-1303.4, except that tax delinquency of the applicant shall not constitute ineligibility under this provision.

(b) Improvements that are exempt from real estate tax pursuant to Section 204 of the General County Assessment Law, 72 P.S. sec. 5020-204, or pursuant to the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act, 73 P.S. § 820.101, et seq.

(c) Improvements associated with preparing an existing residential rental unit for turn-over to a new tenant.

(4) Refund. The tax shall be refunded upon petition pursuant to § 19-1703 if the improvement or construction authorized by the building permit is not actually performed and the building permit has expired or been cancelled.

(5) The tax shall be payable by the owner of the real estate upon which the structure is proposed to be erected or which is proposed to be improved; provided that, where the owner is a government agency, the tax shall be payable by any non-governmental owner of the proposed structure or improvement.

§ 19-4402. Rate of tax.

(1) The tax shall be imposed at the rate of one dollar (\$1.00) per one hundred dollars (\$100) of construction or improvement costs. Construction or improvement costs shall be calculated in the same manner as required for permits under § 4-A-902.3; provided that the Department may by regulation establish an alternative methodology for determining costs, including, at the Department's discretion, by using estimated costs. For a structure used or intended for use in significant part for non-residential purposes, the tax shall be charged only with respect to the costs associated with improvements to the portion of the structure used or intended for use for residential occupancy, including common space related to such purposes; provided that the Department may by regulation establish a method for estimating such costs.

§ 19-4403. Administration of the tax.

(1) No building permit or certificate of final inspection shall be issued unless and until the tax due at the time of such issuance is paid. Every building permit and certificate of final inspection shall contain a notation regarding payment of the tax.

(2) In the event that at the time of building permit application, the precise amount of tax due is not known, the taxpayer shall submit a certified best estimate, as may be required by regulation; and shall promptly submit a corrected certification, with any additional payment that may be owing, as soon as more certain information is available. The Department may, by regulation, establish penalties and interest charges for underestimation of payments.

(3) At the time of building permit application, during or upon completion of construction or improvement, or at any appropriate time in the judgment of the Department, the Department may require taxpayers to submit such documentation as needed to confirm payment of the correct amount.

§ 19-4404. Use of tax proceeds.

- (1) Each year, in the annual operating budget ordinance, Council shall appropriate to the Department of Planning and Development - Division of Housing and Community Development, subject to Section 2-300(2) of the Home Rule Charter, an amount equal to an estimate provided by the Director of Finance of total receipts under this Chapter projected for the fiscal year for which appropriations are being made, with the expectation that such amounts will be deposited by the Director of Finance in the Non-Recording Fee Sub-fund of the Housing Trust Fund, to be used for the purposes set forth in Chapter 21-1600.*
- (2) The annual budget for the funds appropriated pursuant to §19-4404(1) above, shall be included in the City's Consolidated Plan under the terms and conditions of §21-1603(9) and §21-1105.*
- (3) The annual budget shall fund workforce development and construction training and apprenticeship opportunities on budget-supported construction programs including, Basic System Repair, Adaptive Modifications, Preservation of Existing Affordable Housing, development of permanent housing for the homeless and investment in neighborhood commercial corridors.*
- (4) Funding shall also be provided to support renters, small landlords and homeowners, through programs for Rental Assistance, Eviction Prevention, Small-Landlord loans, Tangled Title assistance and PhillyFirstHome.*
- (5) All funded programs shall have strong M/W/DBE participation goals informed by the most current Disparity Study, and strong monitoring and enforcement procedures. Pursuant to §17-1602, all contracts for the implementation of funded programs shall require an Equal Opportunity Plan, which provides percentage goals for meaningful and representative opportunities for M/W/DBEs to participate in all phases of the contract and an appropriately diverse workforce of minority, female and disabled persons. Pursuant to §17-1604, regular reporting to Council shall be required on contractor efforts to achieve participation goals; and pursuant to §17-1605, City Council may hold hearings to determine contractor compliance.*

§ 19-4405. Severability.

(1) Should any section, subsection, sentence, clause or phrase of this ordinance be declared invalid by a court of competent jurisdiction, such decision shall not affect the validity of the ordinance in its entirety or of any part thereof other than that declared to be invalid.

SECTION 2. This Ordinance shall take effect January 1, 2022 and shall apply to all building permit applications filed on or after that date, provided that authorization for the Office of Property Assessment or any other agency or department authorized to issue regulations as may be necessary under this ordinance shall take effect immediately.

Explanation:

Italics indicate new matter added.