



## Legislation Text

File #: ORD. 2026-001, Version: 1

To repeal City Code § 12-46, concerning the disposition of revenues derived from expiration of partial exemptions from real estate taxation and from certain sales of tax delinquent properties; to amend City Code § 16-114, concerning regulations for the Affordable Housing Trust Fund; and to amend ch. 12, art. I of the City Code by adding therein a new section numbered 12-14, concerning appropriations to the Affordable Housing Trust Fund, all for the purpose of providing for the disposition and evaluation of certain revenues for affordable housing initiatives.

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 That section 12-46 of the Code of the City of Richmond (2020) be and is hereby **repealed** as follows: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 section 16-114 of the Code of the City of Richmond (2020) be and is hereby **amended** as follows:

**Sec. 16-114. Administration-Regulations.**

The Chief Administrative Officer or the designee thereof shall prepare regulations, operational policies and procedures suitable to the Mayor and approved by the City Attorney or the designee thereof as to form and legality to implement the programs for which the fund and other funds available for affordable housing purposes pursuant to section 12-14 pays and shall submit such regulations, operational policies and procedures to the Affordable Housing Trust Fund Advisory Board established by Ordinance No. 2012-155-128, adopted July 23, 2012, for advice. After the Board has provided the Council and the Mayor with advice concerning such regulations, operational policies and procedures, the Mayor shall propose a resolution for the consideration of the Council to approve the regulations, operational policies and procedures to implement the programs for which the fund pays. These regulations, operational policies and procedures shall become effective upon the adoption of such resolution. The Chief Administrative Officer or the designee thereof may amend such regulations, operational policies and procedures from time to time, as the Chief Administrative Officer or the designee thereof may deem necessary. The regulations, operational policies and procedures, and any amendments thereto, established pursuant to this section shall be subject to the review and approval of the City Attorney or the designee thereof as to form and legality and provide, at a minimum, the following:

(1) Grants and loans from the fund shall be awarded based on a fixed application process designed to determine qualification under the eligibility criteria set forth in Section 16-112.

(2) Recipients shall meet minimum qualifications determined by the Chief Administrative Officer or

the designee thereof.

(3) Development, sales, rental, maintenance and management agreements, whenever applicable, shall accompany grants or loans made from the fund for each project involving construction or rehabilitation of affordable housing to ensure compliance with the program requirements applicable to the fund.

(4) The Chief Administrative Officer or the designee thereof shall regularly monitor recipients to ensure compliance with the program requirements applicable to the fund, including compliance with any affordability periods required as a condition of any grant or loan for construction or renovation of affordable units.

(5) Penalties, including repayment of any loans from the fund, as defined by the Chief Administrative Officer or the designee thereof in accordance with this article shall apply when the City finds that recipients are not in compliance with the program requirements.

(6) The Chief Administrative Officer or the designee thereof shall ensure that at least 30 percent of the fund is used only for funding for proposals to serve households with a gross household income, adjusted for family size, that is no greater than 30 percent of area median income. For any funding for proposals to serve households with a mix of incomes, only the portion of the funds serving the household with an income of no greater than 30 percent of area median income shall count toward satisfying this requirement.

(7) The ways in which the City may ensure the sustainability and proper use of the fund over time and any conditions under which the Council should establish an Oversight Board or Board of Trustees to administer the fund.

(8) The ratio of grants to loans to be disbursed from the fund.

(9) In accordance with the advice of the City Attorney or the designee thereof, the ways in which the City may lawfully encourage recipients of disbursements from the fund to employ individuals of low and moderate income households in the projects for which funds are expended in accordance with the purposes of the fund.

(10) In accordance with the advice of the City Attorney or the designee thereof, the ways in which the City may lawfully encourage minority business enterprises, as defined in Chapter 21, to participate in the City's efforts to accomplish the purposes set forth in Section 16-51.

§ 3 That Chapter 12, Article I of the Code of the City of Richmond (2020) be and is hereby amended by **adding therein a new section** numbered 12-14 as follows:

**Sec. 12-14. Appropriations to the Affordable Housing Trust Fund.**

(a) When used in this section, the following words and phrases have the meanings ascribed to them by this subsection unless context clearly indicates that a different meaning is intended:

*Affordable Housing Trust Fund* means the Affordable Housing Trust Fund established pursuant to Section 16-51.

*Current Year Real Estate Tax Revenue* means the projected item for non-delinquent real estate tax revenue as listed in the general fund section of the current expense budget for the general operation of the city government that was approved by the City Council for the current fiscal year.

*Projected Real Estate Tax Revenue* means the projected item for non-delinquent real estate tax revenue as listed in the general fund section of the Mayor's proposed current expense budget for the general operation of the city government for the upcoming fiscal year.

*Real Estate Tax Revenue Growth* means the difference between the Projected Real Estate Tax Revenue and the Current Year Real Estate Tax Revenue, expressed as a percentage.

(b) Whenever the Real Estate Tax Revenue Growth is more than zero, the Mayor shall propose an appropriation to the Affordable Housing Trust Fund in an amount equivalent to fifteen percent of such Real Estate Tax Revenue Growth, or such other greater amount as the Mayor determines to be appropriate in the proposed current expense budget for the general operation of the city government for the upcoming fiscal year.

(c) If, in any given year, the revenues generated from subsection (b) are less than \$10,000,000, the Mayor shall propose that the total amount of funds subject to the regulations promulgated pursuant to Section

16-114 (including the revenue generated from subsection (b) equals at least \$10,000,000, through a combination of amounts from (1) the proposed expense budget for the general operation of the city government for the upcoming fiscal year, (2) the proposed capital improvement program for the upcoming fiscal year, and (3) funding from other sources.

(d) Notwithstanding the provisions of subsections (b) and (c):

(1) The Mayor's proposed appropriation need not exceed \$12,000,000 annually. If the revenues generated from subsection (b) exceed \$12,000,000, the Mayor may propose appropriations of funds over \$12,000,000 to other budget items at the Mayor's discretion.

(2) A proposed appropriation may be lowered or eliminated if, in the determination of the Mayor, the appropriation required by subsections (b) and (c) would reduce available general fund balances below required reserve levels or impair the City's ability to maintain financial obligations required by law, or if the Director of Finance certifies to the Mayor that there is a balance in the Affordable Housing Trust Fund that is not obligated to existing commitments exceeding seventy-five percent (75%) of the amount budgeted for the Affordable Housing Trust Fund in the latest fiscal year.

(3) If the Mayor's proposed current expense budget for the general operation of the City government submitted pursuant to Section 6.02 of the Charter of the City of Richmond (2020), as amended, does not contain a proposal for appropriations to the Affordable Housing Trust Fund that is in compliance with the provisions of this Section 12-14, then on the date provided for in Section 12-11, the Mayor shall provide to the City Council a written report explaining why such appropriations were not proposed.

(4) All funding under this section, including any proposed appropriation pursuant to subsections (b), (c), or (d), shall be subject to annual appropriation by the City Council in the adopted budget.

§ 4. The Chief Administrative Officer is directed to cause a formal evaluation of subsection (b) of Section 12-14 to commence by January 1, 2029, and every four years thereafter, for so long as Section 12-14 is in effect. The formal evaluation shall be a comprehensive review of Section 12-14 which shall include, without limitation, the five-year trend in real-estate tax revenue growth, the General Fund balance and fiscal health, demonstrated housing outcomes, and future developer commitments requiring City participation of matching funds. The Chief Administrative Officer shall report on the findings of the formal evaluation to the City Council by December 31, 2029, and every four years thereafter, for so long as Section 12-14 is in effect, and shall further recommend to the City Council whether any changes should be made to the budget process for appropriations to funding the construction and preservation of affordable housing units and whether any other amendments to Section 12-14 should be considered by the City Council.

§ 5. This ordinance shall be in force and effect upon July 1, 2026.