

INTRODUCED: March 23, 2009

AN ORDINANCE No. 2009-43

As Amended

To amend and reordain ch. 98, art. III of the City Code by adding therein a new div. 7 (§§ 98-260—98-269), for the purpose of providing partial tax exemption in redevelopment or conservation areas or rehabilitation districts.

\_\_\_\_\_  
Patrons – Vice-President Robertson, Mr. Tyler and  
Mr. Samuels

\_\_\_\_\_  
Approved as to form and legality  
by the City Attorney

PUBLIC HEARING: APR 27 2009 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Chapter 98, Article III of the Code of the City of Richmond (2004) be and is hereby amended and reordained by adding therein a new Division 7, consisting of sections numbered 98-260 through 98-269, as follows:

**DIVISION 7.**

**PARTIAL TAX EXEMPTION IN REDEVELOPMENT AND CONSERVATION AREAS  
AND REHABILITATION DISTRICTS**

**Sec. 98-260. Purpose.**

AYES: \_\_\_\_\_ NOES: \_\_\_\_\_ ABSTAIN: \_\_\_\_\_

ADOPTED: \_\_\_\_\_ REJECTED: \_\_\_\_\_ STRICKEN: \_\_\_\_\_

The purpose of this division is to reduce or eliminate concentrations of blight, stimulate investment and encourage new construction and improvement of real property in redevelopment and conservation areas and rehabilitation districts.

**Sec. 98-261. Generally; expiration of exemption program; evaluation of exemption program; fiscal impact statement.**

(a) The City Assessor shall, upon application made and within the limits as hereinafter provided, order the partial exemption from real property tax of real property upon which new structures or other improvements have been constructed within a redevelopment or conservation area or rehabilitation district established in the city.

(b) This division shall expire on, and no new applications for exemption shall be accepted on and after, July 1, [~~2013~~] 2015. This provision shall not affect either applications filed before that date or the continued eligibility for exemption of properties approved before that date.

(c) One year before expiration of this division, the partial tax exemption program herein created shall be reevaluated by the City Assessor, the Chief Administrative Officer and the Director of Finance in accordance with subsection (d) of this section and they shall make a recommendation to the City Council as to whether or not the partial tax exemption program established by this division should be extended beyond the expiration date set forth above for another period not to exceed five years. The City Assessor, the Chief Administrative Officer and the Director of Finance shall present the program evaluation results and recommendations to the City Council concerning the extension or the expiration of the program before the next expiration date and before each expiration date established thereafter.

(d) The evaluation criteria shall include, but not necessarily be limited to (i) the number of applications submitted, (ii) the number of applications approved for consideration by

the City Assessor, (iii) the number, type and description of properties qualifying for partial tax exemption under this division, (iv) the total dollar amount of the resulting assessment credit ordered, (v) the revenue impact on the city both with and without the existence of the program, and (vi) any other quantifiable data that can be used to measure the overall effect of the program.

(e) The City Assessor and the Director of Finance, by February 15 of each year that the program established by this division is in effect, shall provide the City Council and the Chief Administrative Officer with a fiscal impact statement of the program's operation.

**Sec. 98-262. Rules and regulations for administration of division.**

The City Assessor, with the advice and comment of the Chief Administrative Officer and the Director of Finance, shall promulgate such rules and regulations not inconsistent with the provisions of this division as the City Assessor deems necessary for the effective administration of this division.

**Sec. 98-263. Eligibility of residential real property[;—certificate of appropriateness required; approval by Director of Community Development].**

(a) In order to qualify for the partial exemption from real property taxation for real property constructed for residential use, throughout the exemption period established by section 98-265(a), (i) the new structure must be an owner occupied dwelling used as a single-family residential structure and (ii) the other improvement, if any, must be designed for the accessory use of such new structure and shall not include swimming pools or hot tubs.

(b) In order for the partial exemption for a property to continue in effect, such property shall be maintained in compliance with the provisions of the Virginia Uniform Statewide Building Code. If, after receiving notice of a violation of this section, the owner of the property fails or refuses to complete the necessary corrections within the time required for such

action, or refuses city inspectors or city appraisers access to such property for the purpose of determining continued eligibility under this section, then such eligibility shall terminate.

(c) The improvements must be completed within two years after the date of the filing of the application for exemption.

**Sec. 98-264. Application[; ~~submission of design plans~~].**

(a) There shall be no order of partial exemption from real property tax under this division for real property (i) whose owner or such owner's agent has not submitted an application to the City Assessor for partial tax exemption in accordance with this division prior to construction, (ii) whose owner has failed to pay any amount of nonexempt real estate taxes, (iii) that is not within a redevelopment or conservation area or rehabilitation district established in the city or (iv) that is receiving any other real estate tax exemption authorized by this Code or (v) that has qualified for an IRS-42 low income housing tax credit.

(b) As a prerequisite for qualifying for partial tax exemption under this division, the owner or agent of the owner of such property shall file an application for partial exemption of real property from taxation with the City Assessor simultaneously with making application for a building permit and prior to any work being started on the subject property. Each application for such exemption shall be accompanied by a processing fee in the amount of \$125.00. No property shall be eligible for such exemption unless all appropriate building permits have been acquired and the City Assessor has verified that the new structure or other improvements indicated on the application has been completed and a certificate of occupancy has been issued. Furthermore, no property shall be eligible for such exemption if the City Assessor has been denied access to the entire premises before, during or after the work for which a partial

exemption has been applied, for purposes of determining whether the new structure or other improvements have been completed and for appraising the property.

(c) The applicant shall bear the burden of proof to show that the property for which a partial exemption has been applied complies with all requirements established by this division. The City Assessor may require documented proof of eligibility and compliance with the requirements of this division, and, in such cases, the applicant shall present documentation satisfactory to the City Assessor.

**Sec. 98-265. Amount of exemption; basis for taxes during construction.**

(a) The amount of the partial exemption from real property taxation provided for by this division shall be an amount equal to [~~50 percent of~~] the increase in assessed value resulting from the completed construction of the new structure or other improvement to the real property as determined by the City Assessor. This amount only, on a fixed basis, shall constitute the exemption, notwithstanding subsequent market appreciation or depreciation, assessment, reassessment or future improvements. The exemption shall commence on January 1 of the year following completion of the new construction or improvements and shall run with the real estate for a period of five years.

(b) No partial exemption under this division shall be ordered during the construction phase of the new structure or other improvements. Prior to completion of the new structure or other improvements, taxes shall be based upon the full assessed value of the property when assessed.

**Sec. 98-266. Penalty for nonpayment of real estate taxes; forfeiture of exemption.**

Whenever the owner of real property which has qualified for partial exemption of real estate taxes under this division fails to pay the nonexempted amount of real estate taxes on the

property on or before June 15 of any tax year, (i) a penalty of ten percent shall be applied to the taxes due on the full assessed value of the property for that tax year, (ii) the partial exemption claimed for that tax year shall be forfeited and (iii) the annual credit issued for that tax year shall be canceled and shall be of no effect. The partial exemption claimed for any tax year shall be retained if payment of the nonexempt amount, plus the ten percent late payment penalty and interest at ten percent per annum on the nonexempt amount due, is received by the Collections Division of the Department of Finance on or before June 30, or the last business day preceding June 30 of the tax year in question if June 30 falls on a weekend.

**Sec. 98-267. Land book.**

Nothing in this division shall be construed so as to permit the City Assessor to list upon the land book any reduced value due to the exemption provided by this division.

**Sec. 98-268. Demolition.**

The exemption provided in this division shall not apply when the structure to be demolished is a Virginia registered landmark or is determined by the Virginia Department of Historic Resources to contribute to the significance of a registered historic district.

**Sec. 98-269. False statements.**

The making of any false statement in any application, affidavit or other information supplied for the purpose of eligibility determination under this division shall constitute a Class 2 misdemeanor.

§ 2. This ordinance shall be in force and effect January 1, 2010.



# Richmond City Council

The Voice of the People

Richmond, Virginia

## Office of the Council Chief of Staff

Daisy E. Weaver  
Council Chief of Staff

### Ordinance/Resolution Request

**TO** Norman Sales, Richmond City Attorney

**THROUGH** Daisy E. Weaver, Council Chief of Staff *D.E.W.*

**FROM** Angela D. Montgomery, Council Policy Analyst  
Office of the Council Chief of Staff

**COPY** Ellen Robertson, Councilmember

**DATE** May 28, 2009

**PAGE/s** 1 of 8

**TITLE** Amendment to the Partial Tax Exemption Ordinance No. 2009-43

This is a request for the drafting of an **Ordinance**  **Resolution**

**REQUESTING COUNCILMEMBER/PATRON  
COMMITTEE**

**SUGGESTED STANDING**

Ellen Robertson

Finance Standing Committee

**ORDINANCE/RESOLUTION SUMMARY**

Amendment to the Partial Tax Exemption Ordinance No. 2009-43 is requested to impose a maximum value for which an owner or developer may receive a partial property tax exemption, for a new owner-occupied, single-family dwelling in the redevelopment, conservation areas or rehabilitation districts.

A certain percentage of the assessed value of the property shall not exceed the average mean assessed value of property in the redevelopment, conservation areas or rehabilitation districts. The Assessor shall determine annually the assessed value of the property and the percentage above the average mean value.

## BACKGROUND

A disproportionately high number of vacant lots blight neighborhoods located in the redevelopment, conservation areas and rehabilitation districts. The proposed amendment will effectively reduce blight in these areas and provide a partial tax exemption for qualified owner-occupied properties. New economic development will be catalyzed while simultaneously preventing issuance of a partial tax exemption to properties with values above a percentage of the average mean value of properties in the area.

## FISCAL IMPACT STATEMENT

Fiscal Impact Yes  No

Budget Amendment Required Yes  No

Estimated Cost or Revenue Impact \$ 192,000

Fiscal Summary: The Assessor opined that the ordinance minimally will impact the City's budget, in that the partial tax exemption abates the new assessed value of a property for a limited period of five years. Upon expiration of the five-year partial tax exemption the new assessed value would become taxable.

A first-year maximum fiscal impact of \$192,000 was calculated based upon the assumption that owners of approximately 200 real estate parcels with an average new assessment gain of \$160,000 will apply for a partial tax exemption. The first-year maximum \$192,000 fiscal impact is a projection which assumes a high number of applicants for the partial tax exemption and was calculated using the following formula:

**Estimated First-year Properties x Average New Assessment x Abatement Ratio x Tax Rate = Fiscal Impact**

Attachment/s Yes  No