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GIBBEL KRAYBILL & HESS^{LLP}

ATTORNEYS & COUNSELORS AT LAW

Commercial Real Estate & Zoning Basics

Presented by GKH Attorneys
J. Dwight Yoder and Peter J. Kraybill

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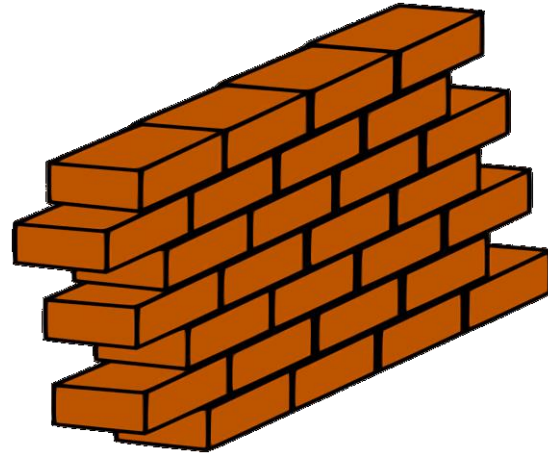
Do I need an Entity?

What tools to reduce liability in purchasing and holding real estate?

- Insurance (Title and CGL and Property Casualty)
- Contracts (AOS, Lease Agreement)
- Legal Entity Separation

Legal Entity Separation

- Individual finances separate from real estate entity finances



- Firewall/firebucket to contain liability away from personal assets
- What liability? (slip and fall, negligence, debt)

What kind of Entity?

- Evolution of entity law in Pennsylvania
- End of Capital Stock Tax and less reason to set up an LP
- LLC and S Corp Differences

Limited Liability Companies vs. S Corporations

- Traditional Corporations
- Modern trend is LLCs (simplicity and flexibility)
- Tax attributes typically determine

Multiple Level Entities

- When operations and entity structure align
- When different groups of owners at different levels
- When different hands at the wheel of management

Working with Professionals

- Attorneys
- Accountants
- Financial Advisors
- Bankers

How to set up an LLC

- Certificate of Formation
- Operating Agreement
- Docketing Statement
- Which are Public documents?
- Filing fees and costs

Multiple Owner LLC's

- Important questions to consider
- Transfers of Ownership Interest
- Setting a Price on ownership Interests
- Succession Planning
- Estate Planning
- Thresholds for important decisions
- Probationary Ownership issues

Agreement of Sale

- Parties
- Price
- Deposit
- Contingencies to Closing
 - Due Diligence, Financing, Insurable Title, Appraisal for Value, Zoning and Use Approvals

Local Government in Pennsylvania



MONTGOMERY COUNTY PENNSYLVANIA



Who Does What in a Township?

- Board of Supervisors (elected)
- Zoning Hearing Board (appointed)
- Township Planning Commission (appointed)
- County Planning Commission (appointed)
- Zoning Officer (Township employee or contractor)
- Township Manager (Township employee)

Basic Steps in Land Use & Development

- Zoning Review and Approval
- Land Development / Subdivision Review and Approval
- Permitting (local, state and federal)
- Site improvements / construction / inspections
- Final inspections / occupancy permits



Understanding a Zoning Ordinance and Map

- Unique to Each Municipality
- Coordinates, Controls and Plans Land Uses
- Zoning Map
- Zoning Ordinance

- R-1 RESIDENTIAL DISTRICT
- R-2 RESIDENTIAL DISTRICT
- R-3 RESIDENTIAL DISTRICT
- IN INSTITUTIONAL DISTRICT
- B-1 BUSINESS DISTRICT
- B-2 BUSINESS DISTRICT
- B-3 BUSINESS DISTRICT
- B-4 BUSINESS DISTRICT
- I-1 INDUSTRIAL DISTRICT
- I-2 INDUSTRIAL DISTRICT
- I-3 INDUSTRIAL DISTRICT
- A AGRICULTURAL AREA
- CLUSTER OVERLAY
- APPROVED PLANNED RESIDENTIAL DEVELOPMENT

REFER ALSO TO THE T-ZONE OVERLAY MAP

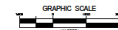
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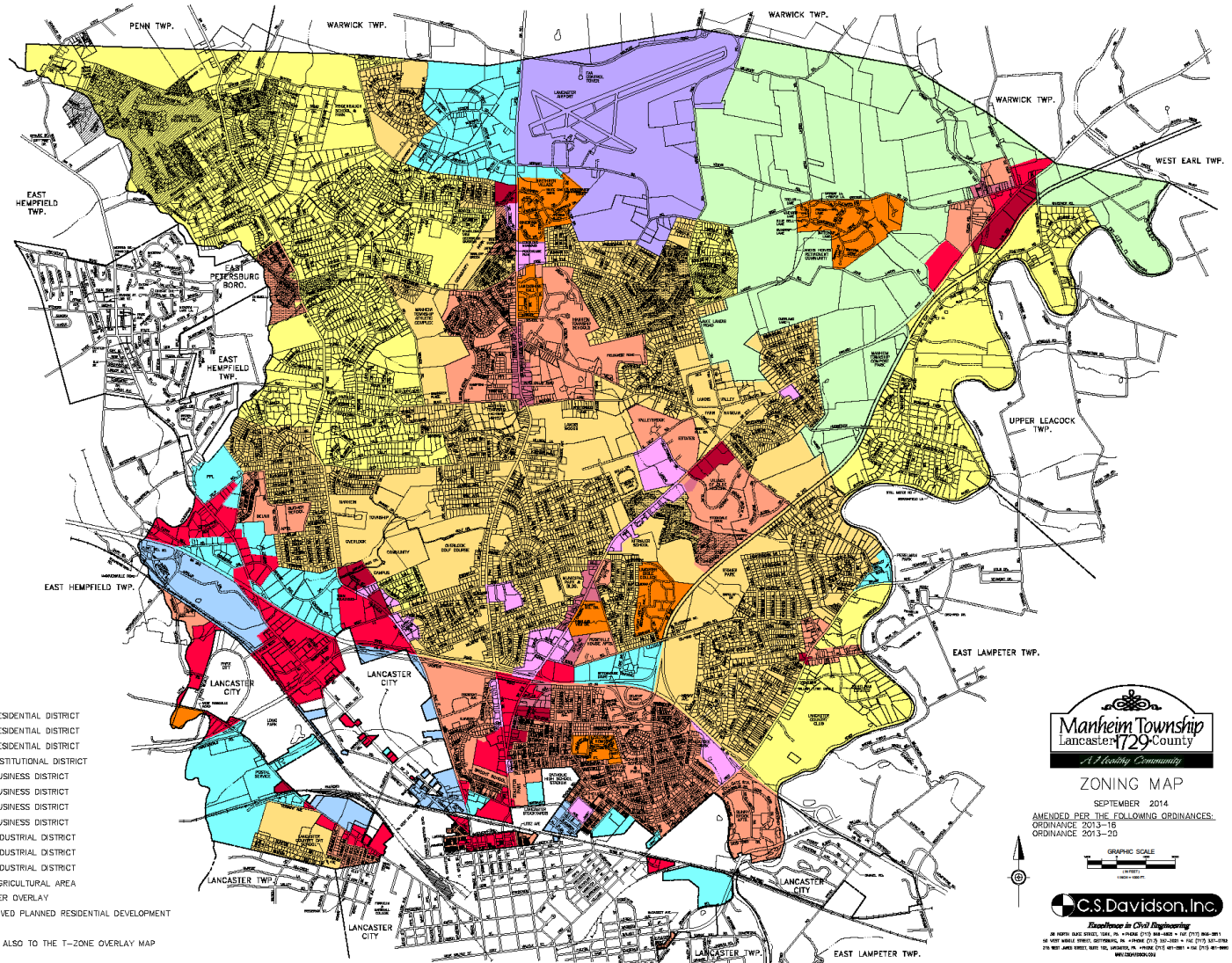
ZONING MAP

SEPTEMBER 2014

AMENDED PER THE FOLLOWING ORDINANCES:
ORDINANCE 2013-16
ORDINANCE 2013-20



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Basic Components to a Zoning Ordinance

- Definitions
- Uses and Requirements by Zoning Districts
- General Requirements
- Specific Use Requirements
- Applications / Hearing Practices & Procedures

Different Types of Uses

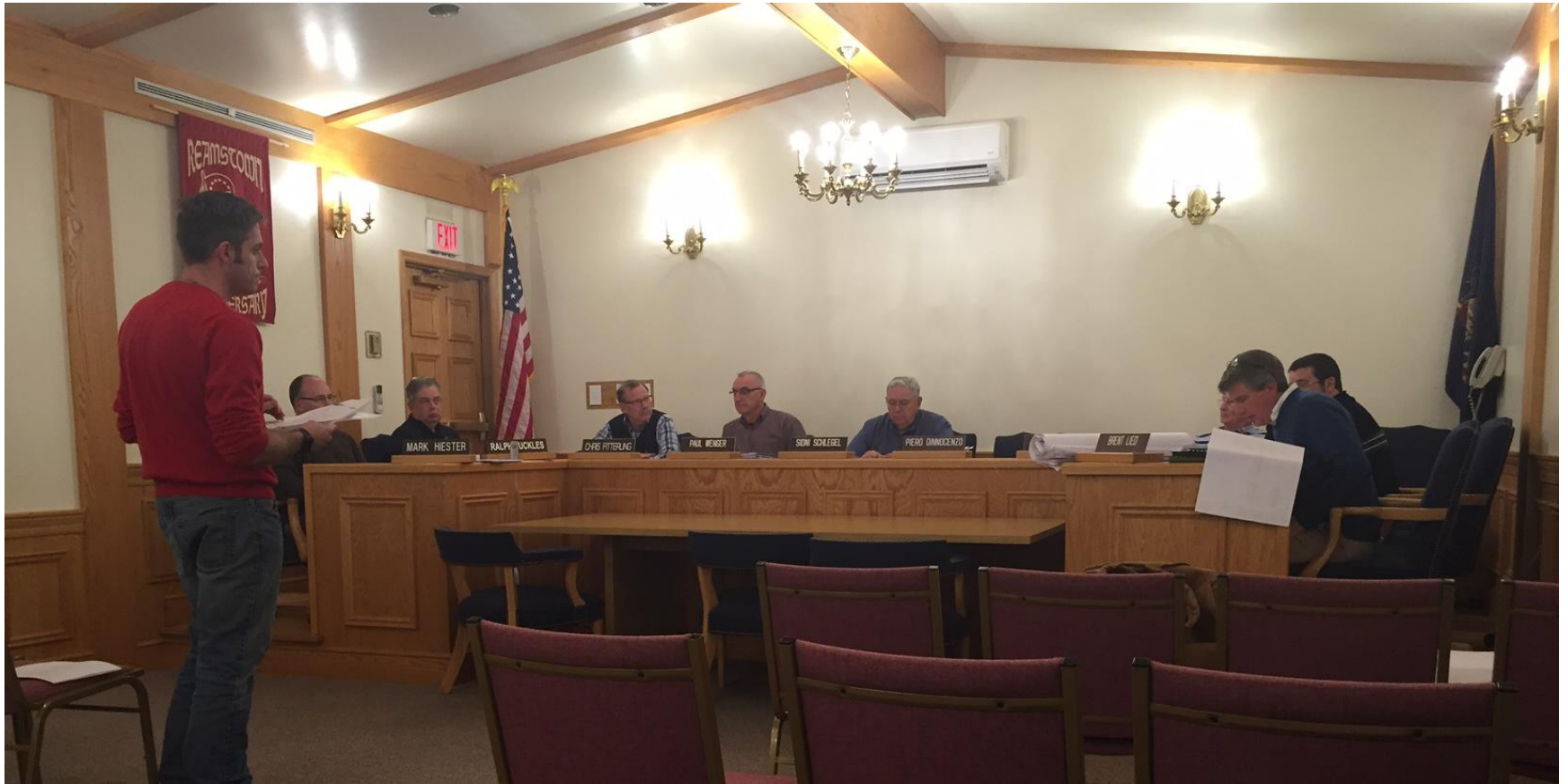
- Permitted “By Right”
- Permitted by “Special Exception”
- Permitted by “Conditional Use”
- Preexisting “Nonconforming Use”
- Use is not permitted

Variances

- What is being requested?
- Dimensional Variance versus Use Variance
- Difficult Standard to Meet
- Hardship should be related to unique physical attributes of the land
- Need more than just Economic Hardship

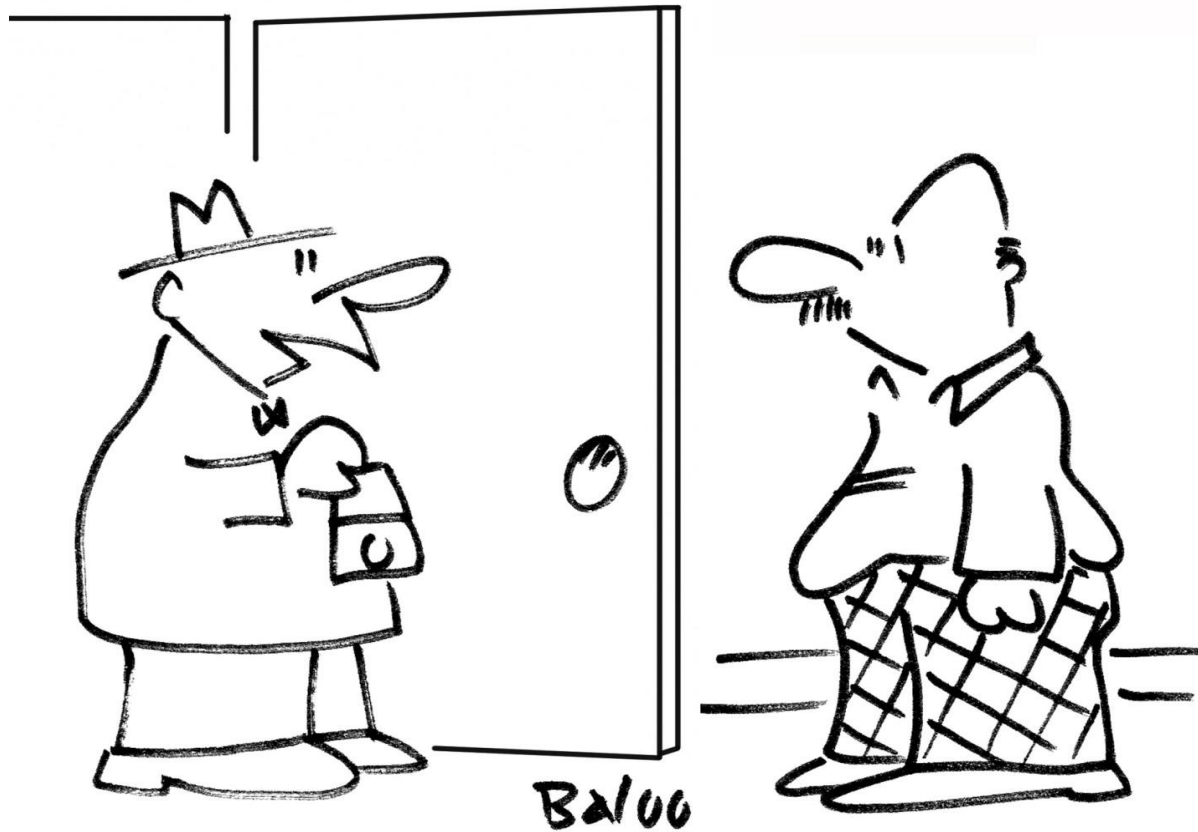
Basic Questions for Zoning Applications

- Most recent ordinance?
- Ownership interest?
- What is the proposed use or development?
- Is the proposed use permitted on the property?
- Does the proposed use meet the bulk and area requirements?



Conditioning Agreement of Sales on Zoning Approval

- Should be a standard condition in most commercial agreements
- Allows for adequate time to obtain approvals
- Need an interest in the property or authorization from owner to submit zoning application
- Land development, storm water and other approvals should be reviewed



"I'm from the City Zoning Commission, sir — I'm afraid that mustache will have to go."



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QUESTIONS & ANSWERS

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