

INTRODUCED: September 10, 2018

AN ORDINANCE No. 2018-238

As Amended

To amend City Code § 12-36, concerning disposition of revenues derived from the expiration of partial exemptions from real estate taxation, to provide that up to \$1,000,000.00 of the proceeds from certain sales of tax delinquent properties shall be credited to the Affordable Housing Trust Fund.

Patron – Mrs. Robertson

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: SEPT 24 2018 AT 6 P.M.

§ 1. That section 12-36 of the Code of the City of Richmond (2015) be and is hereby **amended** and reordained as follows:

Sec. 12-36. Disposition of revenues derived from expiration of partial exemptions from real estate taxation and from certain sales of tax delinquent properties.

(a) Beginning July 1, 2015, when payments are made to the City of real estate taxes arising from the full taxation of formerly partially exempt real estate due to the expiration of such partial exemptions in accordance with former Sections 98-132, 98-135 and 98-138 of the 2004 Code, on an annual basis, the Director of Finance shall credit up to \$1,000,000.00 of the difference between the full taxation amount and the partial exemption amount as of the date of

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: FEB 11 2019 REJECTED: _____ STRICKEN: _____

such expiration to the Affordable Housing Trust Fund established by Section 16-51 each year after such expiration. On an annual basis, by no later than May 1 of each year, the City Assessor shall provide the Council with the projected amount of real estate taxes arising from the full taxation of formerly partially exempt real estate due to the expiration of such partial exemptions in accordance with former Sections 98-132, 98-135 and 98-138 of the 2004 Code.

(b) Beginning July 1, 2019, and subject to appropriations by the City Council, the Director of Finance shall credit to the Affordable Housing Trust Fund established by Section 16-51 up to \$1,000,000.00 of all proceeds from the sale of tax delinquent properties through the program administered by the Office of the City Attorney that remain after all costs of administering such program have been paid.

§ 2. This ordinance shall be in force and effect upon adoption.



Richmond City Council

The Voice of the People

Richmond, Virginia

Lou Brown Ali
Council Chief of Staff

Office of the Council Chief of Staff

RECEIVED

AUG 16 2018

Ordinance/Resolution Request

OFFICE OF CITY ATTORNEY

TO Allen Jackson, City Attorney

THROUGH Lou Brown Ali, Council Chief of Staff *LB*

FROM Meghan Brown, Deputy Council Chief of Staff *MB*

COPY Ellen F. Robertson, 6th District Council Member
Haskell Brown, Deputy City Attorney
Kiya A. Stokes, 6th District Liaison

DATE August 15, 2018

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TITLE Dedicate Revenue from Delinquent Property Tax Sales to the Affordable Housing Trust Fund

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

REQUESTING COUNCILMEMBER/PATRON

Councilwoman Robertson

SUGGESTED STANDING COMMITTEE

Finance & Economic Development

ORDINANCE/RESOLUTION SUMMARY

The patron requests an ordinance to require beginning in fiscal year 2020 (July 1, 2019) that all net proceeds/revenues/recoveries, after all of the City Attorney's costs have been recovered, from the sale of tax delinquent properties be deposited into the Affordable Housing Trust Fund as a source of dedicated funding.

BACKGROUND

The patron believes that in order to move forward with trying to achieve one of the major goals of the City to increase affordable housing for City residents, that there needs to be a dedicated funding source to the Affordable Housing Trust Fund. The patron is proposing to utilize the net proceeds/revenues/recoveries from the sale of tax delinquent properties, after all of the City Attorney's costs have been recovered, as a dedicated funding source and deposited into the Affordable Housing Trust Fund.

The City currently has two Delinquent Tax Sale Programs:

- 1.) Delinquent Tax Sale Program – Economic Development: The proceeds/revenues/recoveries from this delinquent tax sale program has been dedicated for the repayment of general obligations bonds that were issued through the HUD Section 108 Loan Program to finance the additional capital spending on the Public Housing Transformation Project.

2.) Delinquent tax Sale Program – Office of the City Attorney: The proceeds/revenues/recoveries from this delinquent tax sale program are first used to cover the costs of the City Attorney's Office for administering the program. Any remaining funds after the costs have been recovered are then deposited into the General Fund.

Due to the revenues in the delinquent tax sale program administered by the Economic Development Department already being dedicated, the patron is proposing to dedicate the remaining funds, after all costs are recovered, from the delinquent tax sale program administered by the Office of the City Attorney, to be deposited into the Affordable Housing Trust Fund instead of the General Fund.

The patron believes that the dedication of these funds will help support the goal of the City to increase its inventory of affordable housing. Furthermore, any new revenue as the result of selling the properties and getting them back on the tax roll in future years would still be deposited into the General Fund.

FISCAL IMPACT STATEMENT

Fiscal Impact Yes No

Budget Amendment Required Yes No

Estimated Cost or Revenue Impact:

This legislation would result in a loss of revenue to the General Fund and an increase in funding to the Special Fund for the Affordable Housing Trust Fund. An amount cannot be estimated at the current time due to the unknown of the number of delinquent tax properties that would be sold annually, how much each property would sell for, and how much would be needed to cover the City Attorney's costs.

If adopted, the Administration as part of their FY2020 budget development will need to take into account that the net revenue generated by the delinquent tax sale program administered by the Office of the City Attorney will no longer be deposited into the General Fund for City operations but instead will be deposited into the Affordable Housing Trust Fund to be dedicated for the purpose of increasing affordable housing throughout the City.

Attachment/s Yes No