

INTRODUCED: January 26, 2015

AN ORDINANCE No. 2015-25-50

As Amended

To amend and reordain City Code § 98-157, concerning the partial exemption of rehabilitated structures from real estate taxation, for the purpose of revising the City’s rehabilitation tax credit program by removing the requirements that an applicant submit a letter issued by the Virginia Department of Historic Resources confirming compliance with such designation and confirmation of compliance from the Department of Planning and Development Review.

Patron – Mrs. Graziano

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: FEB 23 2015 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That section 98-157 of the Code of the City of Richmond (2004) be and is hereby amended as follows:

Sec. 98-157. Demolition of certain structures; rehabilitation of structures in old and historic districts and design overlay districts; improvements on vacant land not qualified.

(a) *Demolition of certain structures.* For substantially rehabilitated structures or other improvements on residential real estate or multifamily residential real estate, no exemption shall be allowed if the substantial rehabilitation is achieved through the demolition and

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: MAR 9 2015 REJECTED: _____ STRICKEN: _____

replacement of any structure either registered as a Virginia Landmark or determined by the Department of Historic Resources to contribute to the significance of a registered historic district, regardless of any changes in ownership or of any changes in the boundaries of the parcel, either or both, that may occur after the demolition, whether any such change is achieved by splitting such parcel, combining such parcel with another parcel or otherwise. For substantially rehabilitated commercial or industrial structures or other improvements, no exemption shall be allowed if the substantial rehabilitation is achieved through the demolition and replacement of any structure either registered as a Virginia Landmark or determined by the Department of Historic Resources to contribute to the significance of a registered historic landmark, regardless of any changes in ownership or of any changes in the boundaries of the parcel, either or both, that may occur after the demolition, whether any such change is achieved by splitting such parcel, combining such parcel with another parcel or otherwise. If any qualified structure is designated as a Virginia Landmark, listed as a structure contributing to the significance of a registered historic district or listed as a structure contributing to the significance of a registered historic landmark, and the exterior of such structure is or is proposed to be altered in any manner during the rehabilitation process provided for in this division, the [applicant must submit a letter issued by] city assessor shall obtain written confirmation from the [Virginia Department of Historic Resources confirming] director of planning and development review or the designee thereof that such rehabilitation complies with the requirements of such designation or listing in order to continue with the qualifying process. If additional guidance is needed concerning whether such rehabilitation complies with the requirements of such designation or listing, the

director of planning and development review or the designee thereof may seek technical assistance from the Virginia Department of Historic Resources for further clarification.

(b) *Rehabilitation of structures in old and historic districts and design overlay districts.* For substantially rehabilitated structures or other improvements subject to the provisions of Division 4 or Division 5 of Chapter 114, Article IX of this Code, no exemption shall be allowed if such substantial rehabilitation is achieved through or results in a violation of the provisions of Division 4 or Division 5 of Chapter 114, Article IX of this Code, or if the owner of any such structure or other improvement has not obtained the approval required by section 114-930.6 of this Code for old and historic districts or the approval required by section 114-940.7 of this Code for design overlay districts.

(c) *Improvements on vacant land not qualified.* No improvements made upon vacant land shall be eligible for the partial exemption from real estate taxation provided for in this division. For purposes of this subsection, the phrase “vacant land” means real estate with no structures or other improvements.

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



Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the Council Chief of Staff Ordinance/Resolution Request

TO Allen Jackson, Richmond City Attorney
Richmond Office of the City Attorney

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

FROM Vincent Jones, Deputy Council Chief of Staff *V. Jones*

COPY Kathy Graziano, Councilmember
Jim Hester, City Assessor
Tim Grimes, Council Liaison, 4th District
Tabrica Rentz, Senior Assistant City Attorney
Haskell Brown, Deputy City Attorney

DATE January 16, 2015

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TITLE Amendments to historic review requirements within the Rehabilitation Tax Credit Ordinance

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

REQUESTING COUNCILMEMBER/PATRON

Council Members Kathy Graziano and Parker Agelasto

SUGGESTED STANDING COMMITTEE

Land Use and Transportation Committee

ORDINANCE/RESOLUTION SUMMARY

An ordinance is requested to amend sections 98-157, concerning partial tax exemptions for rehabilitated and replaced residential, multifamily, commercial and industrial structures, for the purposes of revising the review process for any qualified structure that is designated as a Virginia Landmark, listed as a structure contributing to the significance of a registered historic district or listed as a structure contributing to the significance of a registered historic landmark, by removing a requirement that an applicant submit a letter issued by the Virginia Department of Historic Resources (DHR) confirming compliance with such designation and requiring the confirmation of compliance from the City of Richmond's Department of Planning and Development Review.

BACKGROUND

Since 1979, the City of Richmond has offered rehabilitation tax credits in an effort to spur economic development through redevelopment. The ordinance has been revised over the years, and received a comprehensive update in 2014.

During the 2014 rewrite, language was added to address the following issue:

Historic Preservation – No exemptions should be allowed for substantially rehabilitated structures in old and historic districts and design overlay districts where the historic character and integrity of the subject structure has been destroyed. Also, only the actual construction date of the building or building section seeking to utilize the credit should be considered not individual components. Additionally, a

process for resolving conflict between the City's and national or state historic designation should be specified.

To address this issue, a requirement was included new Section 98-157, requiring applicants for the partial tax exemption to submit a letter issued by DHR confirming that such rehabilitation complies with the requirements of such designation or listing in order to continue with the qualifying process.

City Staff have been informed by DHR that this requirement for all applications is not one they can practically support. Additionally, the City Attorney has indicated that Section 98-157 does not (and cannot) require DHR to provide letters to applicants; however, if DHR does not provide applicants with letters then the applicant can't qualify for the partial tax exemption.

To resolve this issue the City Assessor and Planning and Development Review have created an alternative that meets the intent of the historic preservation review process by allowing the City Assessor to confirm or with the approval from the Director of Planning and Development Review or their designee that such rehabilitation complies with the requirements of such designation or listing in order to continue with the qualifying process.

FISCAL IMPACT STATEMENT

Fiscal Impact Yes No

Budget Amendment Required Yes No

The requested ordinance does not directly impact a budgeted source of revenue for the City in the current fiscal year. Currently, PDR staff review Rehab Tax Credit applications as part of the City Assessor's approval process. This review is captured in the normal course of operations and not in addition to current levels of service or operational funding.

Attachment/s

Yes No

Richmond City Council Ordinance/Resolution Request Form/updated 10.5.2012 /rs