LERTA: Local Economic Revitalization Tax Assistance

LERTA Overview

LERTA is a tax abatement program created to encourage investment in the redevelopment of vacant and underutilized properties. LERTA abates the increase in tax payments resulting from increased building assessment resulting from construction and renovation of industrial, commercial, and other business properties located within designated zones in the City. There are two active LERTAs in the City (Southside LERTA District II & Affordable Housing District).

Who qualifies for LERTA benefits?

The owner of any property (commercial, industrial, other business property) within the LERTA district is eligible for the 10-year graduated tax abatement on property tax increases resulting from the redevelopment or substantial improvement of a property that results in the reassessment of the property by Northampton County.

What is the process for LERTA?

A property owner should first inquire with the City of Bethlehem Department of Community and Economic Development to determine whether their property falls within a LERTA District. The City will provide written confirmation that a property qualifies for LERTA. The property owner must then submit a LERTA permit application up to **60 Days after the building permit** is issued. The exemption timeline begins with the receipt of a final Certificate of Occupancy (CO) by the property owner and following reassessment by Northampton County.

How does the tax abatement work?

All properties in the City of Bethlehem are assessed and taxed by Lehigh and Northampton Counties. When a property is improved (typically through the substantial renovation or new construction of a structure or site renovations) a property is reassessed and a new value is placed on the property. Upon completion of construction and the receipt of the Certificate of Occupancy (CO), the County updates the assessment for a property. The increase in taxes is called the "tax increment". LERTA allows property owners to pay abated city, county and school taxes on this tax increment, for a period of 10 years.

What other considerations are part of LERTA?

There are two active LERTAs in the City of Bethlehem:

Affordable Housing LERTA District

- For projects with 10+ residential units, either at least 10% of the units must remain affordable during LERTA schedule or a payment of $25,000 is required per unit.

Southside LERTA II District

- For projects with 10+ residential units, either at least 10% of the units must remain affordable during LERTA schedule or a payment of $52,320 is required per unit.

- Additional abatement (City & County only) available for projects that are LEED Certified, Silver, Gold, or Platinum

LERTA does require that property owners pay full land tax. The following tables illustrate the tax abatement schedule from Year 0 through Year 11 for each LERTA district:

SOUTHSIDE LERTA II	CITY, COUNTY, SCHOOL TAX SCHEDULE
Year 0 = Construction	100% Land Tax
Year 1 = CO Issued	100% Land Tax, 0% of Building Tax Increment
Year 2	100% Land Tax, 10% of Building Tax Increment
Year 3	100% Land Tax, 20% of Building Tax Increment
Year 4	100% Land Tax, 30% of Building Tax Increment
Year 5	100% Land Tax, 40% of Building Tax Increment
Year 6	100% Land Tax, 50% of Building Tax Increment
Year 7	100% Land Tax, 60% of Building Tax Increment
Year 8	100% Land Tax, 70% of Building Tax Increment
Year 9	100% Land Tax, 80% of Building Tax Increment
Year 10	100% Land Tax, 90% of Building Tax Increment
Year 11	100% Land Tax, 100% of Building Tax Increment

Additional Information
LERTA Map & Application available here

LERTA applies to properties that have undergone substantial improvements, which result in an increased assessment value, as determined by the counties. Most cosmetic improvements do not qualify a property for LERTA. If you have any questions regarding the City of Bethlehem LERTA, please contact the City of Bethlehem's Department of Community & Economic Development at (610) 865-7085 or econdev@bethlehem-pa.gov