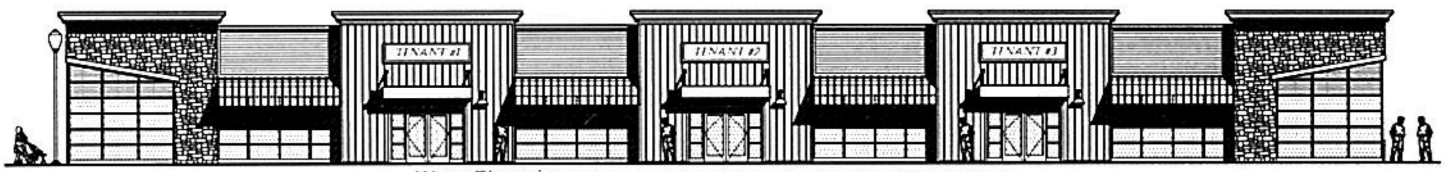
COMMERCIAL SPACE FOR LEASE



West Elevation (the back of this building faces Carlisle Springs Road)

Northside Village Corridor – Carlisle, PA
Carlisle Springs Road & A Street

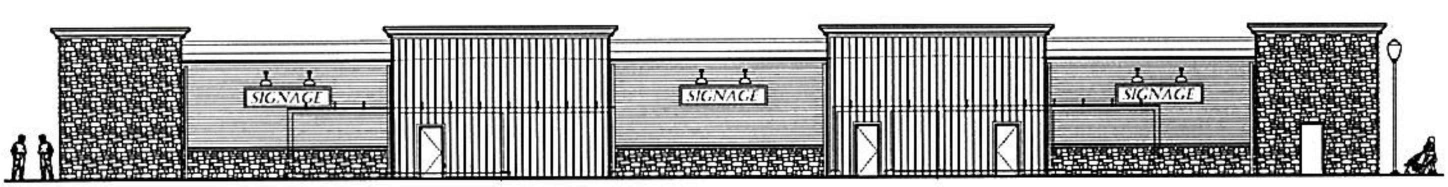
- Walkable to Downtown Carlisle
- New construction
- 9,000 sq. ft. available (will subdivide)
- Prime frontage with high visibility within desirable and fast-growing corridor connecting downtown Carlisle and the Carlisle Fairgrounds
- Urban mixed-use zoning
- $25 sq. ft. NNN
- Flexible layouts
- Retail & office permitted
- Water/sewer/gas ready
- Valuable off-street parking lot for customers and staff
- Within walkable growth corridor of mixed retail and residential
- Near high-traffic automotive events attracting national visitors and attention
- Close to 361 new housing units

Be a part of Carlisle's next growth corridor!

Modern Retail & Office Space Connecting Downtown Carlisle to the Fairgrounds District

SHEARER24 Real Estate

Bill Shearer
bill@shearer24.com | 717-576-8101
19 W. South St. Front, Carlisle, PA 17013



East Elevation (this faces Carlisle Springs Road)

FOR LEASE

A STREET & CARLISLE SPRING ROAD, CARLISLE

- **9000 SQ. FT. AVAILABLE (WILL SUBDIVIDE)**
- **PUBLIC WATER, SEWER AND GAS**
- **URBAN MIXED USE ZONING**
- **AVAILABLE 6/1/2026**
- **$25 SQ. FT, NNN**

SHEARER24
Real Estate

BILL SHEARER / bill@shearer24.com 717-576-8101/ 19 W.South St. Front, Carlisle Pa. 17013

MASTER PLAN

LOT SCHEDULE	
LOT	USE
1	RETAIL/RESTAURANT/COMMERCIAL
2	PARKING
3	HOTEL
4	AUTOCONDOS
5	1ST FLOOR RETAIL/UPPER FLOORS APARTMENTS
6	AUTOCONDOS
7	1ST FLOOR RETAIL/UPPER FLOORS APARTMENTS
8	TOWNHOMES
9	FUTURE USE
10-13	1ST FLOOR OFFICE/ 2ND FLOOR APARTMENTS
14	PUBLIC OPEN SPACE

Former Carlisle IAC Site • 50 Carlisle Springs Road, Carlisle, PA • May 2017

BL Companies
Architecture
Engineering
Environmental
Land Surveying

Bohler / Dewberry (firm logo block) — An Ashton-Tate Engineering, Environmental, Land Surveying

CARLISLE AUTO INDUSTRIES

LOTS 1 OF FORMER IAC SITE

RETAIL STRIP DEVELOPMENT

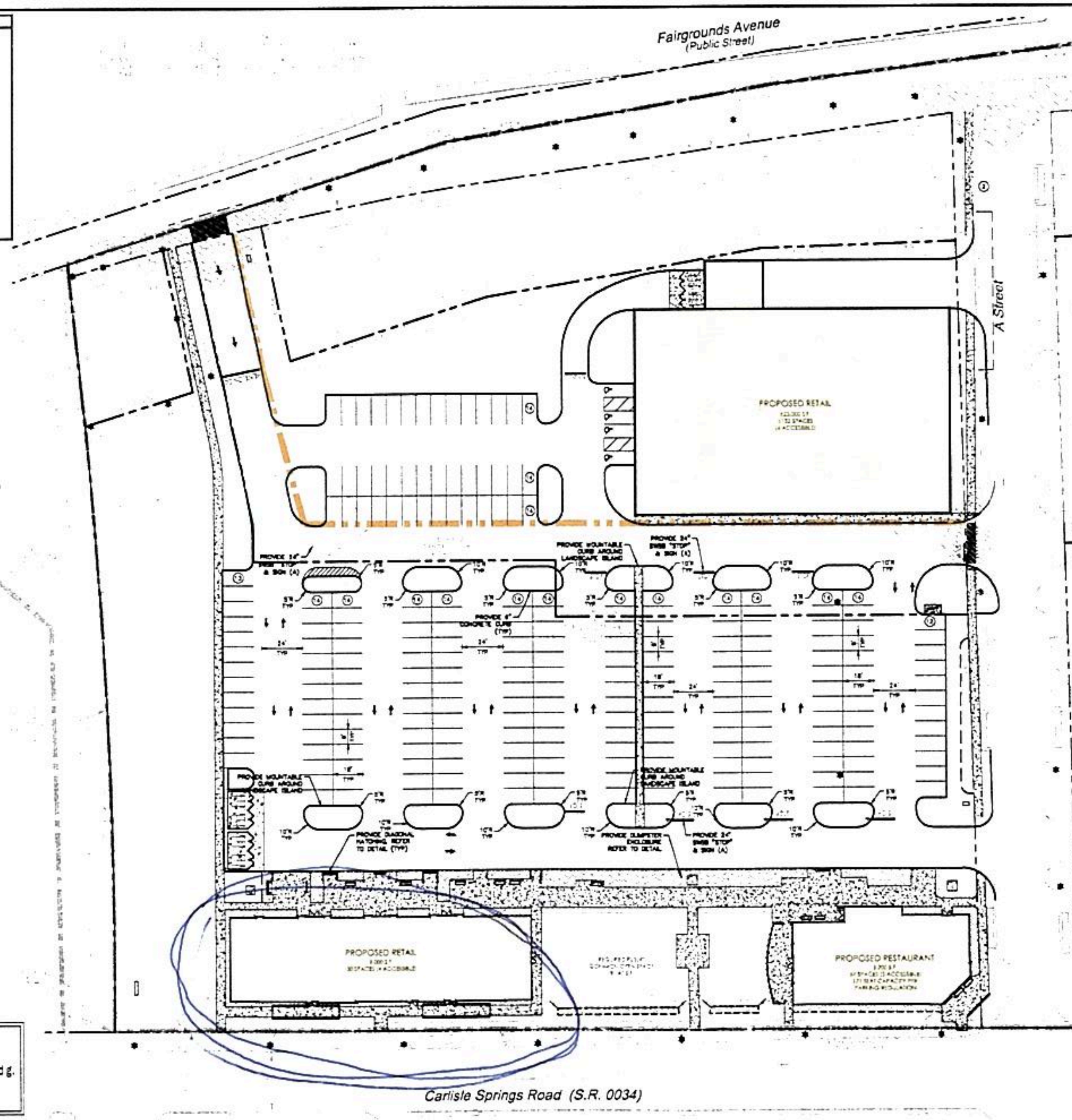
BOROUGH OF CARLISLE, CUMBERLAND COUNTY, PA

SITE PLAN

SP-1

No. 05 of 24

LEGEND



SIGN LEGEND

NO.	DOT NO. SIGN SIZE	LEGEND
[illegible]	[illegible]	STOP
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	VAN ACCESSIBLE
[illegible]	[illegible]	ONE WAY
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	DO NOT BLOCK

811 Know what's below. Call before you dig.

PENNSYLVANIA ACT 287 (1974) AS AMENDED BY PENNSYLVANIA ACT 199 (2004) REQUIRES NO LESS THAN THREE (3) WORKING DAYS AND NO MORE THAN TEN (10) WORKING DAYS NOTICE TO UTILITIES BEFORE YOU EXCAVATE, DRILL, BLAST OR DEMOLISH. PA ONE-CALL SERIAL NO.

AREA AND BULK REGULATIONS

	ITEM	REQUIREMENTS	PROPOSED
1	[illegible]	[illegible]	[illegible]
2	FRONT BUILDING SETBACK	[illegible]	[illegible]
3	[illegible]	[illegible]	[illegible]
4	[illegible]	[illegible]	[illegible]
5	[illegible]	[illegible]	[illegible]
6	[illegible]	[illegible]	[illegible]
7	BUILDING COVERAGE	[illegible]	[illegible]
8	IMPERVIOUS COVERAGE	[illegible]	[illegible]
9	BUILDING HEIGHT	[illegible]	[illegible]
10	[illegible]	[illegible]	[illegible]

LOT COVERAGE

LOT 1 PROPOSED CONDITIONS			
TOTAL PERVIOUS SURFACES	[illegible]	[illegible]	[illegible]
TOTAL IMPERVIOUS SURFACES	[illegible]	[illegible]	[illegible]
IMPERVIOUS BUILDING	[illegible]	[illegible]	[illegible]
IMPERVIOUS PAVEMENT	[illegible]	[illegible]	[illegible]
TOTAL LOT	[illegible]	[illegible]	[illegible]

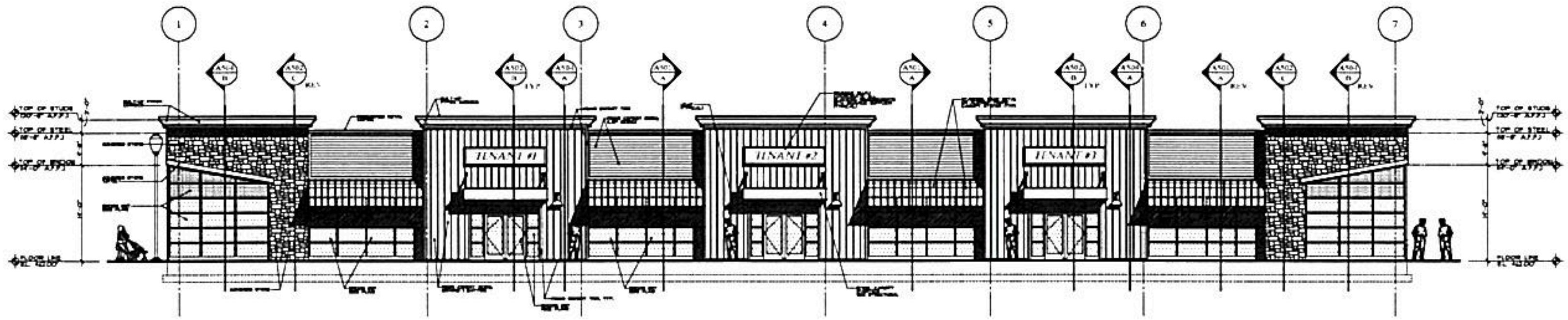
SITE PARKING INFORMATION

	ITEM	REQUIREMENTS	PROPOSED
1	[illegible]	[illegible]	[illegible]
2	PARKING STALLS REQUIRED	[illegible]	[illegible]
3	[illegible]	[illegible]	[illegible]
4	[illegible]	[illegible]	[illegible]
5	[illegible]	[illegible]	[illegible]

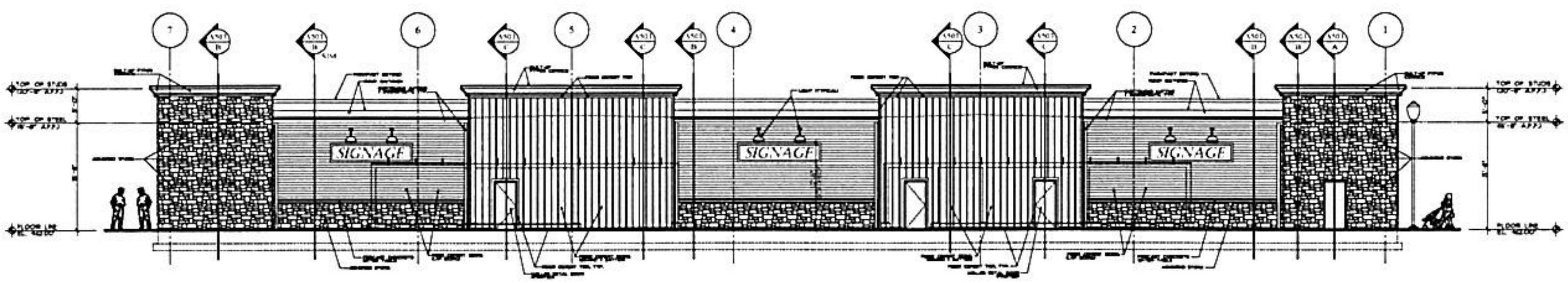
NOTES:
1. LOADING/UNLOADING SHALL BE LOCATED WITHIN THE PROPOSED DRIVE AISLE(S) ADJACENT TO THE RECEIVING BUILDING/USER.

SITE PLAN NOTES

1. AT LEAST 50% OF THE FRONT FACADES OF NONRESIDENTIAL BUILDINGS THAT FACE A PUBLIC STREET, PUBLIC SPACE, RESIDENTIAL DISTRICT BOUNDARY, RESIDENCE OR RESIDENTIAL USE MUST BE CONSTRUCTED OF GLASS AND/OR DECORATIVE MASONRY BRICK, CONCRETE BLOCK.
2. PRIOR TO ISSUANCE OF THE BUILDING PERMIT(S), FINAL ELEVATION DRAWINGS THAT DEMONSTRATE THE BUILDING(S) MEET THE REQUIREMENTS AS SET FORTH IN THE URBAN MIXED USE DISTRICT SHALL BE SUBMITTED TO THE BOROUGH FOR REVIEW AND APPROVAL.
3. PRIOR TO ISSUANCE OF THE BUILDING PERMIT(S), PLANS SHOWING ADDITIONAL LIGHTING AS PERTAINING TO THE BUILDINGS AND ADJACENT EXTERIOR USES SHALL BE SUBMITTED TO THE BOROUGH FOR REVIEW AND APPROVAL.



A WEST ELEVATION



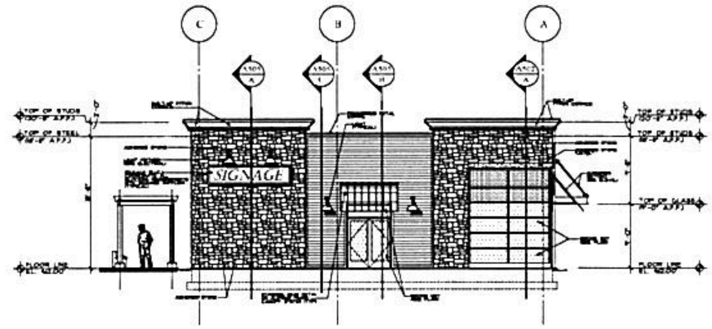
B EAST ELEVATION

BY DESIGN CONSULTANTS, INC.
CAMP HILL, PA. 717.540.1250

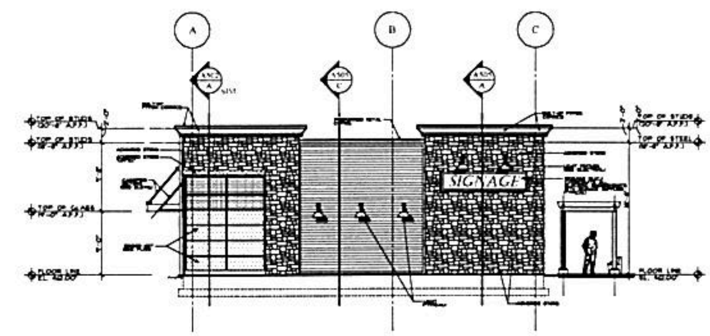
New SHELL RETAIL BUILDING for:
CARLISLE AUTO INDUSTRIES
50 CARLISLE SPRINGS ROAD
Carlisle, PA 17013
Borough of Carlisle Cumberland County

EXTERIOR ELEVATIONS

A301



A NORTH ELEVATION



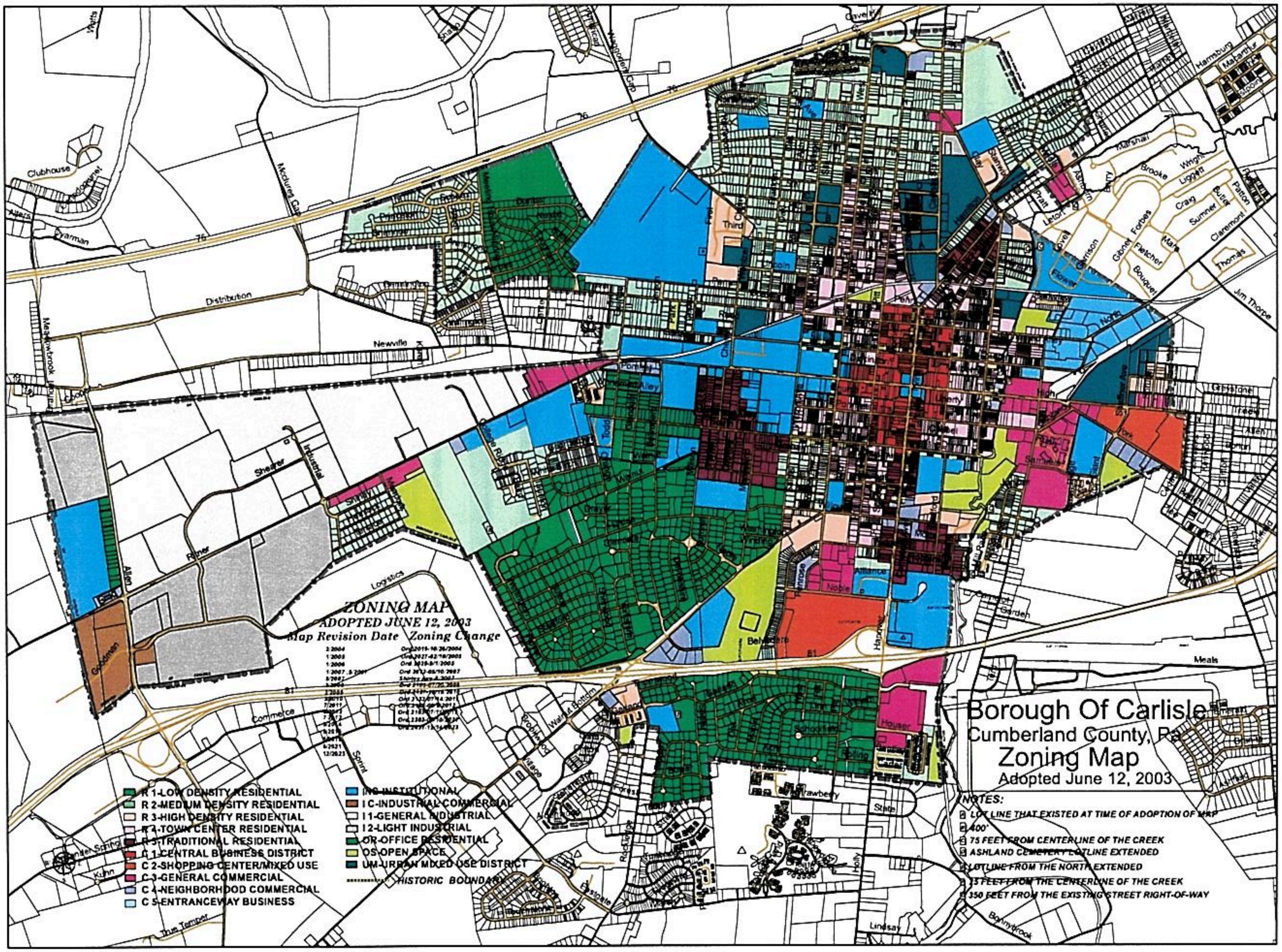
B OUTH ELEVATION

BY DESIGN CONSULTANTS, INC.
CAMP HILL, PA. 717.540.1250

New SHELL RETAIL BUILDING for:
CARLISLE AUTO INDUSTRIES
50 CARLISLE SPRINGS ROAD
Carlisle, PA 17013
Borough of Carlisle Cumberland County

EXTERIOR ELEVATIONS

A302


Borough Of Carlisle
Cumberland County, Pa
Zoning Map
Adopted June 12, 2003
ZONING MAP
ADOPTED JUNE 12, 2003
Map Revision Date Zoning Change
R 1-LOW DENSITY RESIDENTIAL
R 2-MEDIUM DENSITY RESIDENTIAL
R 3-HIGH DENSITY RESIDENTIAL
R 4-TOWN CENTER RESIDENTIAL
R 5-TRADITIONAL RESIDENTIAL
C 1-CENTRAL BUSINESS DISTRICT
C 2-SHOPPING CENTER/MIXED USE
C 3-GENERAL COMMERCIAL
C 4-NEIGHBORHOOD COMMERCIAL
C 5-ENTRANCEWAY BUSINESS
INS-INSTITUTIONAL
I C-INDUSTRIAL-COMMERCIAL
I 1-GENERAL INDUSTRIAL
I 2-LIGHT INDUSTRIAL
OR-OFFICE RESIDENTIAL
OS-OPEN SPACE
UM-URBAN MIXED USE DISTRICT
HISTORIC BOUNDARY
NOTES:
LOT LINE THAT EXISTED AT TIME OF ADOPTION OF MAP
400'
75 FEET FROM CENTERLINE OF THE CREEK
ASHLAND CEMETERY LOTLINE EXTENDED
LOTLINE FROM THE NORTH EXTENDED
15 FEET FROM THE CENTERLINE OF THE CREEK
350 FEET FROM THE EXISTING STREET RIGHT-OF-WAY

Chapter 255. Zoning

Article XVII. UM Urban Mixed Use District

§ 255-119. Intent; applicability.

[Amended 5-14-2015 by Ord. No. 2222, approved 5-14-2015]

A. The intent of the Urban Mixed Use District is to:

(1) Allow a mixture of complimentary land uses that support the downtown and include housing, retail, services, offices, light industrial, and civic uses to create economic and social vitality that connect with the town center;

(2) Promote appropriate reuse of older industrial buildings;

(3) Attract employers, businesses, and residents with a balanced mix of uses;

(4) Provide for land uses that will be compatible with any nearby housing or residentially zoned districts;

(5) Create a new gateway for downtown Carlisle;

(6) Create vibrant places and increase pedestrian business activity; and

(7) Provide a sense of community and place with quality community design.

(8) By the above items and this reference, to encompass the Traditional Neighborhood Development concepts as expressed in the Pennsylvania Municipalities Planning Code, Article VII-A.

B. Applicability.

(1) The provisions of this section are a furtherance of the land use and development controls of land in the Borough. Utilizing the Traditional Neighborhood Development (TND) provisions of the Pennsylvania Municipalities Planning Code (PA MPC), the UM Urban Mixed Use District addresses the unique planning and development issues for larger-scaled infill areas consisting of a mix of commercial, residential and other uses within the Borough.

(2) This section shall not affect any of the provisions of the Borough Zoning Ordinance as they apply to the Borough as a whole. After a development plan is duly filed, approved, and recorded under the provisions of this section, the land area included in the development plan shall be governed by conditions of this chapter and of this section including those ordinances, in whole or in part, which are incorporated herein by reference.

§ 255-120. Uses permitted by right.

[Amended 7-11-2013 by Ord. No. 2182, approved 7-11-2013; 4-9-2015 by Ord. No. 2220, approved 4-9-2015; 5-14-2015 by Ord. No. 2222, approved 5-14-2015; 9-13-2018 by Ord. No. 2311, approved 9-13-

2018; 9-12-2019 by Ord. No. 2344, approved 9-12-2019; 7-11-2024 by Ord. No. 2441; 7-10-2025 by Ord. No. 2460, approved 7-10-2025]

A. In the Urban Mixed Use District, land, buildings or premises shall be used by right only for the following:

(1) Bus, taxi, or train station, park-and-ride lot and related vehicle parking.

(2) Parks, conservation areas and recreation areas held open to the public for use without charge, subject to § **255-199A(34)**.

(3) Custom printing, photocopying, faxing, mailing, courier, or delivery service.

(4) Exercise club.

(5) Financial institution, not including drive-though facilities.

(6) Offices and administrative activities.

(7) College, university, or trade school — educational and support buildings.

(8) Medical office or small animal hospital, subject to § **255-199A(3)**.

(9) Assembly or finishing of products using materials produced elsewhere (such as products from plastics manufactured off site).

(10) Packaging.

(11) Printing and bookbinding.

(12) Research and development, engineering or testing facility or laboratory.

(13) Wholesale sales (other than motor vehicles), subject to § **255-199A(45)**.

(14) Day-care center, adult or child, subject to § **255-199A(2)** and **(29)**.

(15) Emergency services station.

(16) Membership club, subject to § **255-199A(23)**.

(17) Place of worship.

(18) Youth center.

(19) Forestry.

(20) Auditorium.

(21) Convention center.

(22) Exposition center.

(23) Retail sales of goods and/or services, not including an adult use.

(24) Business or personal services.

(25) Beverage distributor.

(26) Video arcade.

(27) Standard or fast-food restaurant, not including drive-through service, subject to compliance with § **255-199A(36)**.

(28) Neighborhood convenience store, limited to operation between the hours of 6:00 a.m. and 12:00 midnight.

(29) Laundromat, limited to operation between the hours of 6:00 a.m. and 12:00 midnight.

(30) Professional studio.

(31) Massage therapist business.

(32) Community service facilities, including libraries, community centers, and post office.

(33) Museum.

(34) Bed-and-breakfast use, subject to compliance with § **255-199A(9)**.

(35) Single-family detached dwelling.

(36) Single-family semidetached dwelling.

(37) Two-family semidetached dwelling.

(38) Two-family detached dwelling.

(39) Townhouses (single-family attached dwellings, subject to § **255-199A(17)**.

(40) Garden apartment, subject to compliance with § **255-199A(17)**, and subject to the following additional requirements:

(a) The average unit size within the project shall be a minimum of 1,000 square feet.

(b) Square footage for each apartment unit shall be measured from the outside face of exterior wall to the centerline of interior demising walls, and shall also include any balcony or porch that is exclusive to a single unit.

(41) Conversion of a principal building that existed prior to the adoption of this zoning district into any use permitted by this district, subject to any requirements that apply to that use.

(42) Community gardens, subject to compliance with § **255-199A(53)**.

(43) Non-tower wireless communications facilities, subject to compliance with § **255-199A(50)**.

(44) Mid-rise apartments.

(45) Mid-rise stacked flats.

(46) Group home, within a dwelling type permitted by this district, subject to compliance with § **255-199A(18)**.

(47) Treatment center, subject to § **255-199A(52)**.

(48) Artisan industry.

B. In the UM Urban Mixed Use District, permitted uses shall also be restricted based on tract size as follows:

(1) Permitted uses listed above in § **255-120** may be developed as sole uses or mixed use development, depending upon the existing tract size as of the date of the adoption of this ordinance or the overall size of a single or merger of existing tracts, in accordance with the following:

(a) Within tracts five acres or less only, any uses listed above in § **255-120A** may be developed as a residential or nonresidential only development, including any form of residential use type, as a sole use on a tract. These uses do not need to meet the requirements of § **255-126D**.

(b) Within tracts greater than five acres, the development must be mixed-use, which includes a mix of residential and nonresidential uses and at least 30% public open space, in accordance with § **255-126D**.

§ 255-121. Accessory uses.

The following accessory uses shall be permitted in accordance with § **255-200**:

A. Customary accessory or incidental uses related to a permitted use.

B. Accessory uses listed in § **255-200C**.

C. Home occupation, subject to § **255-200D(5)**.

D. Commercial communications antenna mounted on an existing permitted structure and which complies with § **255-199A(50)**.

E. Warehousing and storage as clearly accessory activities to an on-site permitted use or special exception use, subject to § **255-200D(1)**.

F. Indoor retail shops and indoor concessionaires that are clearly accessory to convention or exposition centers, provided the entire space dedicated to these uses does not exceed 25% of the entire indoor floor space being used for the convention or exposition.[1]

[1] *Editor's Note: Former Subsection G, regarding community gardens, added 7-11-2013 by Ord. No. 2182, approved 7-11-2013, which immediately followed this subsection, was repealed 5-14-2015 by Ord. No. 2222, approved 5-14-2015.*

§ 255-122. Special exception uses.

The following uses may be permitted as a special exception when authorized by the Zoning Hearing Board, subject to § **255-197** of this chapter:

A. Activities that are of similar character to uses that are permitted by right or by special exception in this zoning district.

B. The following uses, provided that all new or expanded areas used for manufacturing areas will be set back a minimum of 75 feet from any existing dwelling or residential district boundary:

(1) Manufacture of the following:

(a) Textile and apparel products.

(b) Computer and electronic products.

(c) Food products, beverage and tobacco products.

(d) Wood products.

(e) Printing and related support activities.

(f) Furniture and related products.

(g) Miscellaneous manufacturing, including, but not limited to, sporting goods, toys, medical equipment, jewelry, office supplies, musical instruments, or signs.

(2) Public utility uses, such as telephone exchange buildings and electric substations, subject to compliance with § **255-199A(33)**.

(3) Hotel or motel, subject to compliance with § **255-199A(27)**.

(4) Car wash, subject to compliance with § **255-199A(11)**.

(5) Tavern, provided that such building is not attached to a building that is principally residential.

(6) Schools, subject to compliance with § **255-199A(38)**.

(7) Commercial recreation, including bowling alley, movie theater, skating rink or miniature golf course.

(8) Private and semiprivate recreational facilities, subject to compliance with § **255-199A(34)**.

(9) Group home, subject to compliance with § **255-199A(18)**.

(10) Retirement village, subject to compliance with § **255-199A(37)**.

(11) Financial institution, including drive-through facilities, subject to § **255-199A(15)**.

(12) Pharmacy with drive-through facilities, subject to § **255-199A(15)**.

(13) Standard or fast-food restaurant, including drive-through service, subject to compliance with § **255-199A(36)**.

(14) Commercial convenience store.

(15) Funeral home, subject to compliance with § **255-199A(16)**.

(16) Building contractor's headquarters and storage, subject to compliance with § **255-199A(46)**.

(17) Recycling collection center, subject to § **255-199A(35)**.

(18) Parking lot or parking garage.

(19) [1]Personal care center.
[Added 5-14-2015 by Ord. No. 2222, approved 5-14-2015]

[1] *Editor's Note: Former Subsection B(19) and (20), regarding mid-rise apartments and stacked flats, were repealed 9-12-2019 by Ord. No. 2344, approved 9-12-2019. This ordinance also renumbered former Subsection B(21) through (23) as Subsection B(19) through (21), respectively.*

(20) Plant nursery/greenhouse.
[Added 5-14-2015 by Ord. No. 2222, approved 5-14-2015]

(21) Membership club, clubhouse or lodge, private.
[Added 5-12-2016 by Ord. No. 2243, approved 5-12-2016]

§ 255-123. Area and bulk regulations.

[Amended 5-14-2015 by Ord. No. 2222, approved 5-14-2015; 9-12-2019 by Ord. No. 2344, approved 9-12-2019]
Each lot shall meet the following requirements, unless a stricter requirement is established by another section of this chapter:

Area and Bulk Regulations for the Urban Mixed Use District

Type	Requirement
Minimum lot size:	
Single-family detached	4,500 square feet area per dwelling unit
Townhouse/garden apartment	2,000 square feet area per dwelling unit
Other residential	3,600 square feet area per dwelling unit
Nonresidential and mixed-use developments*	10,000 square feet
Front building setback**	
Minimum	5 feet
Maximum	20 feet
Minimum side yard, subject to § **255-126**	16 feet total (if 2 required)

Area and Bulk Regulations for the Urban Mixed Use District

Type	Requirement
	6 feet 1 side (if 2 required)
	10 feet (if only 1 required)
	5 feet for accessory structure/use or 0 feet along shared (interior) lot line
Minimum rear yard, subject to § **255-126**	15 feet
	5 feet for accessory structure/use
Minimum paved area setback***	10 feet from a street
	10 feet from residential use or district
	40 feet from residential use or district for new or expanded manufacturing or tractor-trailer loading
Minimum lot width:	
Garden apartment	200 feet
Townhouse	20 feet per dwelling unit
Other residential	30 feet per dwelling unit
Nonresidential and mixed-use developments*	60 feet
Building coverage	50% maximum
Impervious coverage	80% maximum
Building height	45 feet maximum; 75 feet by special exception
Maximum gross floor area	Gross floor area of a retail sales establishment shall not exceed 15,000 square feet by right. A retail sales establishment with a gross floor area greater than 15,000 square feet, but not to exceed 45,000 square feet, may be permitted by special exception when authorized by the Zoning Hearing Board subject to § **255-197** of this chapter.
Dedicated common open space/open space	The development shall provide at least 30% of land area as public common open space. If parking is the primary use, 20 square feet shall be provided for every 10 off-street surface parking spaces and in this case, required side-walks cannot count towards dedicated open space.

NOTES:

* Minimum parking requirements for mixed-use developments shall be based upon Article **XXV**, except that garden apartments, mid-rise apartments, and mid-rise stacked flats shall provide 1.2 off-street parking spaces per dwelling unit having two or fewer bedrooms and two off-street parking spaces per dwelling unit having three or more bedrooms and all other dwelling unit types shall provide two off-street parking spaces per dwelling unit. Minimum parking requirements may include a reduction in the number of required spaces, in accordance with §§ **255-208**, **255-209** and **255-126H**.

** Where an existing front building line is established by at least 50% of the properties in the block, the required setback may conform to such established building setback line.

*** Applies to ground-level paving, concrete, stone or similar hard surface. Setback shall be maintained in approved landscaping, except for approximately perpendicular driveway crossings. No fencing shall be placed in paved setback areas, except if necessary around stormwater facilities for safety.

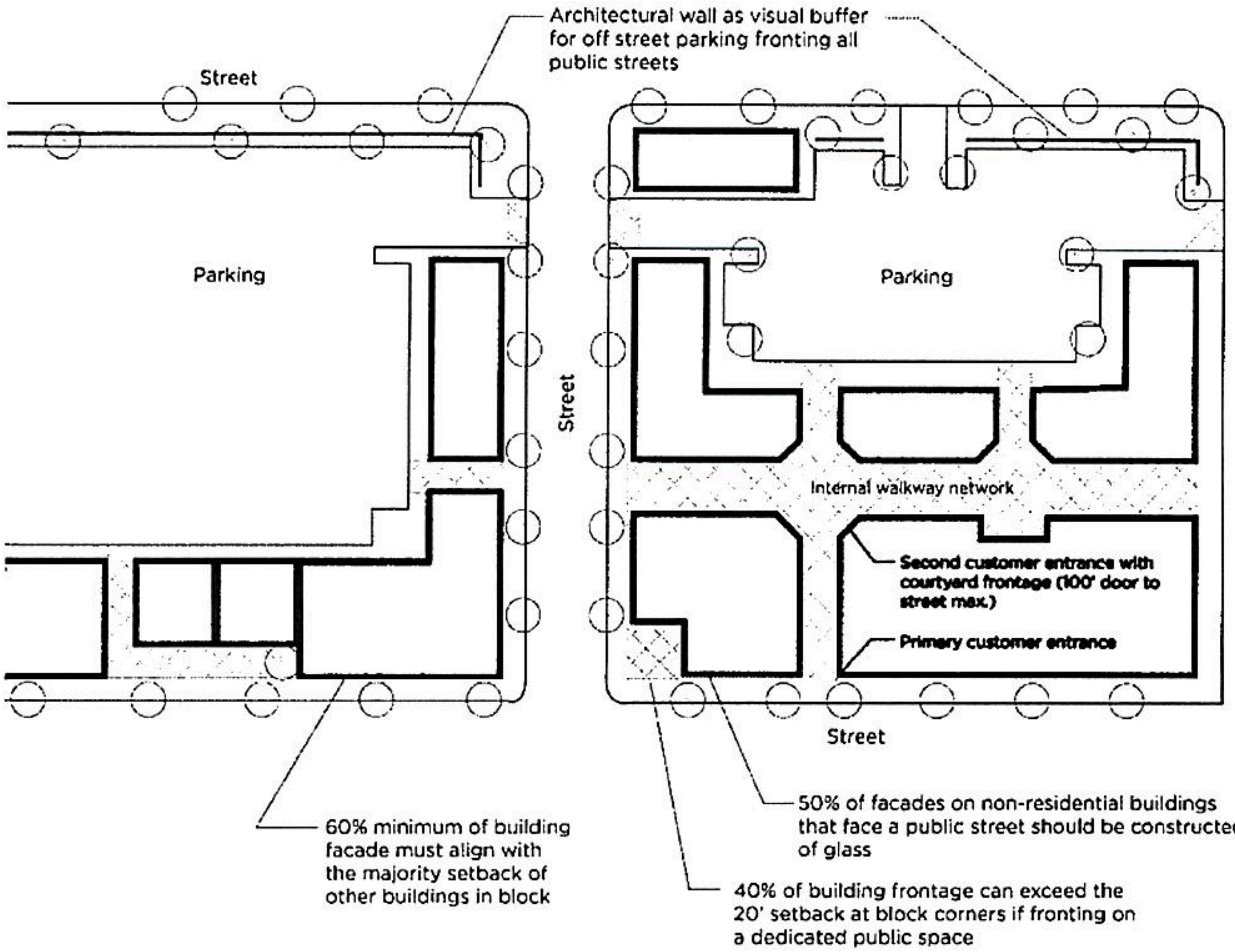


Figure 255-123.A

§ 255-124. Setbacks and screening from existing dwellings or residential districts.

The following standards shall not apply to proposed uses within a mixed-use development:

A. Minimum setbacks for primarily nonresidential uses from existing dwellings and residential district boundaries:

(1) Side yard: 25 feet along a contiguous lot line of primarily residential use or district.

(2) Rear yard: 30 feet along a contiguous lot line of primarily residential use or district.[1]

[1] *Editor's Note: Former Subsection A(3), regarding loading areas, and Subsection B, regarding landscaping and screening, which immediately followed this subsection, were repealed 5-14-2015 by Ord. No. 2222, approved 5-14-2015.*

§ 255-125. Design guidelines.

[Amended 5-14-2015 by Ord. No. 2222, approved 5-14-2015]

A. General project form of mixed-use developments. The design guidelines are intended to address the desire to create mixed-use development within the district which combines the mix of uses required with the intent to locate those uses in a manner that creates a pedestrian-oriented development focused on buildings oriented close to streets and sidewalks (See Figure 255-125.B.1), which is well connected internally and with the surrounding developed context of the district within the Borough. Where appropriate, land uses are mixed on site or are mixed in combination with adjacent uses (existing or planned); and should promote easy access among stores and services by pedestrians, bicyclist and transit riders as well as those accessing the site(s) by motor vehicles.

B. Design guidelines. In addition to the conditions of this chapter and Chapter **226**, Subdivision and Land Development, an applicant must demonstrate how the proposed land development conforms to all of the criteria in Subsection **B(1)** through **(5)** below. The guidelines under each criterion must be used to satisfy the criterion, or the applicant may propose an alternative approach, as approved by the Borough Council, that better achieves the intent of the guidelines. Before a development may be approved, the Borough Council must make findings that the proposal satisfies the guidelines. The applicant shall prepare an advisory report to assist the Borough Council.

(1) Criterion No. 1: Compact Urban Infill Development.

(a) The site layout is compact, urban in form, and enables future intensification of development and changes in land use over time.

(b) Guidelines:

[1] In general, mixed-use developments should be configured so that the nonresidential buildings are located close to an adjoining nonresidential use, close to streets, and/or close to internal public open space.

[2] Nonresidential uses should be clustered together into groupings to allow for shared use of vehicle parking areas, loading areas and customer dropoff facilities.

[3] Nonresidential buildings should be grouped along streets so it is a short walking distance from one building to the next.

[4] Nonresidential buildings should be placed to promote walking between commercial uses, residential neighborhoods and open space areas.

[5] Townhouses and multifamily units should be located near the nonresidential uses and open space areas.

[6] Mixed-use neighborhoods should be designed so that the different housing types are well integrated, similar to patterns found in existing neighborhoods and developed blocks throughout the Borough.

[7] The development achieves a level of development density consistent with that provided in § **255-123**, Area and bulk regulations;

[8] Opportunities for shared parking should be promoted in order to minimize unnecessary impervious paving (See Figure 255-125.B.3);

[9] The proposed development is designed in such a way that it is well integrated with adjacent land uses. "Integrated" means that uses are within a comfortable walking distance (1/8 mile) and are connected to each other with direct, convenient and attractive sidewalks and/or pathways (See Figures 255-125.B.3 and 255-125.B.4); and/or

[10] The proposal contains an equally good or superior way to achieve the above criterion.

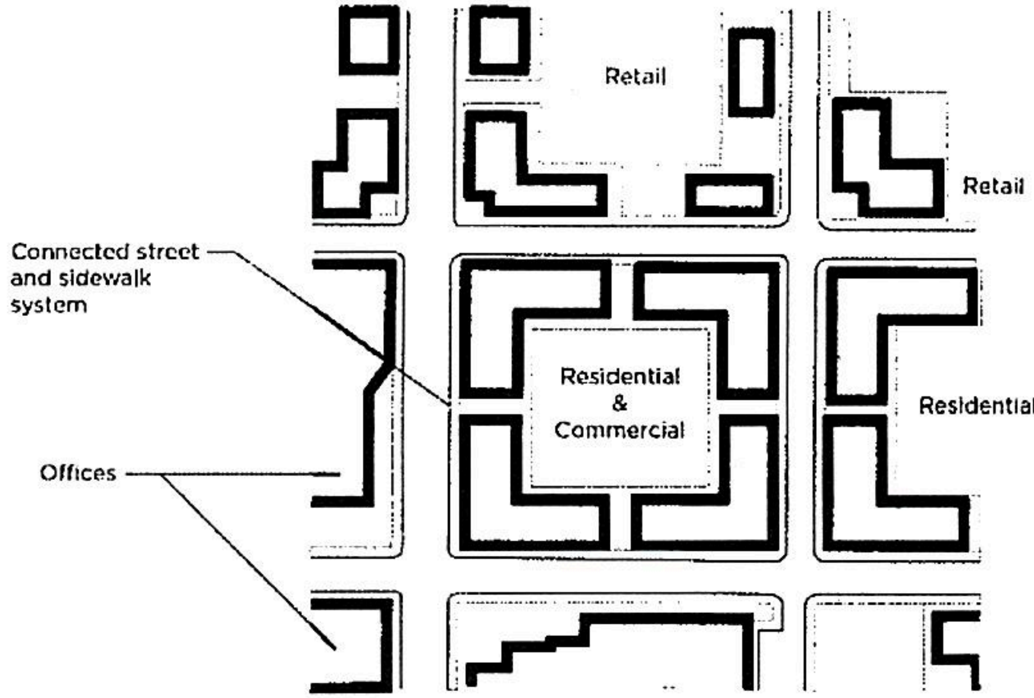


Figure 255-125.B.1

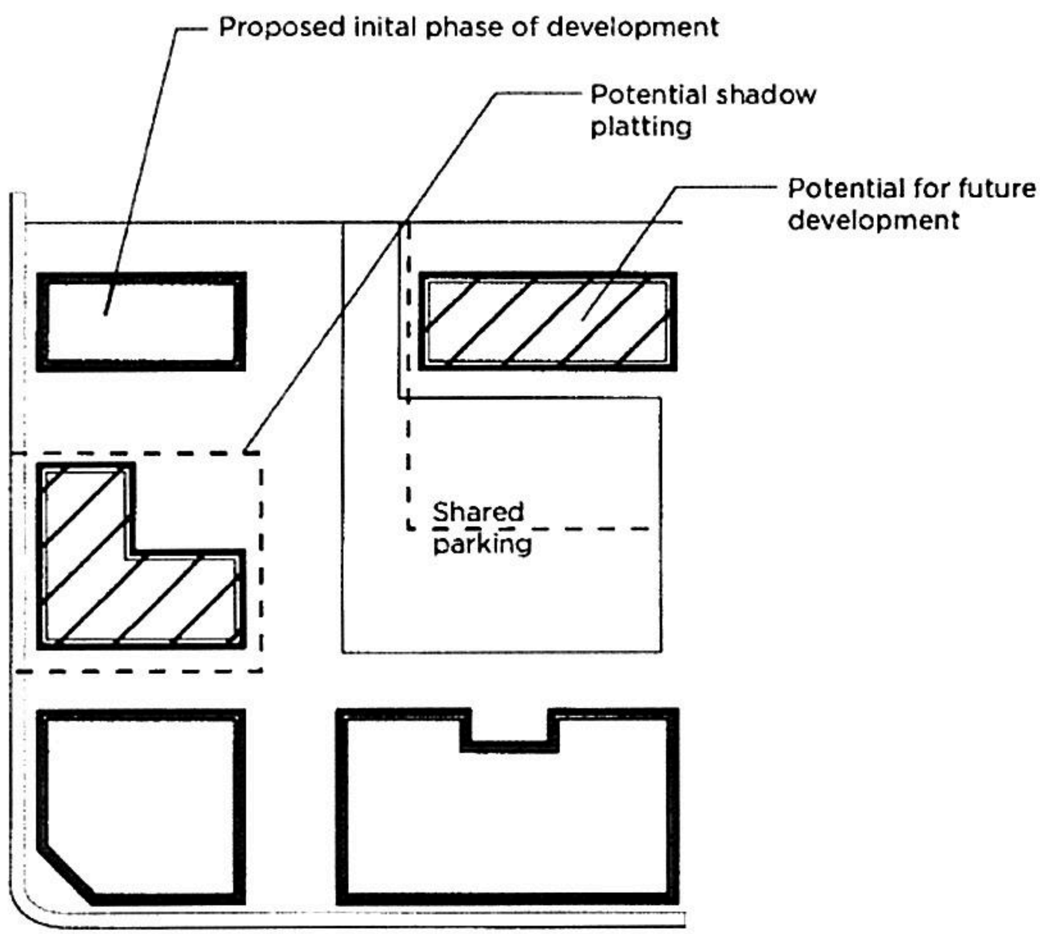


Figure 255-125.B.2

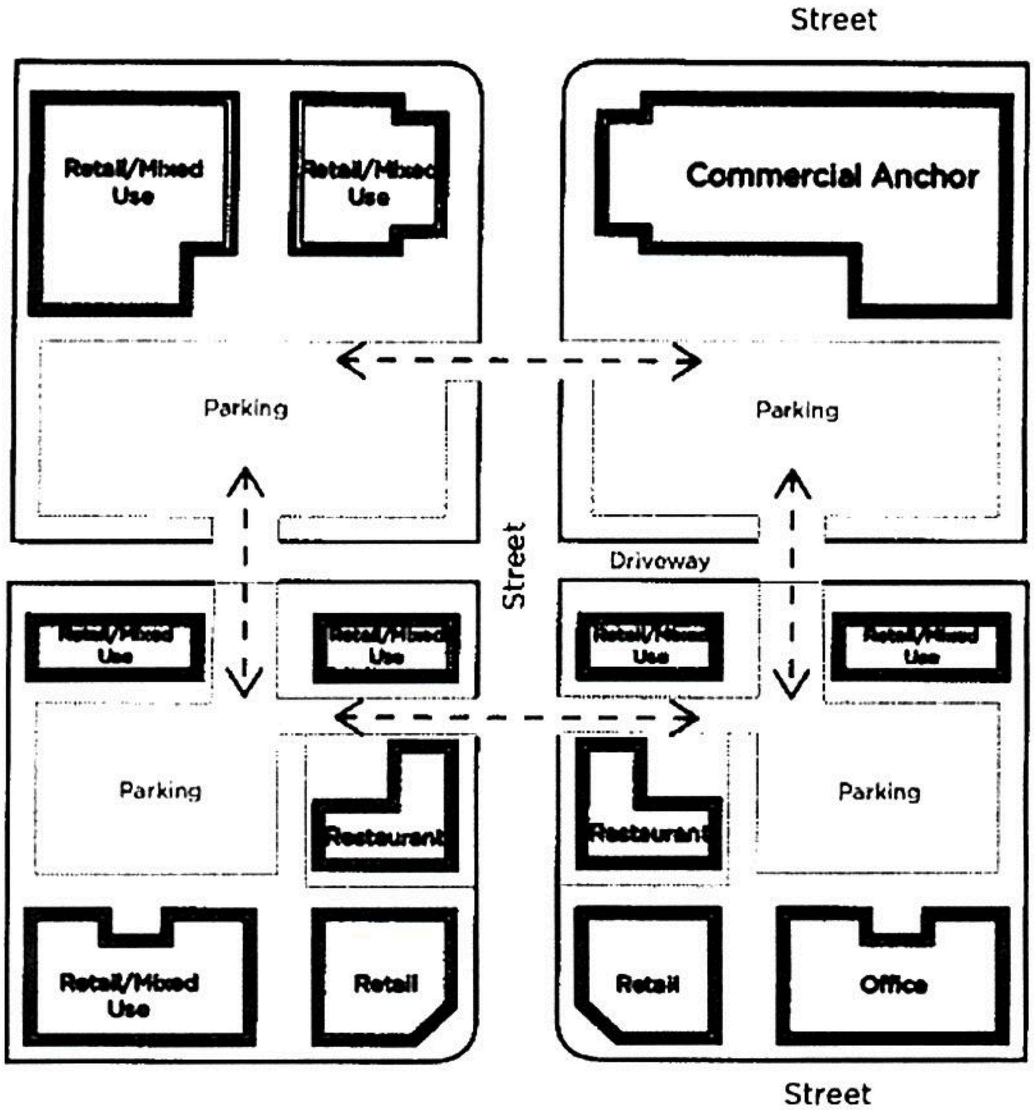


Figure 255-125.B.3

(2) Criterion No. 2: Pedestrian Access, Safety and Comfort.

(a) All portions of the development are accessible by a direct, convenient, attractive, safe, and comfortable system of pedestrian facilities, and the development provides appropriate pedestrian amenities. The design of buildings supports a safe and attractive pedestrian environment.

(b) Guidelines:

[1] Pedestrian facilities as defined in Criterion No. 4(D) connect the development to adjacent land uses and provide connections through the development to the public street right-of-way;

[2] Sidewalks and/or plazas are provided with weather protection (e.g., awnings/canopies), and a street furnishing zone on both sides of every public and private street. Appropriate pedestrian amenities (e.g., street tree well cut-outs, and space for outdoor seating, bus/transit waiting areas, benches, trash cans, newspaper vending machines, mail boxes, sidewalk displays, public art, etc.), are provided in the street furnishing zone (See Figure 255-125.B.5). Additional hardscaped pedestrian areas should be promoted around principal buildings and as walkways between the building, public spaces and public streets. Each development should have a pedestrian walkway system that is designed to connect principal buildings with adjoining development. In lieu of sidewalks in the public right-of-way of streets, the

Borough may allow pathways to be located on private property, provided pedestrian easements are dedicated to public use. Convenient pedestrian access to transit stops shall be provided;

[3] Parking and vehicle drives should be located away from building entrances, and not between a building entrance and the street, except as may be allowed when a direct pedestrian connection is provided from the sidewalk to the building entrance, consistent with Criterion No. 4(D), below (See Figure 255-125.B.4 and Figure 255-125.B.6);

[4] Surface parking should be oriented behind or to the side of a building when possible; parking should be accessed from an alley whenever possible; and parking should not be located on street corners; and/or

[5] The proposal contains an equally good or superior way to achieve the above criterion.

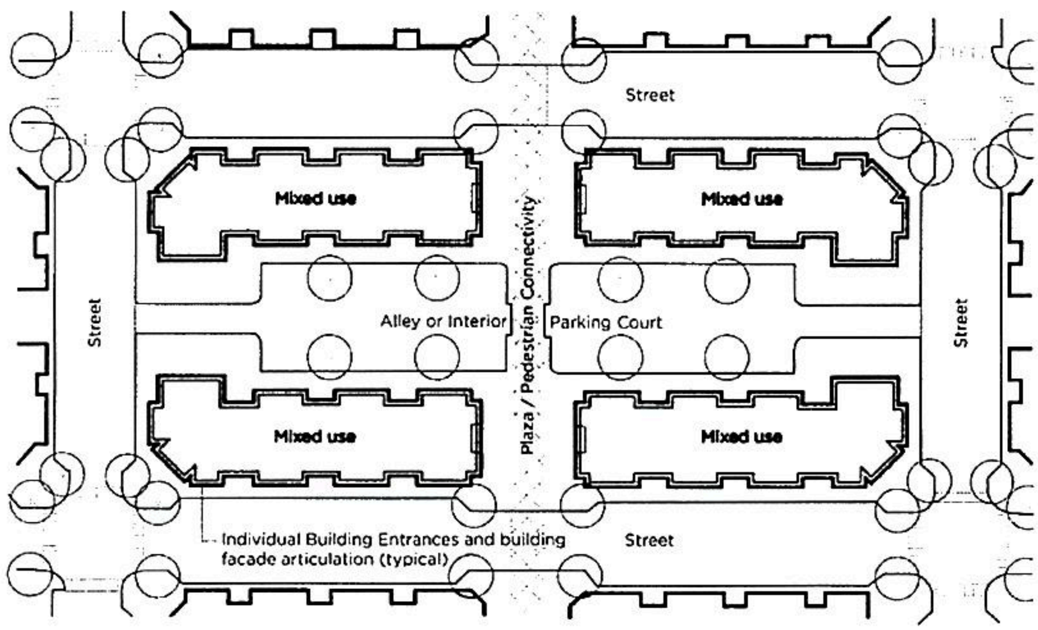


Figure 255-125.B.4

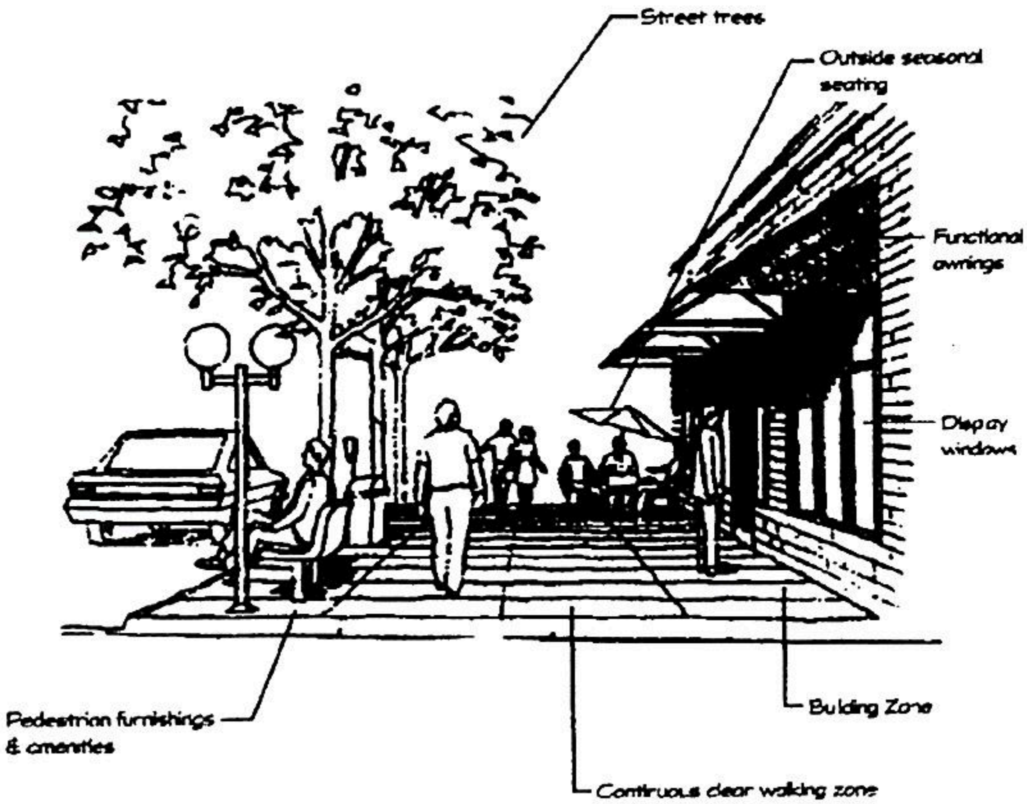


Figure 255-125.B.5

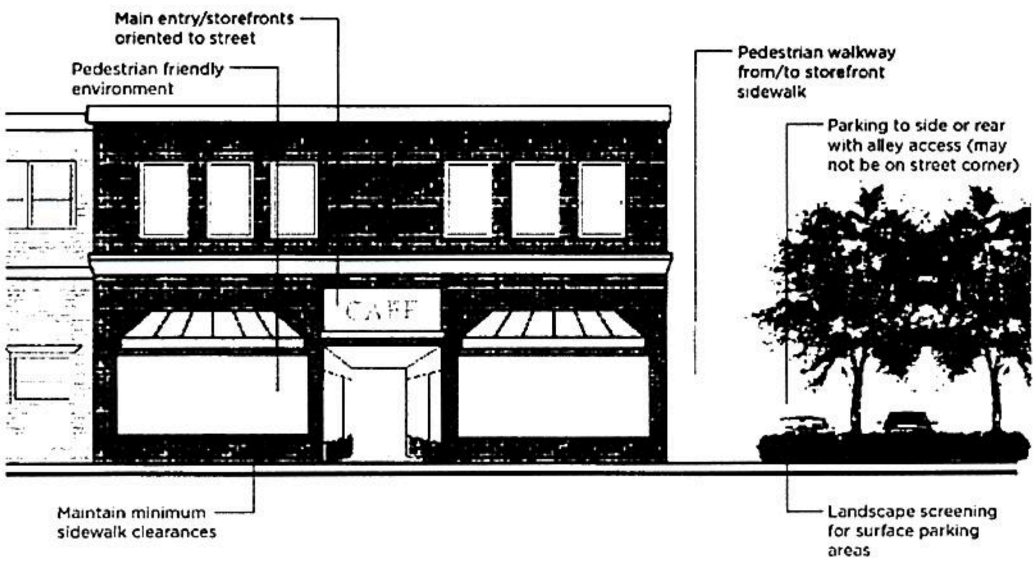


Figure 255-125.B.6

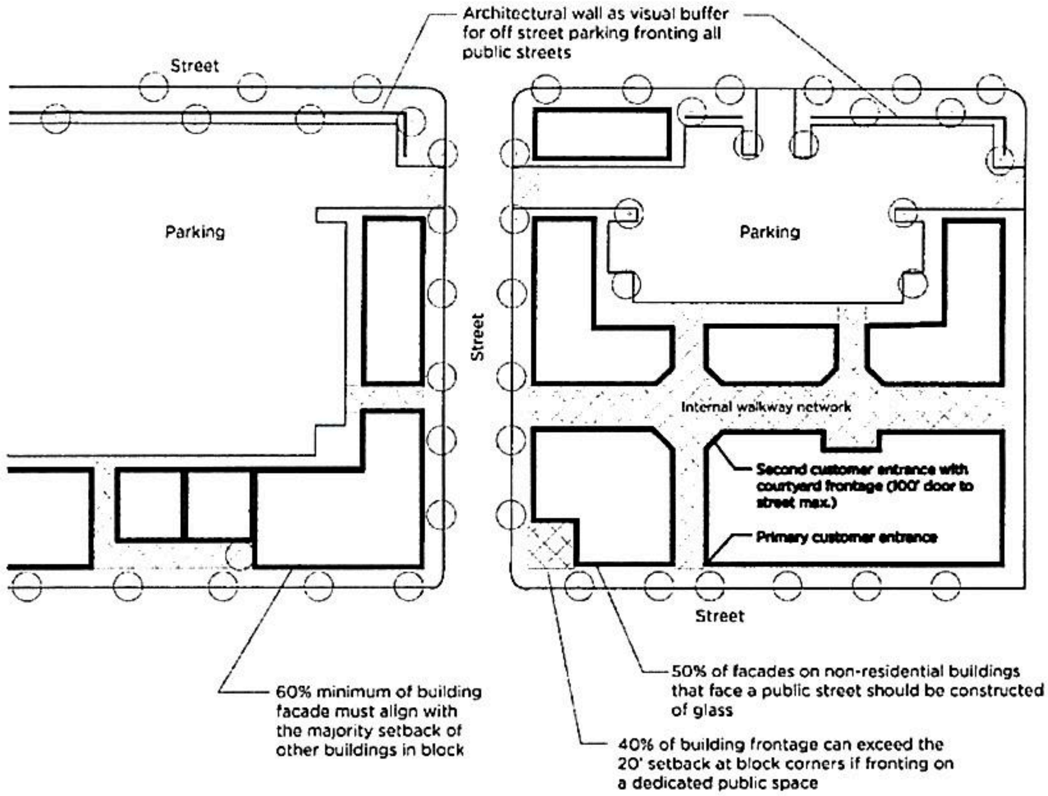


Figure 255-125.B.7

(3) Criterion No. 3: Street Connections and Urban Design Characteristics.

(a) The development is part of a connected street system that serves vehicles, pedestrians and bicycles. Proposed street connections and urban design characteristics of proposed streets should reference recommendations and guidelines defined in the Carlisle Urban Redevelopment Plan and the Carlisle U.S. EPA Brownfields Area-Wide Plan.

(b) Guidelines:

[1] Public or private streets connect the development to adjacent neighborhoods and zoning districts;

[2] Public streets are preferred over private streets to accommodate through traffic;

[3] Pedestrian connections should equal what would be available if they were on a street [i.e., distinct from vehicle lane, minimum clear space, Americans With Disabilities Act accessible, direct rate with minimum interruption, shade by day and light by night, connects to a destination that attracts pedestrian activity (front door of commercial use, public plaza/park, residence, transit stop, true street, etc.)];

[4] Streets within developments should be interconnected with each other and with streets on abutting properties in a grid or modified grid pattern connecting to major roads and existing streets to facilitate alternatives for access that will avoid congesting major intersections and roads serving Borough-wide transportation needs.

[5] Streets generally follow the public realm/streetscape standards as shown in typical cross-sections by street or roadway (See Figures 255-125.B.8 through 255-125.B.11); and/or

[6] The proposal contains an equally good or superior way to achieve the above criterion.

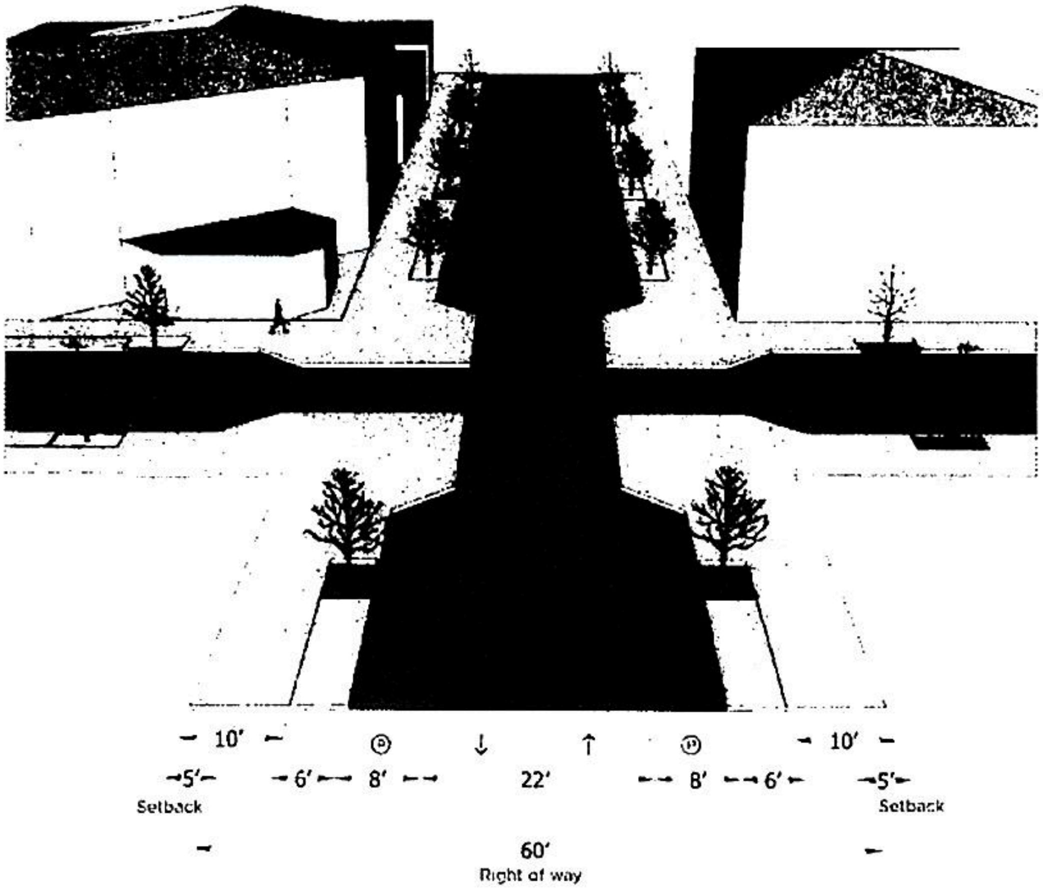


Figure 255-125.B.8 - Carlisle Springs Road Typical Standard

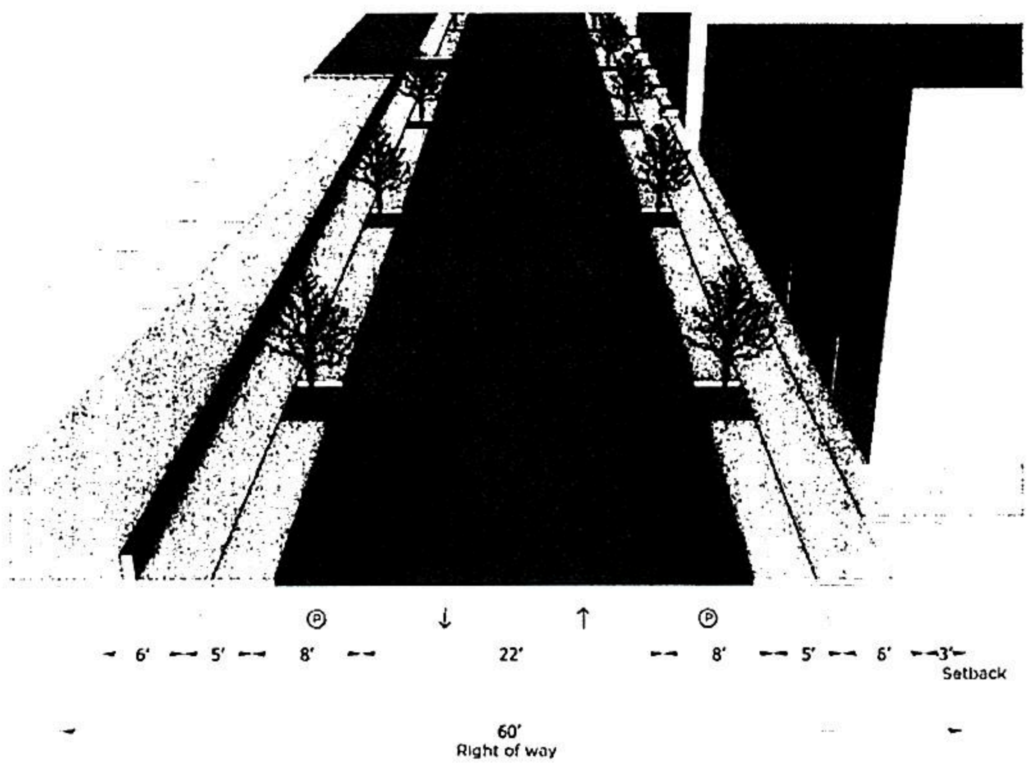


Figure 255-125.B.9 - B Street Typical Standard

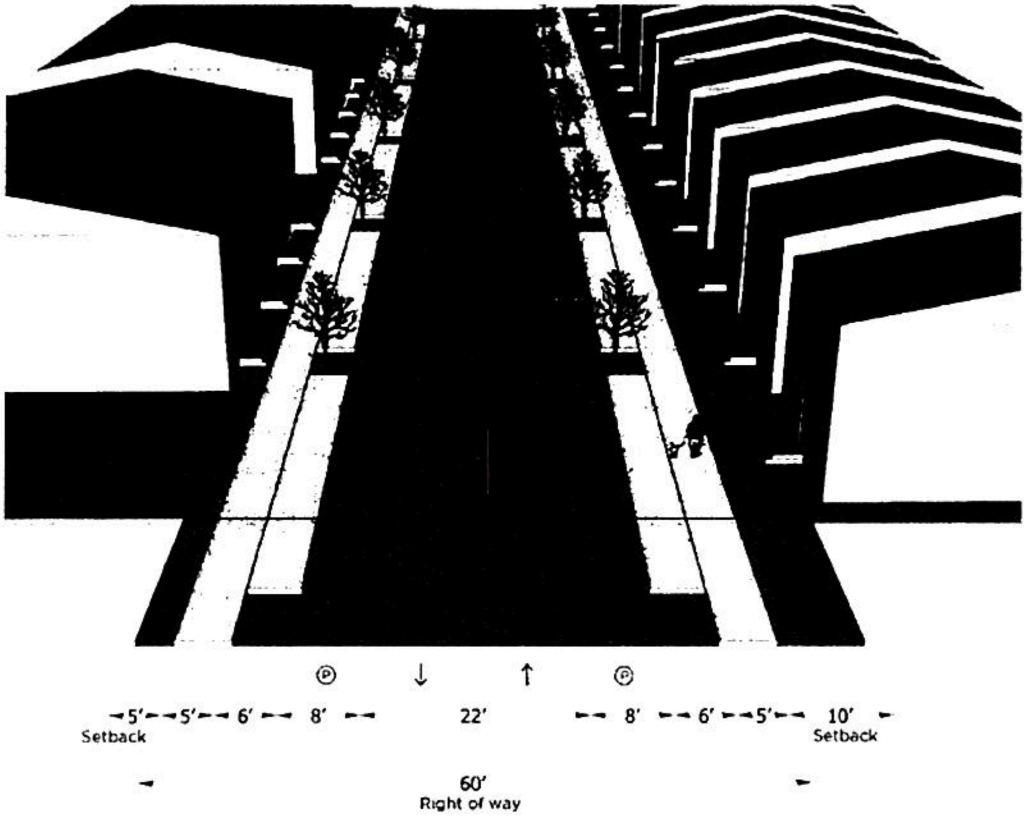


Figure 255-125.B.10 - C & D Streets Typical Standard

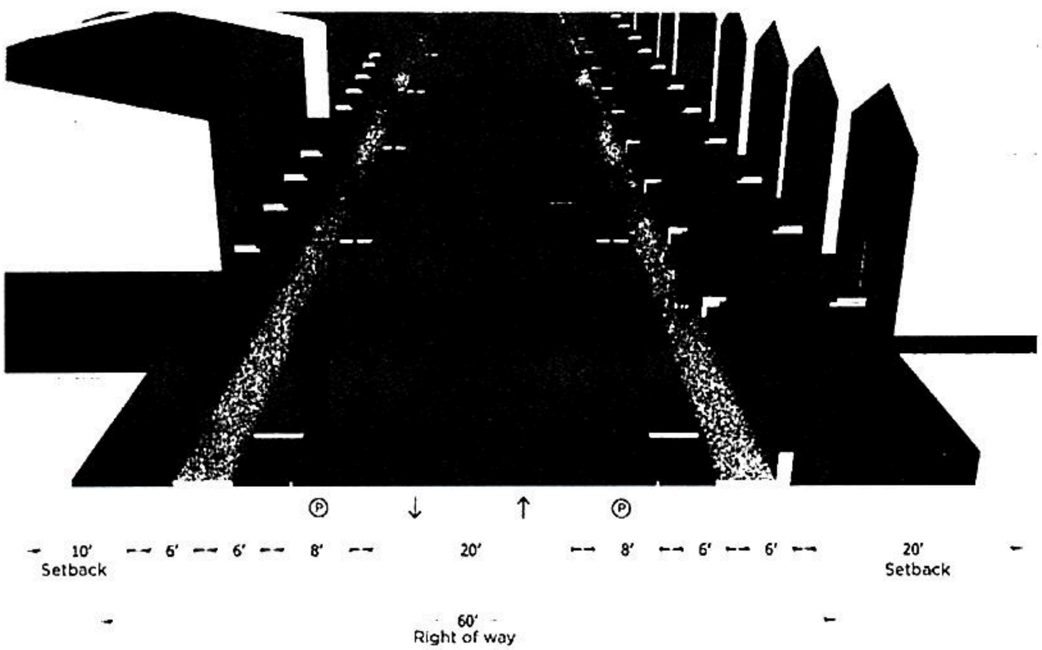


Figure 255-125.B.11 - C & D Streets Alternative Standard with Raised Front Yards

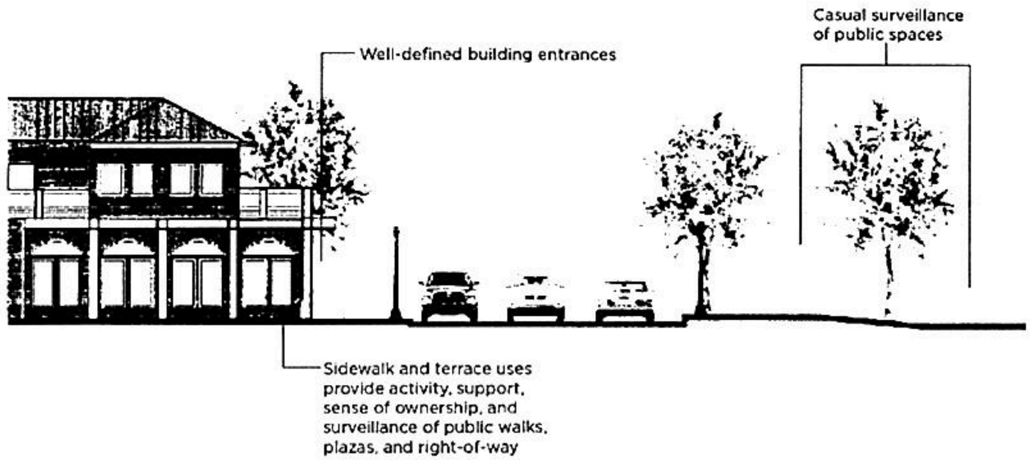


Figure 255-125.B.12

(4) Criterian No. 4: Creating and Protecting Public Civic Spaces.

(a) The development proposal should provide usable public space, and recognizes and responds appropriately to existing or planned public spaces (e.g., parks, civic buildings and spaces, transit stops, sidewalks, plazas, and similar spaces). Public spaces are "public" when they are within view of a street or other public space, accessible by pedestrians, and can be occupied by people. Proposed public and civic spaces should reference recommendations and guidelines defined in the Carlisle Urban Redevelopment Plan and the Carlisle U.S. EPA Brownfields Area-Wide Plan. All developments should strive to meet all of the following guidelines.

(b) Guidelines:

[1] Public spaces should be designed so they are integrated into the design of the overall development and not as residual or peripheral "left over" spaces.

[2] Public space should be designed to accommodate a combination of programmed and un-programmed uses and activities.

[3] The following are examples of public civic spaces that should be utilized as models within the urban mixed use district.

[a] Park: A park may be independent of surrounding building frontages. Its landscape shall consist of paths and trails, meadows, waterbodies, woodland and open shelters, passive and active recreation as well as be naturalistically disposed. Parks may be lineal, following the trajectories of natural corridors. The minimum size is typically three acres. The park may serve a secondary purpose of stormwater management. (See Figure 255-125.B.13).

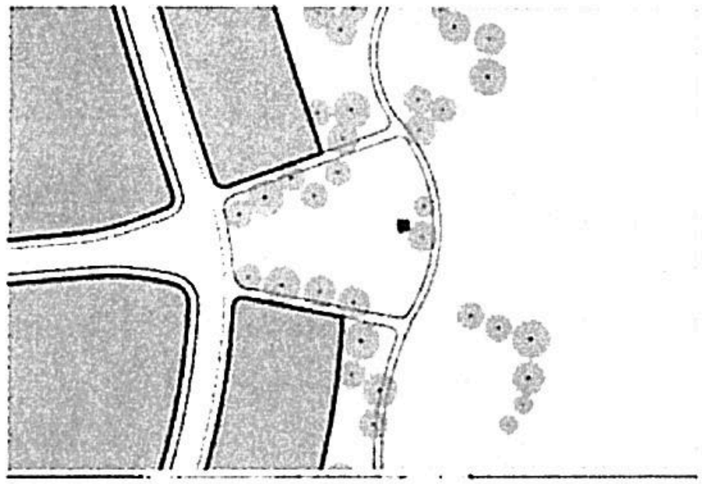


Figure 255-125.B.13

[b] Green: A green may be spatially defined by landscaping rather than building frontages. Its landscape shall consist of lawn and trees and small-scale active recreation facilities and be naturalistically composed. The typical size is 1/2 acre to eight acres. The green may serve a secondary purpose of stormwater management. (See Figure 255-125.B.14).
[Amended 5-12-2016 by Ord. No. 2243, approved 5-12-2016]

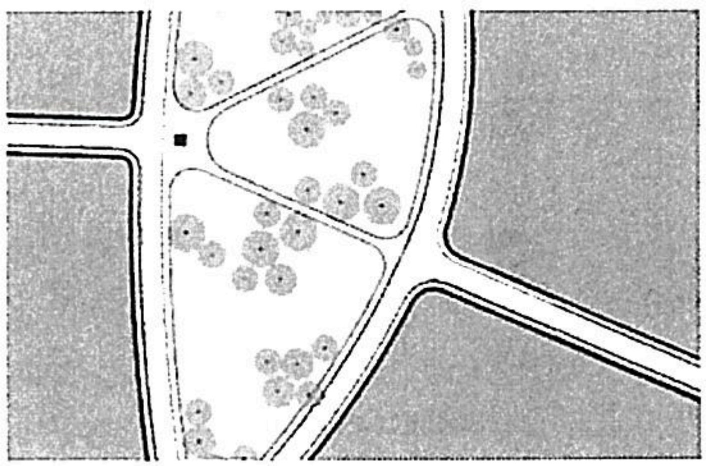


Figure 255-125.B.14

[c] Square: A square is spatially defined by building frontages. Its landscape shall consist of paths, gardens, pavilions, lawns and trees, formally composed. Squares shall be located at the intersection of important thoroughfares and should be bounded on all sides by public rights-of-way or streets. The size is typically 1/4 acre to five acres. The square may serve a secondary purpose of stormwater management. (See Figure 255-125.B.15).
[Amended 5-12-2016 by Ord. No. 2243, approved 5-12-2016]

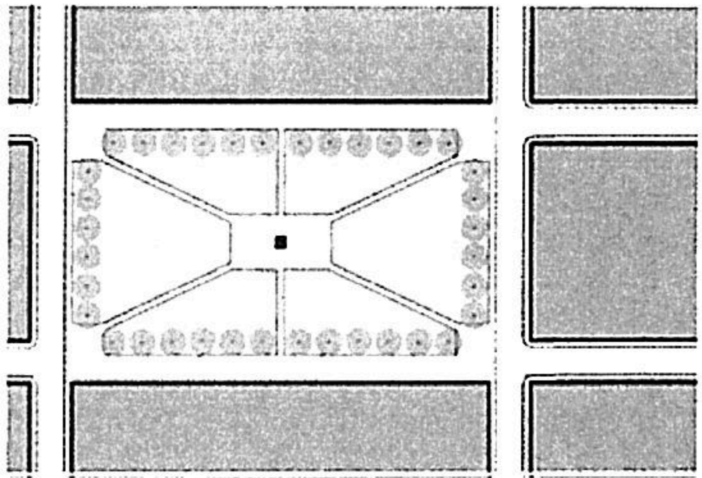


Figure 255-125.B.15

[d] Plaza: A plaza shall be spatially defined by building frontages. Its landscape should consist primarily of pavement. Trees should be included but are optional. Plazas should be located at the intersection of important streets. The typical size should be 1/8 acre to two acres. The plaza may serve a secondary purpose of stormwater management. (See Figure 255-125.B.16).
[Amended 5-12-2016 by Ord. No. 2243, approved 5-12-2016]

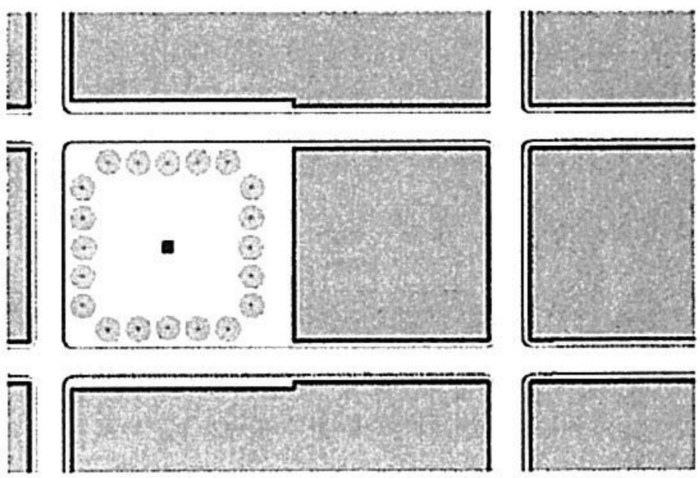


Figure 255-125.B.16

[e] Playground: A playground shall be fenced and may include an open shelter. Playgrounds shall be interspersed within residential areas and may be placed within a block. Playgrounds may be included within parks and greens. There should be no minimum or maximum size. (See Figure 255-125.B.17).

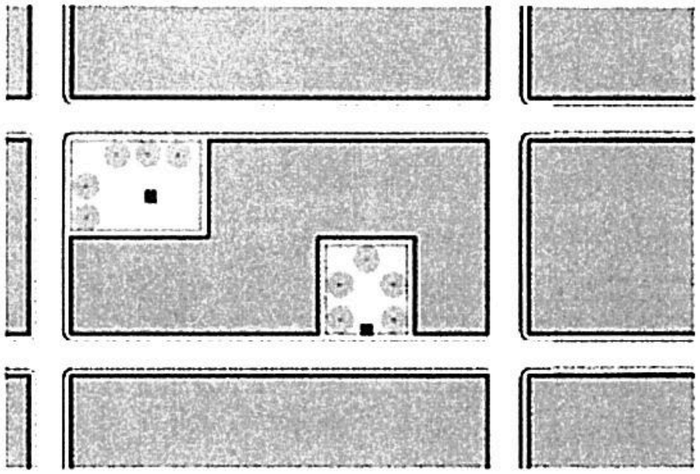


Figure 255-125.B.17

[f] Community garden: A community garden may be fenced and may include a tool shed. Running water should be provided. Community gardens should be interspersed within residential areas and may be placed within a block or included within parks and greens. There should be no minimum or maximum size. (See Figure 255-125.B.18).

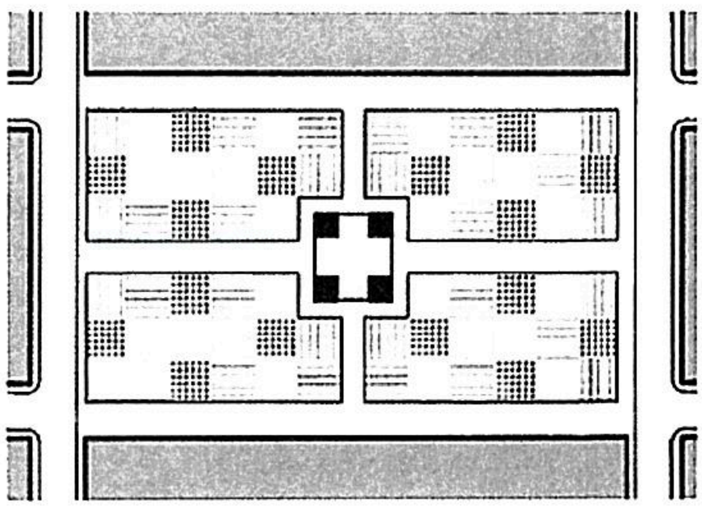


Figure 255-125.B.18

[g] Neighborhood multipurpose field: A neighborhood multipurpose field may be spatially defined by landscaping rather than building frontages. There should be a twenty-foot clear zone at the perimeter for viewing, and it should be landscaped with canopy trees. If this area is adjacent to a thoroughfare, the street trees may provide the necessary shade. The minimum size should be three acres. This field may serve a secondary purpose of stormwater management. (See Figure 255-125.B.19).
[Amended 5-12-2016 by Ord. No. 2243, approved 5-12-2016]

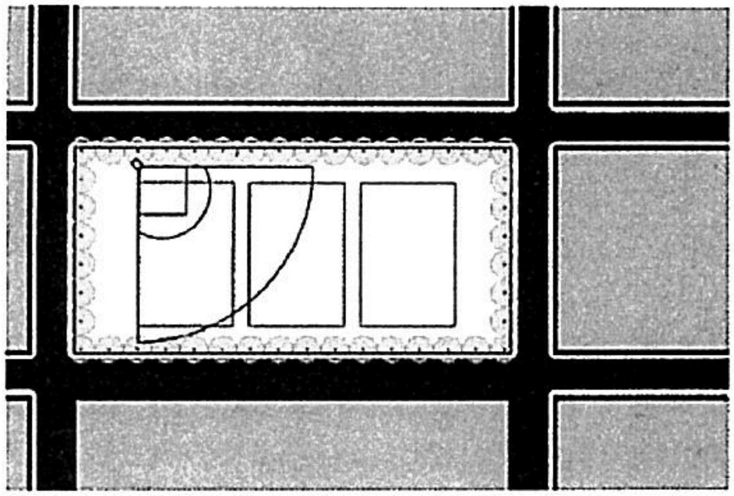


Figure 255-125.B.19

[h] Ramble: A ramble is spatially defined by rear lanes or alleys and the rear yard of the perimeter buildings. The minimum size is 1/4 acre and the maximum size is five acres. This ramble may serve a secondary purpose of stormwater management. (See Figure 255-125.B.20).

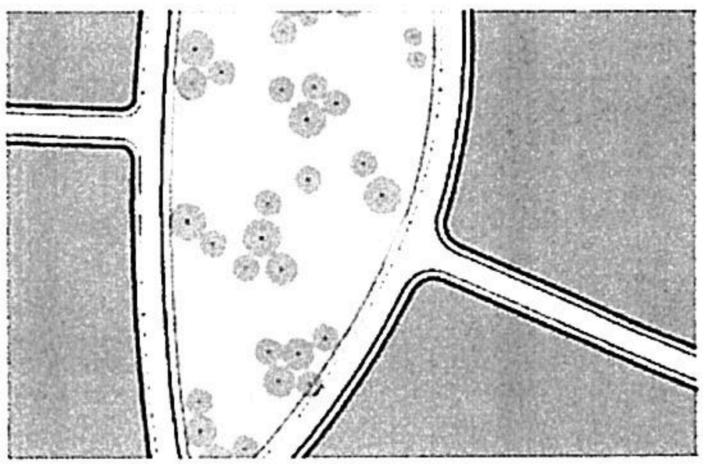


Figure 255-125.B.20

(5) Criterion No. 5: Context-Sensitive Building Design.

(a) Building facades are designed with an emphasis on pedestrian activity and relation to "human-scale" versus automobile and high-speed vehicular traffic, for aesthetic appeal, pedestrian comfort, and compatibility with the design character of the district and/or neighborhood.

(b) Guidelines:

[1] Develop project architectural character from common aspects of the built, natural and cultural characteristics of Carlisle Borough and Cumberland County, including traditional building materials and styles to develop a subtle theme of color and structure as an appropriate guide for new and modern development or redevelopment;

[2] Utilize the continuity of the local enduring building sizes and a visual rhythm of form and volume from town and village streetscapes, marketplaces and college campuses to imbibe variety and interest in building facades and minimize the single stretch of facade mass of commercial space needed by potential "anchor uses";

[3] Pattern street-level and upper-level architectural detailing treatments as complimentary yet varied elements to adjacent buildings and subtle, positive references to building function;

[4] Select roof forms to complement panoramic views of the development in the surrounding landscape;

[5] Provide a visual rhythm within the streetscape through siting of buildings with varying setbacks, roof styles, and attention to window and door placement. Long, unbroken facades are discouraged;

[6] Emphasize relationships of buildings to public spaces such as streets, plazas, other public and private open spaces, and public parking; and/or

[7] The proposal contains an equally good or superior way to achieve the above criterion.

§ 255-126. Additional requirements.

[Amended 5-14-2015 by Ord. No. 2222, approved 5-14-2015; 5-12-2016 by Ord. No. 2243, approved 5-12-2016; 9-12-2019 by Ord. No. 2344, approved 9-12-2019; 7-10-2025 by Ord. No. 2460, approved 7-10-2025]

A. Performance standards (see Article **XXIII**).

B. Regulations for specific uses (see Article **XXIV**).

C. Vehicular circulation, parking and loading (see Article **XXV**). The following regulations are in addition to Article **XXV**.

(1) Parking and vehicle drives shall be located away from building entrances and not between a building entrance and the street, except as may be allowed when a direct pedestrian connection is provided from the sidewalk to the building entrance (Figure 255-125.B.4).

(2) Surface parking shall be located behind or to the side of a building unless proven by the applicant to be otherwise unfeasible.

(3) Parking shall be accessed from an alley when possible.

(4) Parking shall not be located on street corners.

(5) For the purpose of reducing headlight glare and softening the visual effect of parking areas, all parking areas fronting on streets (versus alleys) shall be screened by (i) a decorative wall comprised of architectural block, stone, brick or other similar material, (ii) evergreen landscaping, or (iii) a combination of (i) and (ii), and such screen shall have a minimum height of four feet, and a maximum height of six feet, save and except landscaping, which may exceed this limit.

(6) The amount of required off-street parking shall be reduced by one off-street parking space for every on-street parking space adjacent to the parking generating use. On-street parking shall follow the established configuration of existing on-street parking, subject to Borough standards, except that angled parking may be allowed for some streets, as approved by the Borough. The Borough shall maintain a written record of credits granted per each use.

(7) Surface parking shall not exceed 100% of the minimum parking requirement for the subject land use(s). Exemptions to the standard can be approved through site/design review for developments that provide parking structures, shared parking, valet parking spaces, or similarly managed parking facilities to achieve a reduction of impervious land coverage in relation to the standard requirement provided solely as surface parking.

(8) A density or floor area bonus of one building story shall be granted for one story of structured parking provided in a building, subject to building height limitations for the zoning district subject to a conditional use review.

(9) Valet parking is permitted where a valet parking plan is approved by the Borough with the site/design review application. Valet parking shall allow stacking of smaller parking spaces with less space devoted to drive aisles.

(10) Landscape buffering per § **255-191** is provided between parking lots and all adjacent sidewalks.

D. Density and overall mixture of uses requirements. Mixed-use developments shall have a minimum overall density of 10 dwelling units per residential acre, which shall be calculated based on the lot area proposed for residential use only. The acreage used to determine residential density may not include nonresidential use areas, the ultimate right-of-way of existing streets, or the minimum required open space area.

(1) Within mixed-use developments, all land shall be divided into lots and streets, with the tract divided into residential areas, nonresidential areas, open space areas, existing streets, and/or proposed streets. All lots within the UM Urban Mixed Use District shall meet the following minimum/maximum use area requirements:

(a) Open space/recreation area: A minimum of 30% of the gross area of the mixed-use development tract shall be designated for public common open space use to be utilized as parks, public squares, community greens, recreation areas and venues for organized, municipally sanctioned events.

(b) Nonresidential area: A minimum of 15% and a maximum of 50% of the gross area of the mixed-use development shall be designated nonresidential uses. Lands offered for public buildings may be considered in this classification, subject to the discretion of the Borough Council.

(c) Residential area: A minimum of 20% and a maximum of 55% of the gross area of the mixed-use development shall be designated as residential use. All residential unit types in the UM Urban Mixed Use District must include the minimum square footage of living space defined within this chapter.

(2) For determining density and mixed use requirements, when residential and nonresidential uses are located on a lot but these uses are in separate portions of a building or in separate buildings, each different use shall be assigned an equivalent lot area that represents a comparative ratio of the building volumes and area of site improvements provided for each use.

(3) Areas of tracts within the street ultimate rights-of-way of existing or proposed streets shall not be considered as part of a residential, nonresidential, or open space use area when calculating gross area.

(4) Areas of on-site stormwater management facilities shall not be considered as part of a residential or nonresidential development area. On-site stormwater management areas can be considered as part of the public open space use area only if the areas are designed to also accommodate extensive public access and use as passive or active recreation space including: plaza, pocket-parks, garden areas (including native habitat enhancements) play-lots, amphitheater, etc. or as defined in design guidelines Criterion No. 4: Creating and Protecting Public Civic Spaces.

E. Residential mixture of uses requirements. All residential portions of mixed-use developments shall meet the following residential housing type mix requirements:

(1) Residential or mixed-use developments totaling five acres or less shall include at least two of the residential dwelling unit types identified under §§ **255-120**.

(2) Residential or mixed-use developments totaling greater than five acres, shall include at least three of the residential dwelling unit types identified under §§ **255-120**, and no one dwelling unit type identified under § **255-120** shall exceed 50% of the total number of dwelling units in the development.

(3) The combined number of garden apartment, mid-rise apartment, and mid-rise stacked flat dwelling units within a residential or mixed-use development of any size shall not comprise more than 70% of the total number of dwelling units in the development.

(4) The following minimum dwelling unit sizes shall apply to all garden apartment, mid-rise apartment, and mid-rise stacked flats dwelling units:

	Minimum dwelling unit size in square feet(Note*)
1 bedroom	600
2 bedroom	750
3 bedroom	900
4 or > bedroom	1,000

*	NOTE: Dwelling unit size shall be measured from the outside face of exterior wall to the centerline of interior demising walls and shall also include any balcony or porch that is exclusive to a single unit.

F. Additional transportation and roadway requirements.

(1) The development shall implement all planned street connections, as designated by the Borough's Comprehensive Plan, Official Map, Carlisle Urban Redevelopment Plan and the Carlisle U.S. EPA Brownfields Area-Wide Plan;

(2) When street connection(s) are not practicable, pedestrian connection(s), such as typically shown in the accompanying diagrams (Figures 255-125.B.6 and 255-125.B.7), are made to and through the development in lieu of planned street connection(s); and

(3) Culs-de-sac shall be prohibited.

G. Hours of operation. No retail use that is not located along an arterial street shall be open to the public between the hours of 12:00 midnight and 6:00 a.m. if the use shares one or more common vertical walls with a single-family semidetached dwelling or townhouse.

H. Building location, massing and appearance.

(1) To create variety along the streetscape, housing types shall be mixed along a street. A maximum of eight dwelling units may be located at the same front setback distance in a row along the same side of a street without a visual break.

(2) Varying front setbacks shall be utilized, allowing a maximum of 24 dwelling units in the row.

(3) Visual breaks shall be created between housing units of the same type by a commercial building, at least four dwelling units of a different housing type or by open space with at least 50 feet of frontage on the street.

(4) The maximum number of single-family dwelling units or buildings consisting of a complex of multifamily units, in a row along one side of a street shall conform to the table shown below:

Residential Dwelling Type	**Maximum Number of Units in Row**
Single-family detached dwelling	10
Single-family semidetached dwelling	10

Residential Dwelling Type	Maximum Number of Units in Row
Two-family semidetached dwelling	12
Two-family detached dwelling	12
Townhouses	16
Garden apartments	2 buildings
Mid-rise apartments	2 buildings
Mid-rise stacked flats	2 buildings

(5) In the UM Urban Mixed Use District, the building(s) shall have at least one primary entrance facing every abutting street, or is/are directly accessed by a sidewalk or plaza within 20 feet of the primary entrance.

(6) Building entrances in the UM Urban Mixed Use District shall be provided on all building facades oriented to a street.

(7) Every building has at least one entrance that does not require passage through a parking lot or garage to gain access.

(8) Corner buildings have corner entrances whenever possible.

(9) At least 60% of the building's front facade (measured horizontally in linear feet) is located in line with the front facade of majority of the existing or proposed buildings along the primary street frontage.

(10) At least 50% of the front facades of nonresidential buildings that face a public street, public space, residential district boundary, residence or residential use must be constructed of glass and/or decorative masonry (such as brick) (See Figure 255-125.B.7).

I. Design review procedures.

(1) The UM Urban Mixed Use District design review procedures shall be an extension of the requirements of Chapter **226**, Subdivision and Land Development. Specific requirements of the UM Urban Mixed Use District apply to those tracts within the Urban Mixed Use Zoning District only, as shown on the Zoning Map.

(2) Plan review procedure. The plan review procedure for proposed subdivisions and land developments within the UM Urban Mixed Use District shall be in accordance with the procedures of Chapter **226**, Subdivision and Land Development, except that the following shall apply:

(a) Prior to the submission and review of preliminary plans as provided in Chapter **226**, an applicant is encouraged but not required to meet with the Carlisle Borough staff to engage in an informal discussion of proposed development and its relationship to UM requirements. The Borough staff may meet with an applicant to informally discuss the proposed development and its relationship to UM requirements prior to formal plan submission, to assist an applicant in understanding the design goals and objectives for the UM District. This meeting is advisory only and the opinions expressed by Carlisle Borough staff during the meeting are not binding.

(b) Prior to the submission and review of preliminary plans, sketch plans meeting and/or the submission of a sketch plan is encouraged, but it is not a mandatory requirement.

What is a QOF?

Qualified Opportunity Fund – A corporation or a partnership that holds at least 90% of its assets in qualified opportunity zone (QOZ) property.

What are Qualified Opportunity Zones?

Qualified Opportunity Zones were created by the federal Tax Cuts and Jobs Act of 2017 to incentivize long-term investment in low-income communities.

If you currently hold appreciated capital gain property, you can sell it to realize your gain. If you reinvest that gain into a QOF investment, you do not recognize the gain currently.

How Does it work?

- Deferred gain must arise from a sale or exchange before January 1, 2027.
- Most taxpayers can elect to defer eligible gain by purchasing an eligible interest in a QOF within 180 days after the sale/exchange.
- Taxpayer must transfer cash or other property into the QOF and make a deferral election.

What are the benefits?

- The amount of deferred gain the taxpayer recognizes is reduced by their basis in the QOF investment:
  - Initial basis is zero
  - If taxpayer holds qualified interest for 5 years, basis is increased by 10% of the deferred gain
  - If taxpayer holds qualified interest for 2 additional years (7 years total), basis is increased by an additional 5% of the deferred gain
  - If taxpayer holds for at least 10 years, a taxpayer that sells or exchanges the interest can elect to bump up its basis to FMV on the date of the sale or exchange, and permanently exclude from US Federal income tax any gain earned (including any depreciation recapture)

WELLS FARGO THE PRIVATE BANK

Qualified Opportunity Zones: What Investors Should Know

October 2022

Connect With Us

Investment Management

Feel confident investing for your future.

Start now

Our Real Estate Asset Management specialists can help you.

Learn how

Your Life. Your Plan.

Creating a clear path for your financial future.

Go to Advice and Planning

Key takeaways:

- *The 2017 Tax Cuts and Jobs Act established the Qualified Opportunity Zone program to provide a tax incentive for private, long-term investment in economically distressed communities.*
- *Investors in these programs are given an opportunity to defer and potentially reduce tax on recognized capital gains.*
- *Tax savings are only available when investors retain the investment in the Qualified Opportunity Fund for the time frame stated.*

What this may mean for you:

- *If you are facing a significant tax liability as a result of capital gains, investing in a Qualified Opportunity Fund may be worth exploring, provided you invest within a prescribed amount of time.*

What is an Opportunity Zone?

An Opportunity Zone is a community nominated by the state and certified by the Treasury Department as qualifying for this program. The Treasury Department has certified zones in all 50 states; Washington, D.C.; and U.S. territories.[1] A list can be found at the U.S. Department of Housing and Urban Development.

How does this program work?

To defer a capital gain (including net §1231 gains), a taxpayer has 180 days from the date of the sale or exchange of appreciated property to invest the realized capital gain dollars into a Qualified Opportunity Fund, an investment vehicle that files either a partnership or corporate federal income tax return and is organized for the purpose of investing in Qualified Opportunity. The fund then invests in Qualified Opportunity Zone property.

The taxpayer may invest the return of principal as well as the recognized capital gain, but only the portion of the investment attributable to the capital gain will be eligible for the exemption from tax on further appreciation of the Opportunity Zone investment, as explained below. The Opportunity Zone program allows for the sale of any appreciated assets, such as stocks, with a reinvestment of the gain into a Qualified Opportunity Fund. There is no requirement to invest in a like-kind property to defer the gain.

Note that a taxpayer who receives a reported capital gain from a flow-through entity, such as a partnership, an S-corporation, or a trust/estate, has the option to start the 180 day investment period on any of the following dates:

- the last day of the entity taxable year;
- the same date that the entity's 180 day period begins; or
- the due date for the entity's tax return, without extensions, for the taxable year in which the entity realized the eligible gain.

Qualified Opportunity Fund

A Qualified Opportunity Fund is any investment vehicle that is organized as a corporation or a partnership for the purpose of investing in Qualified Opportunity Zone property (other than another Qualified Opportunity Fund) that holds at least 90% of its assets in Qualified Opportunity Zone property.

Similar to other investments, an investment in a Qualified Opportunity Fund may increase or decrease in value over the holding period. In addition, income may be paid on this investment. Given that the purpose of the program is to improve particular areas, it is expected that the fund will continue to invest in the improvement of the property in which it is invested. Cash flow may occur once the property improvements are complete and the property is leased or sold to third parties.

Because Qualified Opportunity Funds are income tax planning tools and are investment options for taxpayers, these investments may involve risk. Like many other types of investments, the risks may potentially include market loss, liquidity risk, and business risk, to name just a few. Because this investment may not be appropriate for all investors, consult with your investment advisor before pursuing such an investment to determine if this fits with your risk profile and diversification of your investments.

Qualified Opportunity Zone property

Qualified Opportunity Zone property is used to refer to property that is a Qualified Opportunity Zone stock, a Qualified Opportunity Zone partnership interest, or a Qualified Opportunity Zone business property acquired after December 31, 2017, used in a trade or business conducted in a Qualified Opportunity Zone or ownership interest in an entity (stock and partnership interests) operating with such tangible property.

Conceptually, the Qualified Opportunity Fund must bring property new to the entity to be used in the Opportunity Zone. A fund that simply acquires property already being used in the zone will not qualify without substantial improvement. Substantial improvement requires improvements to exceed the Qualified Opportunity Fund's initial investment into the existing property over a 30-month period. (Note: investment only applies to the amount paid for the building.)

For instance, if a Qualified Opportunity Fund acquires existing real property in an Opportunity Zone for $1 million, the fund has 30 months to invest an amount greater than the $1 million purchase price for improvements to the property in order to qualify for this program. Certain businesses, such as golf courses, country clubs, massage parlors, hot tub facilities, suntan facilities, race tracks or other facilities used for gambling, and liquor stores, are prohibited for Qualified Opportunity Fund investments.

Tax deferral and savings

A Qualified Opportunity Fund investment provides potential tax savings in three ways:

Tax deferral through 2026 -A taxpayer may elect to defer the tax on some or all of a capital gain if, during the 180-day period beginning at the date of sale/exchange, they invest in a Qualified Opportunity Fund. Any taxable gain invested in a Qualified Opportunity Fund is not recognized until December 31, 2026 (due with the filing of the 2026 return in 2027), or until the interest in the fund is sold or exchanged, whichever occurs first. In addition, the deferred gain has the potential to be reduced as described below.

Step-up in tax basis of 10% or up to 15% of deferred gains - A taxpayer who defers gains through a Qualified Opportunity Fund investment receives a 10% step-up in tax basis after five years and an additional 5% step-up after seven years. Thus, to be eligible for the 10% step-up in tax basis, the taxpayer needed to invest by December 31, 2021 and invest by December 31, 2019 for the additional 5% step-up in tax basis. If the taxpayer will have held the investment in the fund for seven years at the end of 2026, the taxpayer would qualify for the 15% increase in tax basis. Due to the rule regarding recognition of gain no later than December 31, 2026, the step-up in tax basis benefit is no longer available for new investors beginning with the 2022 tax year.

No tax on appreciation - Remaining in the Qualified Opportunity Fund for at least 10 years results in the cost basis of the property being equal to the fair market value on the date of sale/exchange.

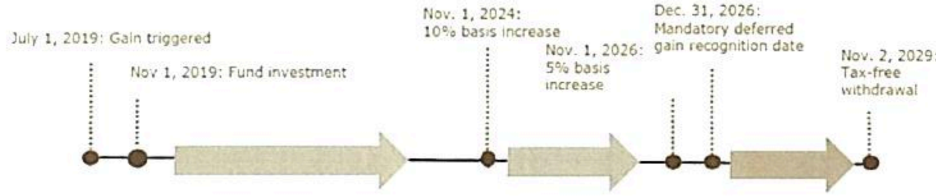
1. **Tax deferral through 2026**

   The gain deferral applies to any investment gain (for example, the sale of appreciated stock or a business). It is important to note that the tax cannot be deferred indefinitely — only until 2026. The tax savings, however, may still be significant. Qualifying for deferral does not require an intermediary, and the taxpayer has 180 days from a sale to invest the gains into a Qualified Opportunity Fund.

   Example 1 : In July 2019, a taxpayer sold a zero-basis business for $10 million, resulting in a $10 million capital gain. The taxpayer invested the entire amount in a Qualified Opportunity Fund within 180 days. None of the sale proceeds were taxable in 2019. At 2019 federal capital gains rates of 20%, this allowed the taxpayer to keep over $2 million that would otherwise have been taxed as a capital gain and paid in the 2019 tax year. Instead the funds were invested in the Qualified Opportunity Fund. Assuming even a conservative rate of return on that $2 million, it could provide a significant return to the taxpayer over the length of the investment.

2. **No tax on 10% or up to 15% of deferred gains**

   Example 2 : Given the same situation as the previous example, after five years, the taxpayer is given a $1 million basis in the fund (10% of the original capital gain deferred). After seven years, the taxpayer is given another $500,000 of basis in the fund (5% of the original capital gain deferred). After seven years, hypothetically the taxpayer sells the $10 million investment and would pay tax on only $8,500,000 of the gain. At current federal capital gains rates, that's a savings of over $300,000 simply for holding the investment for seven years.



For each example: This information is hypothetical and is provided for illustrative purposes only. It is not intended to represent any specific strategy, nor is it indicative of future results.

3. **Investing in a Qualified Opportunity Zone in 2022**

Although the contribution deadline for the step-up in basis provisions have passed, the Qualified Opportunity Zone still provides taxpayers the ability to defer the capital gains. A taxpayer may defer the gain until 2026 or a year prior to that if the investment is sold. Plus, tax on the appreciation would be avoided if the investment is held for over 10 years.

What if there is a loss in value in the Qualified Opportunity Fund?
The taxpayer is still eligible for the increase in basis for holding the investment for five or seven years. The taxpayer's recognized gain for 2026 (or the year of divesting from the fund) will be the lesser of the original deferred gain or the fair market value of the fund interest reduced by the taxpayer's adjusted basis in the fund, if any. Because of the complicated nature of these investments and the complicated rules that are associated with it, please consult your tax advisor before committing any funds. The example below is simplified for illustration purposes only.

Example 3 : Again, given the same situation, after seven years, the Qualified Opportunity Zone property is sold at a loss. Let's presume the taxpayer realizes $8 million from the Qualified Opportunity Fund (80% of the original investment). Because the taxpayer held the investment for seven years, the taxpayer receives a 15% increase in basis, or $1,500,000. The gain realized would be $6,500,000 ($8,000,000 - $1,500,000).

4. **Potentially no tax on appreciation**

Example 4 : In 2019, a taxpayer makes a $10 million investment in a Qualified Opportunity Fund. In 2030, the taxpayer sells the investment for $15 million. The $5 million in appreciation is not taxable. At current federal capital gains rates, that's a savings of over $1 million. The taxpayer will, however, have phantom income (taxable income without corresponding sale) on the original $10 million investment in 2027 for the 2026 tax year because the investment in the fund was held beyond December 31, 2026, when the deferred gain on the original investment must be recognized.

For each example: This information is hypothetical and is provided for illustrative purposes only. It is not intended to represent any specific strategy, nor is it indicative of future results.

Conclusion

Qualified Opportunity Funds remain an option for deferral of capital gains as long as you are able to retain the investment for the noted time frames. Keep in mind that depending on any future tax legislation, capital gains rates at the time of sale in 2026 could be at a higher rate than in 2022. Taxpayers should seek the advice of their professional legal and tax counselors when considering a Qualified Opportunity Zone investment.

Source: Internal Revenue Service. (28 April 2022). Opportunity Zones. https://www.irs.gov/newsroom/opportunity-zones

Related topics: Insights

1. According to the Internal Revenue Service, an Opportunity Zone is an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the state and that nomination has been certified by the Secretary of the U.S. Treasury via his/her delegation authority to the Internal Revenue Service.

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