

INTRODUCED: April 27, 2026

A RESOLUTION No. 2026-R020

To authorize the Chief Administrative Officer to submit four separate applications to the Virginia Department of Housing and Community Development to (i) amend the boundaries of Enterprise Zone 19 and Enterprise Zone 28A within the city of Richmond and (ii) modify the local enterprise zone incentive package for the amended Enterprise Zones.

Patron – Mayor Avula

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: MAY 26 2026 AT 6 P.M.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That the Chief Administrative Officer, for and on behalf of the City, be and is hereby authorized to submit four separate applications and all necessary supporting documentation to the Virginia Department of Housing and Community Development. Such applications shall:

- (i) Amend the boundaries of Zone 19 and Zone 28A substantially as shown on the attached two-page document entitled “Attachment: Proposed Enterprise Zone Boundary Amendment Maps, Proposed Enterprise Zone Boundary Changes;” and

AYES: 8 NOES: 0 ABSTAIN: _____

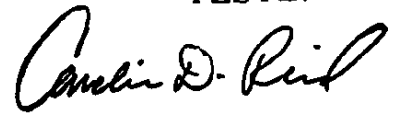
ADOPTED: MAY 26 2026 REJECTED: _____ STRICKEN: _____

(ii) Amend the local enterprise zone incentive package for the amended Zone 19 and Zone 28A substantially as described in the applications and on the attached document entitled “Proposed Richmond Local EZ Incentive Charts, Chart 1: Virginia Enterprise Zone Amendment Incentive Deletions & Amendments;”

BE IT FURTHER RESOLVED:

That the City agrees to operate the local enterprise zone incentives added through the applications in place of the local enterprise zone incentives deleted through the applications.

**A TRUE COPY:
TESTE:**

A handwritten signature in black ink, appearing to read "Carolin D. Reed". The signature is written in a cursive style with a large initial 'C'.

City Clerk

City of Richmond

Intracity Correspondence

O&R Transmittal

DATE: March 31, 2026
TO: The Honorable Members of City Council
THROUGH: The Honorable Dr. Danny Avula, Mayor
THROUGH: Odie Donald, Chief Administrative Officer
THROUGH: Sharon Ebert, Deputy Chief Administrative Officer
FROM: Angie Rodgers, Director, Department of Economic Development
RE: Resolution Supporting Enterprise Zone Amendment
ORD. OR RES. No. _____

PURPOSE: To authorize the Chief Administrative Officer to submit four applications to the Virginia Department of Housing and Community Development (DHCD) to amend the boundaries of each of the City’s two enterprise zones and to modify the local incentive package for such zones to better align with current economic conditions, adopted planning documents, and City priorities.

BACKGROUND: The Enterprise Zone (EZ) program is a partnership between the Commonwealth of Virginia and the City of Richmond that supports economic development within designated geographic areas (Zones 19A and 28A). Private economic development projects within the boundaries of an enterprise zone have access to two grant programs from the Commonwealth: the Real Property Investment Grant and the Job Creation Grant. In the past three award years, Richmond-based projects have been awarded \$3.1 million in state funds.

The current Enterprise Zone boundaries and incentives have remained largely unchanged for more than a decade. The proposed changes align the boundaries and the incentives with the Richmond 300, the strategies articulated in the adopted Strategic Plan for Equitable Economic Development (SPEED) and the City’s Mayoral Action Plan and reflect shifts in market conditions and redevelopment patterns.

To inform the proposed zone amendments, the Department worked with a consultant specializing in economic development incentives to conduct a comprehensive review of the Enterprise Zone program. This review included analysis of business data, evaluation of coverage gaps, exploration of alignment opportunities with other incentive programs, like CARE and the partial commercial tax abatement program, and a parcel-level review to identify strategic additions near existing boundaries. The Department of Planning and Development Review (PDR) examined the current and proposed boundaries to ensure alignment with Richmond 300 and priority growth nodes. The Commonwealth's Department of Housing and Community Development reviewed the proposed changes for alignment with state regulations. Interviews with business owners, grant recipients, developers, and community stakeholders provided insight into market conditions, redevelopment challenges, and areas where the Enterprise Zone coverage could support future investment.

The Commonwealth limits the amount of acreage in an Enterprise Zone and the number of non-contiguous parcels. The parcels (415.4 acres) that would be removed under the amendments are owned by governments or institutions that do not leverage the program, such as the Commonwealth of Virginia, Virginia Commonwealth University, the Science Museum, and Richmond Marine Terminal. The 673.8 acres of recommended additions add commercial areas previously not included, like Fulton, Stoney Point Fashion Park, and areas along Walmsley Blvd., and fill in missing parcels of areas currently covered (for example, along N. 25th Street, North Ave., Chamberlayne Ave., Hull St., and Midlothian Turnpike).

To participate in the Enterprise Zone, the Commonwealth requires that the City provide local incentives, which it does through six small reimbursement grant programs with award maximums ranging from \$1,000 (Loan Fee Rebate) to \$10,000 (Machinery and Equipment Rebate and Relocation Rebate).¹ The incentives are administered through a cooperation agreement between the City and the EDA, typically approved at the start of each fiscal year, and are funded with \$400,000 in the Department's annual budget.

¹ Commercial redevelopment projects within the enterprise zone have an enhanced benefit in the City's Partial Commercial Tax Abatement Program. That program is separately governed by the City's municipal code.

The number of programs managed (each with separate rules and processes) is administratively burdensome and hard to market, and the low dollar value of the awards has limited impact. The proposed changes retire three of the six grant programs (the loan fee rebate, the development fee rebate, and the brownfield assessment rebate) and enhance the three remaining programs: the machinery and equipment rebate and the relocation rebate (which would be renamed the business investment grant), and the employee assistance grant.

The proposed incentive amendments must be provided to DHCD for review and approval. Once approved, additional performance terms and guidelines will be brought for City Council approval as part of the FY27 Enterprise Zone Cooperation Agreement. The proposed boundary amendments will also be submitted to DHCD for review and approval. Once approved, projects within the updated boundaries will retroactively have access to state enterprise zone benefits as of January 1, 2026.

STRATEGIC INITIATIVES AND OTHER GOVERNMENTAL: The Enterprise Zone is jointly administered by the Virginia Department of Housing and Community Development. Zone 28A is a joint Enterprise Zone with Henrico County (Zone 28B). The state requires a supportive resolution from the Henrico Board of Supervisors for boundary changes in Richmond. The program is administered through a cooperation agreement with the Economic Development Authority.

FISCAL IMPACT: Enterprise Zone program funds were included in the adopted Fiscal Year 2026 budget.

DESIRED EFFECTIVE DATE: Upon Adoption.

REQUESTED INTRODUCTION DATE: April 13, 2026

CITY COUNCIL PUBLIC HEARING DATE: May 11, 2026

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development Standing Committee

AFFECTED AGENCIES: Department of Economic Development

ATTACHMENTS:

-Attachment: Proposed Enterprise Zone Boundary Amendment Maps, Proposed Enterprise Zone Boundary Changes

-Proposed Richmond Local EZ Incentive Charts, Chart 1: Virginia Enterprise Zone Amendment Incentive Deletions & Amendments

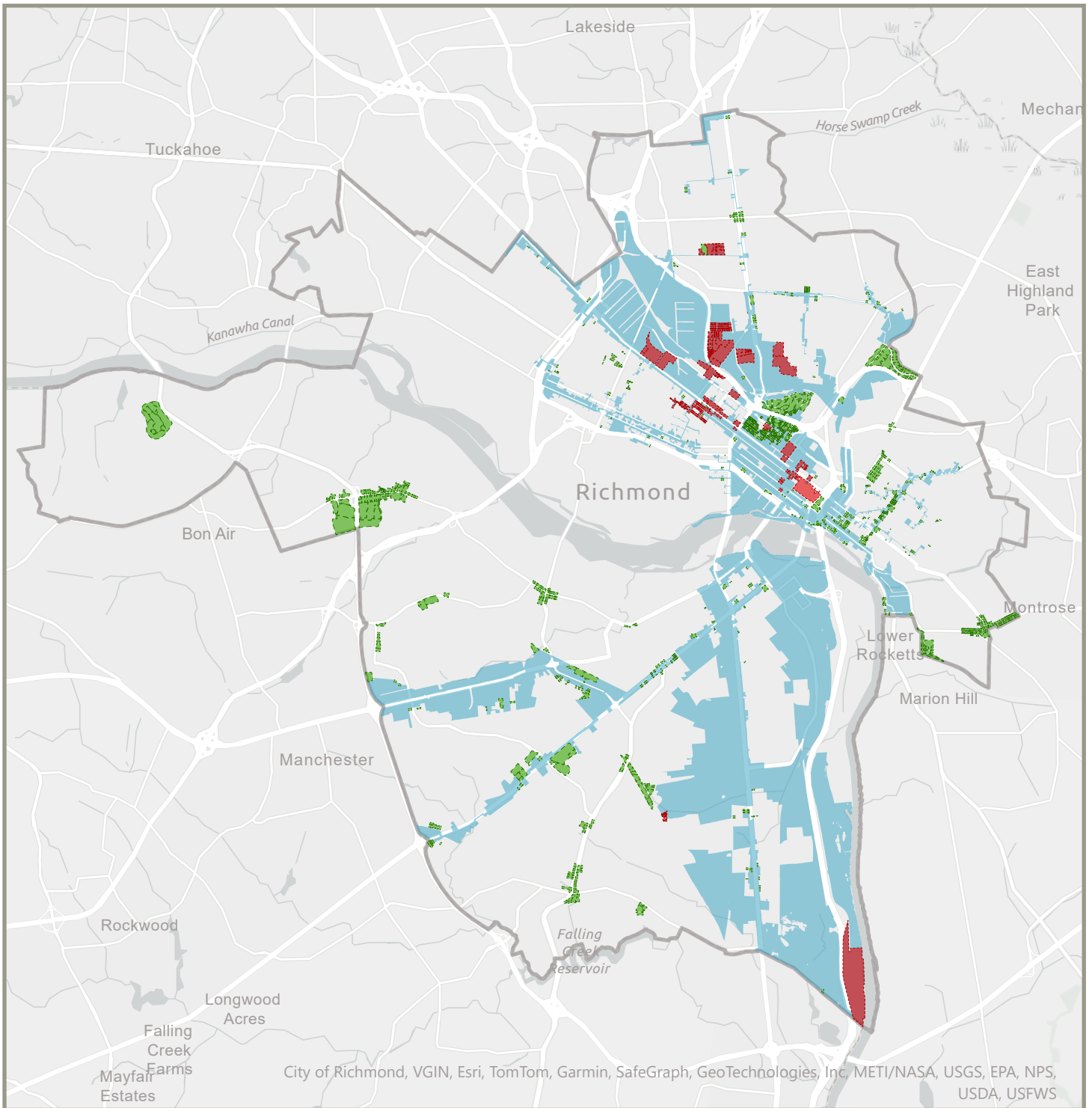
- Proposed Richmond Local EZ Incentive Charts, Chart 2: Virginia Enterprise Zone Amendment Incentive Details

STAFF: Jackie Teemer, Department of Economic Development

Katie McConnell, Department of Economic Development

Attachment: Proposed Enterprise Zone Boundary Amendment Maps

Proposed Enterprise Zone Boundary Changes



Proposed EZ Changes by Parcel

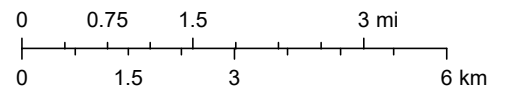
 add

 remove

 Current Enterprise Zones

 City Boundary

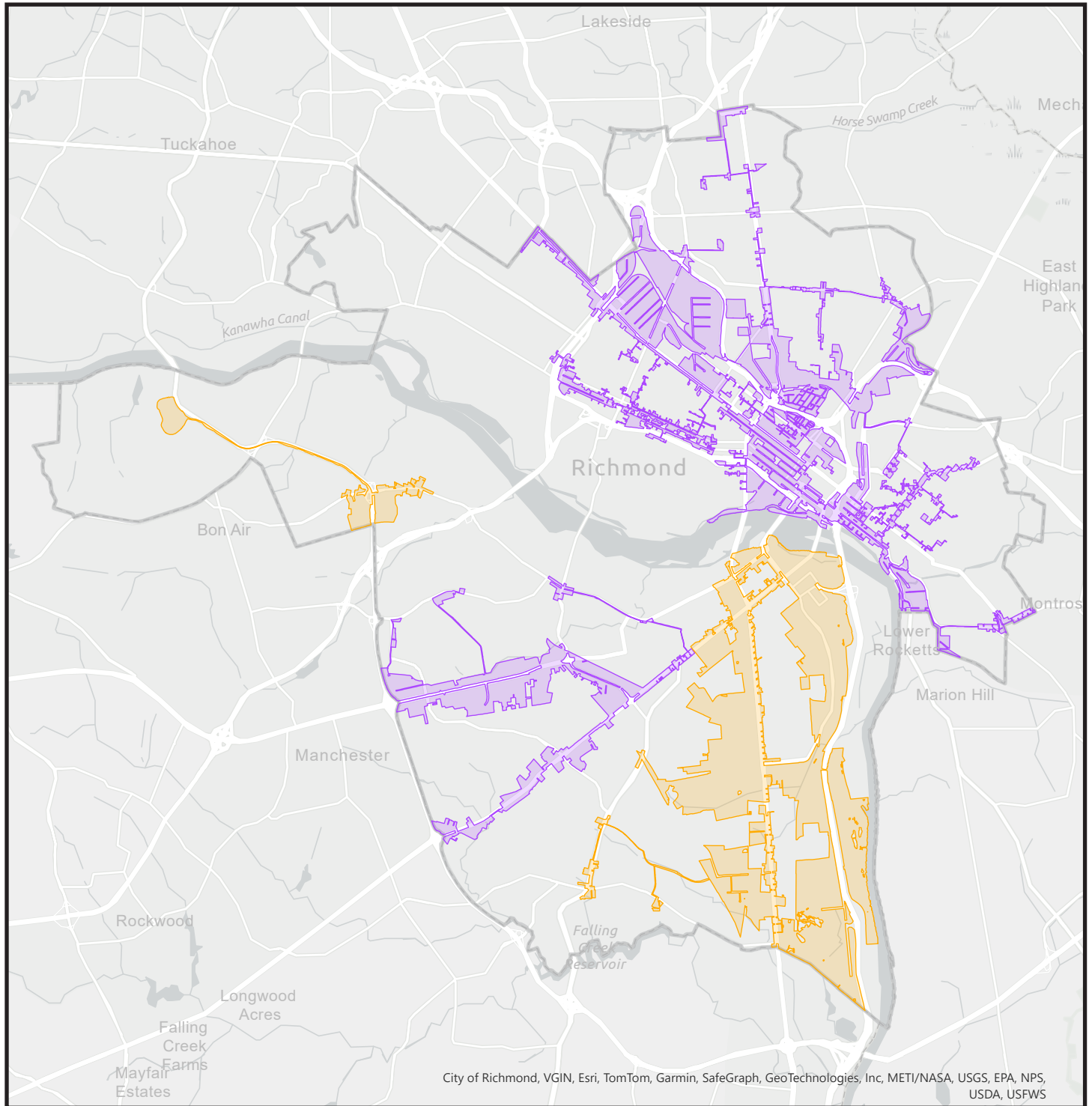
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Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, EPA, NPS, USDA, USFWS, contributors, and the GIS User Community

Attachment: Proposed Enterprise Zone Boundary Amendment Maps

Proposed Enterprise Zone Boundary Changes

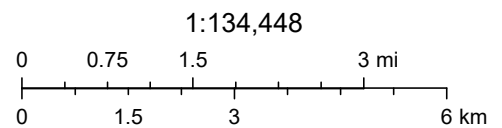


Proposed EZ

 19

 28A

 City Boundary



Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, EPA, NPS, USDA, USFWS, © OpenStreetMap contributors, and the GIS User Community

Proposed Richmond Local EZ Incentive Charts

Chart 1: Virginia Enterprise Zone Amendment Incentive Deletions & Amendments

CHART 1: INCENTIVE DELETIONS & AMENDMENTS			
Existing Incentive	Replacement Incentive	Justification for Deletion/ Change	Justification for Replacement
<p>Development Fee Rebate</p> <ul style="list-style-type: none"> Provides a reimbursement grant of up to \$3,000 for eligible permit fees (building, electrical, mechanical, plumbing, elevator) incurred in the process of investing in the construction or rehabilitation of a commercial or industrial building located in one of the City’s Enterprise Zones. 	N/A – Discontinued	<ul style="list-style-type: none"> The program’s small incentive value and reimbursement structure have limited influence on investment decisions. The program represents 8% of the dollars awarded during the study period. 	N/A
<p>Loan Fee Rebate</p> <ul style="list-style-type: none"> The program provides a one-time incentive covering incurred loan-financing fees up to a maximum of \$1,000. 	N/A – Discontinued	<ul style="list-style-type: none"> Small incentive value and reimbursement structure has limited influence on investment decisions. Represents 4% of dollars awarded during the study period. 	N/A
<p>Brownfield Assessment Rebate</p> <ul style="list-style-type: none"> The program provides reimbursements of up to \$3,500 for the cost of a Phase I Site Assessment and up to \$7,500 for a Phase II Site Assessment related to commercial projects located in one of the City’s Enterprise Zones. 	N/A – Discontinued	<ul style="list-style-type: none"> Delayed, low-dollar awards are unlikely to affect decision-making, and there are additional state-level grant programs to support brownfield site work. 	N/A
<p>Employee Assistance Grant</p> <ul style="list-style-type: none"> The current program provides a grant equivalent to \$400 per new eligible permanent full-time position for new and expanding businesses located within an Enterprise Zone. The maximum award for a two-year period is \$7,200. 	N/A – Program Update	<ul style="list-style-type: none"> The proposed update restricts eligibility to those industries ineligible for the Commonwealth’s Enterprise Zone Job Creation Grant, specifically retail, food and beverage/restaurants, and personal service businesses. Businesses in industries eligible for the Job Creation Grant will be supported in applying through the state Enterprise Zone program. 	<ul style="list-style-type: none"> The updated program is better tailored to attract new and support growing small retail, restaurant, and personal service businesses that are ineligible for state enterprise zone incentives.

Proposed Richmond Local EZ Incentive Charts

Chart 1: Virginia Enterprise Zone Amendment Incentive Deletions & Amendments

		<ul style="list-style-type: none"> The grant provides \$1,000 per new full-time position created. The maximum grant is \$10,000 	
<p>Relocation Rebate</p> <ul style="list-style-type: none"> The current program provides up to \$10,000 to reimburse a company for 50% of eligible costs for moving into an enterprise zone (moving company costs, moving vehicle rental, packing materials, storage costs, and separate wages paid to employees for moving assistance). 	Business Investment Grant	<ul style="list-style-type: none"> The proposed program provides a grant of up to \$25,000 to offset a business owner’s interior upfit costs associated with opening or expanding a facility within an Enterprise Zone. 	<ul style="list-style-type: none"> The new grant program is better tailored to recruit new businesses and keep expanding businesses in Richmond.
<p>Machinery and Equipment Rebate</p> <ul style="list-style-type: none"> The current program provides a reimbursement grant of 50% eligible purchases of specialized machinery or equipment up to a maximum benefit of \$10,000 (updated from \$5,000 in FY26). 	N/A –Program Update	<ul style="list-style-type: none"> Provides a reimbursement grant of 50% of eligible purchases of specialized machinery or equipment up to a maximum benefit. <ul style="list-style-type: none"> Tier 1: Up to 50% of eligible purchases of specialized machinery or equipment up to \$10,000 (existing program). Tier 2: Up to 50% of eligible purchases of specialized machinery or equipment up to \$50,000. The business must be actively working with the economic development department on a competitive location decision for a new or expanded business location. Awards will be pre-approved and distributed only after the business has located/expanded in Richmond, as evidenced by a commercial lease, a property deed, and necessary licenses and permits. Business must be within a target sector (life sciences/biotech, advanced manufacturing, food and beverage manufacturing, or grocery stores in certain locations in the City). 	<ul style="list-style-type: none"> The proposed update preserves a supportive program for new and growing small businesses in Richmond and provides a new, targeted tier to encourage larger business attraction and expansion projects.

Proposed Richmond Local EZ Incentive Charts
 Chart 2: Virginia Enterprise Zone Amendment Incentive Details

Incentive Name: Machinery & Equipment Rebate	
<input type="checkbox"/> New Incentive <input checked="" type="checkbox"/> Amended Incentive <input type="checkbox"/> Existing Incentive Provider: City of Richmond and Richmond Economic Development Authority (EDA) Name: Machinery & Equipment Rebate Description: Provides a reimbursement grant of 50% of eligible purchases of specialized machinery or equipment up to a maximum benefit. <u>Tier 1:</u> Up to 50% of eligible purchases of specialized machinery or equipment up to \$10,000 (existing program). <u>Tier 2:</u> Up to 50% of eligible purchases of specialized machinery or equipment up to \$50,000.	Localities included in this incentive: City of Richmond Exclusive to Zone Properties/Businesses <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Period of Availability: Life of the zone* Effective Date: In FY27, following City Council approval of the Annual Cooperation Agreement between the City of Richmond and the EDA <i>*Subject to annual appropriation;</i>
Qualification Requirement for Incentive: <u>Tier 1:</u> To qualify, the business must be located in an Enterprise Zone, be current on all licenses, taxes, and fees. <u>Tier 2:</u> The business must be actively working with the economic development department on a competitive location decision for a new or expanded business location. Awards will be pre-approved and distributed only after the business has located/expanded in Richmond, as evidenced by a commercial lease, a property deed, and necessary licenses and permits. Business must be within a target sector (life sciences/biotech, advanced manufacturing, food and beverage manufacturing, or grocery stores in certain locations in the City).	Financial Value of Incentive: <u>Tier 1:</u> 50% of the cost of eligible specialized machinery or equipment, up to \$10,000. <u>Tier 2:</u> 50% of the cost of eligible specialized machinery or equipment, up to \$50,000.
Timeframe for Qualification: <u>Tier 1:</u> Applicant business must be actively operational in the city (as evidenced of a business license). <u>Tier 2:</u> Aligns with a site selection (attraction/expansion) location decision	Source of Funds: Funds are appropriated annually by the City of Richmond
Action to Implement: <input checked="" type="checkbox"/> Local Ordinance (to approve annual Cooperation Agreement between City of Richmond and EDA) <input checked="" type="checkbox"/> Approval by City Council <input checked="" type="checkbox"/> Other: Approval by EDA	Annual Budget Allocation Pending Approval: \$400,000 is budgeted annually for Enterprise Zone incentives through the Department of Economic Development general fund budget and transferred to the EDA for administration.

Proposed Richmond Local EZ Incentive Charts
 Chart 2: Virginia Enterprise Zone Amendment Incentive Details

Incentive Name: Business Investment Grant	
<input checked="" type="checkbox"/> New Incentive <input type="checkbox"/> Amended Incentive <input type="checkbox"/> Existing Incentive Provider: City of Richmond/ Richmond EDA Name: Business Investment Grant Description <ul style="list-style-type: none"> The proposed program provides a grant of up to \$25,000 to offset a business owner’s interior upfit costs associated with opening or expanding a facility within an Enterprise Zone. 	Localities included in this incentive City of Richmond
	Exclusive to Zone Properties/Businesses <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Period of Availability: Life of the zone* Effective Date: In FY27, following City Council approval of the Annual Cooperation Agreement between the City of Richmond and the EDA
Qualification Requirement for Incentive: <ul style="list-style-type: none"> The business must be actively working with the economic development department on a competitive location decision for a new or expanded business location. Awards will be pre-approved and distributed only after the business has located/expanded in Richmond, as evidenced by a commercial lease, a property deed, and necessary licenses and permits. 	Financial Value of Incentive: 50% of eligible expenses, up to \$25,000
Timeframe for Qualification: Time frame aligns with a site selection (attraction/expansion) location decision.	Source of Funds: Funds are appropriated annually by the City of Richmond.
Action to Implement: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Local Ordinance (to approve annual Cooperation Agreement between City of Richmond and EDA) <input checked="" type="checkbox"/> Approval by City Council <input checked="" type="checkbox"/> Other: Approval by EDA 	Annual Budget Allocation Pending Approval: \$400,000 is budgeted annually for Enterprise Zone incentives through the Department of Economic Development general fund budget and transferred to the EDA for administration.

Proposed Richmond Local EZ Incentive Charts
 Chart 2: Virginia Enterprise Zone Amendment Incentive Details

Incentive Name: Employee Assistance Grant	
<input type="checkbox"/> New Incentive <input checked="" type="checkbox"/> Amended Incentive <input type="checkbox"/> Existing Incentive Provider: City of Richmond/ Richmond EDA Name: Employee Assistance Grant Description: Provides a grant of up to \$10,000, based on the number of new permanent full-time positions created by a new or expanding retail, personal service, or restaurant/ food and beverage business* that locates or expands in an Enterprise Zone. <i>*These industries are restricted from the State's Job Creation Grant.</i>	Localities included in this incentive City of Richmond Exclusive to Zone Properties/Businesses <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Period of Availability: Life of the zone* Effective Date: In FY27, following City Council approval of the Annual Cooperation Agreement between the City of Richmond and the EDA
Qualification Requirement for Incentive: <ul style="list-style-type: none"> • The business must be creating a new Richmond business or expanding a business in Richmond. • Must be a restaurant, retail, or personal service business. • Must pay at least 1.5 times the Virginia minimum wage. 	Financial Value of Incentive: The grant provides \$1,000 per new full-time position created. The maximum grant is \$10,000.
Timeframe for Qualification: Time frame aligns with a site selection (attraction/expansion) location decision. Business can receive investment after new job has been created and filled for six months.	Source of Funds: Funds are appropriated annually by the City of Richmond.
Action to Implement: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Local Ordinance (to approve annual Cooperation Agreement between City of Richmond and EDA) <input checked="" type="checkbox"/> Approval by City Council <input checked="" type="checkbox"/> Other: Approval by EDA 	Annual Budget Allocation Pending Approval: \$400,000 is budgeted annually for Enterprise Zone incentives through the Department of Economic Development general fund budget and transferred to the EDA for administration.

Proposed Richmond Local EZ Incentive Charts
 Chart 2: Virginia Enterprise Zone Amendment Incentive Details

Incentive Name: Partial Commercial Tax Abatement									
<input type="checkbox"/> New Incentive <input type="checkbox"/> Amended Incentive <input checked="" type="checkbox"/> Existing Incentive Provider: City of Richmond Name: Partial Commercial Tax Abatement Description: The program encourages the rehabilitation of older properties by temporarily offsetting the incremental growth in real estate taxes resulting from the investment.	Localities included in this incentive Exclusive to Zone Properties/Businesses <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No – Businesses outside of the zone have access to the program with lesser benefits (seven years instead of ten)								
	Period of Availability: Must be renewed every five years (next renewal deadline is June 30, 2026) Effective Date: January 1, 2021								
	Qualification Requirement for Incentive: <ul style="list-style-type: none"> • The existing structure must be at least 20 years old • Renovations must increase the assessed Improvement Value by at least 40% • The project must have an active permit on file with Planning and Development Review • The project must meet zoning requirements • Only commercial properties, or the commercial portion of mixed-use properties, are eligible for the incentive 	Financial Value of Incentive: <ul style="list-style-type: none"> • The property owner receives a property tax credit equal to the incremental tax growth between the base year and the final/post-construction year. <table border="1"> <tr> <td>Years 1 – 7</td> <td>Tax credit of 100%</td> </tr> <tr> <td>Year 8</td> <td>Tax credit of 75%</td> </tr> <tr> <td>Year 9</td> <td>Tax credit of 50%</td> </tr> <tr> <td>Year 10</td> <td>Tax credit of 25%</td> </tr> </table>	Years 1 – 7	Tax credit of 100%	Year 8	Tax credit of 75%	Year 9	Tax credit of 50%	Year 10
Years 1 – 7	Tax credit of 100%								
Year 8	Tax credit of 75%								
Year 9	Tax credit of 50%								
Year 10	Tax credit of 25%								
Timeframe for Qualification: Project work must be completed within three years of submitting application	Source of Funds: Revenue forgone								
Action to Implement: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Local Ordinance (to update City Code) <input checked="" type="checkbox"/> Approval by City Council <input checked="" type="checkbox"/> Other: Administrative review of applications 	Annual Budget Allocation Pending Approval: N/A; revenue forgone								