



## Legislation Text

---

**File #:** ORD. 2019-189, **Version:** 1

---

To amend City Code §§ 26-401, concerning the amount of exemption for rehabilitated residential or multifamily qualified structures, and 26-404, concerning that amount of exemption for rehabilitated commercial or industrial qualified structures, for the purpose of reducing the exemption period for rehabilitated residential and multifamily qualified structures from ten years to five years; reducing the exemption period for rehabilitated commercial and industrial qualified structures outside of an Enterprise Zone from seven years to three years; reducing the exemption period for rehabilitated commercial and industrial qualified structures within an Enterprise Zone from ten years to five years; and removing the provision allowing a partial tax exemption for renovated residential or multifamily real estate exceeding the square footage limitations set forth in City Code § 26-399.

### THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That sections 26-401 and 26-404 of the Code of the City of Richmond (2015) be and are hereby **amended** and reordained as follows:

#### **Sec. 26-401. Amount of exemption for rehabilitated residential or multifamily qualified structures.**

Except as provided in Section 26-400 with regard to a property for which an additional application has been approved for partial exemption, the owner of property qualifying for partial exemption of real estate taxes because of rehabilitation of a residential or multifamily structure, or other improvement, shall receive a credit in the amount of the difference in taxes computed upon the base value and the initial rehabilitated assessed value of the property for each year of a ~~[seven-year]~~ five-year period of exemption in the full amount of the difference in taxes computed upon the base value and the initial rehabilitated assessed value of the property [and for the three-year period following the initial seven years, a credit for 75 percent in year eight, 50 percent in year nine and 25 percent in year ten of the full amount of the partial exemption. However, for any structure which has been substantially rehabilitated by replacement or by renovation and the construction of an addition, the owner of property qualifying for partial exemption of real estate taxes shall not receive a credit for any

amount of the difference in taxes computed upon the base value and the initial rehabilitated assessed value attributable to any square footage exceeding the applicable limitations on square footage established by Section 26-399(a)(3) and (b)(3)]. No exemption shall be issued during the effective period of an exemption for any rehabilitation on the same property for which an additional application has been filed for residential real estate in accordance with Section 26-400 that is achieved through the:

- (1) Renovation of a structure or other improvement, or any portion of a structure or other improvement, that is less than 20 years of age;
- (2) Replacement of a qualified structure on which an existing partial exemption is based;
- (3) Construction of an addition to be attached to a structure or other improvement, or any portion of a structure or other improvement, that is less than 20 years of age; or
- (4) Any combination of Subsection (1), (2) or (3) of this section.

An increase in assessment occurring after the first year of such the partial exemption shall not qualify for an increase in such partial exemption. Such credit shall be applied towards the payment of the real estate taxes due and payable for the tax year for which the credit has been issued. The credit shall be charged against an appropriation made by the Council for the purpose of honoring such tax rehabilitation exemptions. No property may have more than one credit in a given year.

**Sec. 26-404. Amount of exemption for rehabilitated commercial or industrial qualified structures.**

Except as provided in Section 26-403 with regard to a property for which an additional application has been approved for partial exemption, the owner, including the possessor of a leasehold interest in real estate as defined in Code of Virginia, § 58.1-3203, of property qualifying for partial exemption of real estate taxes because of rehabilitation of a commercial or industrial qualified structure shall be issued a credit in the amount of the difference in taxes computed upon the base value and the initial rehabilitated assessed value of the property for each year of ~~[the five-year]~~ a three-year period of partial exemption from real estate taxes ~~[and, in~~

each year of a ~~two-year~~ period following the initial five years, a credit for the amount of the difference in taxes computed upon the base value and the initial rehabilitated assessed value of the property, at 66 percent in year six and 33 percent in year seven of the full amount of the partial exemption]. Commercial or industrial qualified structures that are located within Council-designated enterprise zones established pursuant to the Enterprise Zone Act, Code of Virginia, § 59.1-279 et seq., are no less than 20 years old, and are otherwise qualified under this division shall be entitled to a [~~seven-year~~] five-year period of exemption in the full amount of the difference in taxes computed upon the base value and the initial rehabilitated assessed value of the property for each year of the [~~seven~~] five years [~~and for the three-year period following the initial seven years, a credit for 75 percent in year eight, 50 percent in year nine and 25 percent in year ten of the full amount of the partial exemption~~]. No exemption shall be issued during the effective period of an exemption for any rehabilitation on the same property for which an additional application has been filed for [~~residential~~] commercial or industrial real estate in accordance with Section 26-403 that is achieved through the:

(1) Renovation of a structure or other improvement, or any portion of a structure or other improvement, that is less than 20 years of age;

(2) Replacement of a qualified structure on which an existing partial exemption is based;

(3) Construction of an addition to be attached to a structure or other improvement, or any portion of a structure or other improvement, that is less than 20 years of age; or

(4) Any combination of Subsection (1), (2) or (3) of this section.

An increase in assessment occurring after the first year of the partial exemption shall not qualify for an increase in such partial exemption. Such credit shall be applied towards the payment of the real estate taxes due and payable for the tax year for which such credit has been issued. Each credit shall be charged against an appropriation made by the Council for the purpose of honoring such tax rehabilitation exemptions.

§ 2. This ordinance shall be in force and effect on January 1, 2020.

