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ALERT: ADOPTED PHILADELPHIA CITY COUNCIL BILLS IMPACT REAL ESTATE DEVELOPMENT

December 14, 2020

Philadelphia City Council Legislative Session

Four bills were passed by City Council's December 10, 2020 meeting last week, all of which are expected to receive the Mayor's signature.

Here are the Details:

- The Development Impact Tax (Bill No. 200556)
 - Will create a 1% tax on all residential construction projects that are eligible for the tax abatement. Commercial Construction projects were carved out and are not required to pay the tax. Standard maintenance will not be considered an "improvement," and future regulations will further define the scope of the tax. If enacted, the construction tax would apply to all building permits applied for after January 1, 2022.
- The bill passed 14-3 (Domb, Oh and O'Neill were the "no" votes)
- Residential Tax Abatement (Bill No. 200366)
 - Will extend the 100% residential abatement until January 1, 2022 and delay the reductions that were set to go into effect on January 1, 2021. The filing deadline to qualify for the existing (10 years, 100 percent improvement) abatement was extended by one year to December 31, 2021. Thereafter, the phased reduction abatement structure would apply to abatement applications filed on or after January 1, 2022.
- The bill passed 11-6 (Brooks, Domb, Gauthier, Gilmore, Gym and Thomas were the "no" votes)
- Commercial Tax Abatement (Bill No. 200653)
 - Will reduce the existing 100% commercial abatement to 90% for 10 years. This ordinance calls for a 10 percent reduction of the 10-year tax abatement for the value of improvements on commercial and industrial properties for all abatement applications filed after December 31, 2021.
- The bill passed unanimously
- Worker Misclassification (Bill No. 200573)

Will require that all applicants for any tax abatement to prove they are not tax delinquent – and specifically highlights payment of the city's wage tax. There was much debate at the hearing and prior to the vote about this bill potentially targeting undocumented workers.



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For Further Information, contact [Joseph Kessler](#).