



City of Richmond

900 East Broad Street
2nd Floor of City Hall
Richmond, VA 23219
www.rva.gov

Legislation Text

File #: ORD. 2026-045, Version: 1

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.

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 That section 12-46 of the Code of the City of Richmond (2020) be and is hereby **repealed** as follows: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) Beginning July 1, 2028, when the City collects or receives real estate taxes levied pursuant to Section 26-355, the Director of Finance shall credit an amount equal to 2.5 percent of the real estate taxes collected or received by the City pursuant to Section 26-355 during the immediately preceding complete fiscal year 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) The Chief Administrative Officer shall implement the provisions of subsection (a) of this section for funding the Affordable Housing Trust Fund through a transition plan spanning the fiscal years beginning July 1, 2026, and ending June 30, 2027, and beginning July 1, 2027, and ending June 30, 2028. During this period, the City may leverage the Capital Improvement Program resources to provide funds for the Affordable Housing Trust Fund established in section 16-51 in an amount equal to 2.5 percent of the real estate taxes collected or received by the City pursuant to Section 26-355 during the immediately preceding complete fiscal year. The Chief Administrative Officer shall submit annual progress reports to the City Council throughout the transition period.

(d) In the event of a fiscal constraint, material revenue shortfall, or

significant budgetary impact, the Chief Administrative Officer shall provide the City Council a financial analysis and recommended course of action. The City Council may then take any action necessary to ensure continued fiscal stewardship and transparency.

(e) After the completion of the transition plan provided for in subsection (c) of this section, the Chief Administrative Officer shall report annually to the City Council by December 31st of each year on funding sources, housing production, leveraging of public and private resources, and the long-term financial sustainability of the Affordable Housing Trust Fund.

(f) The Chief Administrative Officer shall provide to the City Council, and shall cause the public posting on the City's website of, the regulations and operational policies and procedures for the Affordable Housing Trust Fund and its programs required by section 16-114, including the effective date of each such document and any amendments thereto.

(g) Notwithstanding any other provision of this section, the dedication of revenue established by subsection (a) of this section shall be subject to reauthorization by the City Council no later than June 30, 2031, and every four fiscal years thereafter. No amounts shall be credited pursuant to subsection (a) for any fiscal year beginning on and after July 1, 2031, unless the City Council adopts an ordinance reauthorizing the dedication for the next four fiscal years.

(h) Prior to any reauthorization under subsection (g), the Chief Administrative Officer shall submit to the City Council an evaluation of the Affordable Housing Trust Fund's performance over the prior four fiscal years. Such evaluation shall include, at a minimum:

- (1) Outcomes achieved using Affordable Housing Trust Fund awards, including the number of housing units created or preserved and the affordability levels served;
- (2) The distribution of awards made as loans and as grants;
- (3) Repayment performance for loans and the extent to which revolving loan activity has increased total investment supported through the fund;

- (4) Compliance with applicable conflict-of-interest requirements and recusal procedures; and
- (5) Recommendations for any changes to the Affordable Housing Trust Fund’s regulations, operational policies, procedures, or award criteria.

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

DATE: February 6, 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

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 revenue, for the purpose of providing for the disposition and evaluation of certain revenues for affordable housing initiatives.

CNL-2026-0013 (Joint AHTF Funding Ordinance)

PURPOSE: This joint ordinance seeks to provide a consistent, reliable 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 while maintaining safeguards for the City’s fiscal health and accountability through consistent evaluation and reporting.

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 the 2023 resolution declaring a housing crisis in the City of Richmond (Res. 2023-R019) point to an urgent need to marshal all available tools to combat the affordability

crisis, including a consistent and reliable source of funding for the City's Affordable Housing Trust Fund as originally intended by Sec. 12-46(a) of City Code but never carried out. The allocation of 2.5% of real estate revenues collected pursuant to Sec. 26-355, following a transition period during which the City may fund the Affordable Housing Trust Fund through its capital improvement program, would be consistent, reliable, and easy for the public to understand; not only is 2.5% of core 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 joint ordinance includes clearly articulated procedures in the event of a fiscal constraint, material revenue shortfall, or significant budgetary impact-an important safeguard for maintaining fiscal responsibility and the City's fiscal health. The joint proposal also includes detailed reporting requirements related to the Affordable Housing Trust Fund's activities and outcomes, particularly in association with a required program evaluation to precede potential reauthorization every four years.

COMMUNITY ENGAGEMENT: This resolution 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 resolution is consistent with the Mayor's stated commitment to prioritizing housing affordability.

FISCAL IMPACT: The joint ordinance would allocate an amount equivalent to 2.5% of revenue from real estate taxes pursuant to Sec. 26-355 collected during the immediately preceding complete fiscal year to the Affordable Housing Trust Fund, with such amount deriving fully from real estate tax revenue beginning in Fiscal Year 2028-2029. The most recent complete fiscal year for which data is publicly available is Fiscal Year 2023-2024 (FY2024), for which 2.5% of real estate tax revenue pursuant to Sec. 26-355 was just over \$11 million.

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: February 9, 2026

CITY COUNCIL PUBLIC HEARING DATE: February 23, 2026

REQUESTED AGENDA: Regular

RECOMMENDED COUNCIL COMMITTEE: Finance & Economic Development

AFFECTED AGENCIES: Department of Budget and Strategic Planning

Department of Finance

RELATIONSHIP TO EXISTING ORD. OR RES.: None

ATTACHMENTS: None

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

