



Legislation Text

File #: ORD. 2026-018, Version: 1

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To repeal City Code § 12-46, concerning the disposition of revenues derived from the expiration of partial exemptions from real estate taxation and from certain sales of tax delinquent properties, and to amend ch. 12, art. II, of the City Code by adding therein a new section 12-48, concerning disposition of certain real estate tax revenue, for the purpose of providing for the disposition and evaluation of certain revenues for affordable housing initiatives.

...body

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That section 12-46 of the Code of the City of Richmond (2020) be and is hereby **repealed** as follows:
[Sec. 12-46. 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, 2021, when payments are made to the City of real estate taxes arising from (i) the phased reduction occurring on or after July 1, 2020, of the amount of any partial exemption in accordance with Chapter 26, Article V, Divisions 3 (§§ 26-408.126-408.11), 9 (§§ 26-579-26-589), and 10 (§§ 26-590-26-599) of this Code and with former Sections 98-132, 98-135, and 98-138 of the 2004 Code and (ii) the full taxation of formerly partially exempt real estate due to the expiration or termination of such partial exemptions in accordance with Chapter 26, Article V, Divisions 3 (§§ 26-408.1-26-408.11), 9 (§§ 26-579-26-589), and 10 (§§ 26-590-26-599) of this Code and with former Sections 98-132, 98-135 and 98-138 of the 2004 Code, on an annual basis, the Director of Finance shall credit the difference between the full taxation amount and the partial exemption amount as of the date of such reduction, expiration, or termination to a special reserve assigned to support the Affordable Housing Trust Fund established by Section 16-51 each year after such expiration. The City Council may appropriate funds from this reserve to the Affordable Housing Trust Fund established by Section 16-51.~~

(b) ~~Beginning July 1, 2019, and subject to appropriations by the City Council, the Director of Finance shall credit to a special reserve assigned to support 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. That Chapter 12, Article II, of the City of Richmond (2020) be and is hereby amended and reordained by **adding therein a new section** numbered 12-48 as follows:

Sec. 12-48. Disposition of certain real estate tax revenue.

(a) When the City collects or receives real estate taxes levied pursuant to Section 26-355, the Director of Finance shall credit 2.5 percent of the amount so collected to the Affordable Housing Trust Fund established in section 16-51. Amounts credited may be disposed of as provided in Section 16-113 and Section 16-114.

(b) The Affordable Housing Trust Fund shall be funded through annual appropriations made by the City Council from the dedicated revenue source established by this section, and as set forth in section 16-51.

(c) On the date established by Section 12-11, the Mayor shall submit to the City Council an estimate of the amount to be credited to the Affordable Housing Trust Fund pursuant to this section for the upcoming fiscal year, together with a report on the amounts credited and expended from the fund in the prior fiscal year, a report detailing the current balance of the Affordable Housing Trust Fund, and a summary of expenditures from the Affordable Housing

Trust Fund in the prior fiscal year.

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

DATE: January 7, 2026

TO: The Honorable Members of City Council

THROUGH: RJ Warren, Council Chief of Staff

THROUGH: Maria Garnett, Council Policy Analyst

FROM: The Honorable Ellen Robertson, Councilmember 6th District

The Honorable Kenya Gibson, Councilmember 3rd District

RE: To repeal City Code § 12-46, concerning the disposition of revenues derived from the expiration of partial exemptions from real estate taxation and from certain sales of tax delinquent properties, and to amend ch. 12, art. II, of the City Code by adding therein a new section 12-48, concerning disposition of certain real estate tax proceeds.

CNL-2025-0075

PURPOSE: This ordinance seeks to provide a dedicated source of revenue for the City of Richmond's Affordable Housing Trust Fund to enable a sufficiently robust and sustained response to the urgent need for affordable housing that is accessible to City residents and employees.

BACKGROUND: The growth in the City of Richmond's property tax base over the past decade has been significant, with especially sharp increases in residential property values due to the City's strong housing market. For example, land book data from the Assessor of Real Estate shows that the median residential (non-condominium) real estate assessment increased from \$141,000 in tax year 2016 to \$325,000 in tax year 2026, an increase of 130.5% (not adjusted for inflation; adjusted for inflation, the increase is still substantial at 71.28%). In contrast, U.S. Census Bureau data shows that median household income for the City of Richmond grew only 53.3% (not adjusted for inflation or seasonal variation) from 2016 to 2023, the most recent year for which data is available. (Adjusted for inflation, median household income in the City grew 20.7% over that period.)

These data points and others cited in Res. 2023-R019, which declared a housing crisis in the City of Richmond, point to an urgent need to marshal all available tools to combat the affordability crisis. The allocation of 2.5% of real estate revenues collected pursuant to Sec. 26-355 represents a proposal that would be, in addition to consistent and reliable, affordable for the City's budget and easy for the public to understand; not only is 2.5% of general real estate revenues a flat amount, but it is also equivalent to 3 pennies of the \$1.20 per \$100 currently levied on real estate pursuant to Sec. 26-355. This proposal would replace the previously codified (via

Sec. 12-46 of City Code), but never fully implemented, dedication of revenues to the Affordable Housing Trust Fund from the expiration of certain partial exemptions from real estate taxation, commonly referred to as “roll-offs,” and from the proceeds of the sale of tax-delinquent properties.

COMMUNITY ENGAGEMENT: This ordinance is informed by growing constituent requests - from a variety of constituent backgrounds and experiences - for the City to do as much as it can to address the affordable housing crisis.

STRATEGIC INITIATIVES AND OTHER GOVERNMENTAL: This ordinance is consistent with the Mayor’s stated commitment to prioritizing housing affordability.

FISCAL IMPACT: The amount of revenue from real estate taxes pursuant to Sec. 26-355 that would have been dedicated to the Affordable Housing Trust Fund in the three most recent City budgets ranges from \$10.96 million in Fiscal Year 2024 to \$12.57 million in Fiscal Year 2026. The actual amount that would have been transferred in FY2024 is \$11 million (see attachment).

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: January 12, 2026

CITY COUNCIL PUBLIC HEARING DATE: January 26, 2026

REQUESTED AGENDA: Regular

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development

AFFECTED AGENCIES: Department of Budget and Strategic Planning

Department of Finance

Office of the Mayor

RELATIONSHIP TO EXISTING ORD. OR RES.: None

ATTACHMENTS: Sec. 26-355 Revenues (Actual and Adopted) and Allocations

STAFF: Maria Garnett, Council Policy Analyst, (804) 298-5052