

ORDINANCE TO AMEND CHAPTER 40, "TAXATION," OF THE CODE OF THE CITY OF FALLS CHURCH TO REDEFINE BUILDINGS QUALIFIED FOR TAX ABATEMENTS, SCOPE OF ELIGIBLE BUILDING IMPROVEMENTS, DURATION AND LEVEL OF TAX ABATEMENTS, AND PROGRAM APPLICATION FEE

THE CITY OF FALLS CHURCH HEREBY ORDAINS that Chapter 40, "Taxation," of Code of the City of Falls Church, Virginia, be amended, re-enacted, and re-codified as follows:

Chapter 40 – TAXATION

ARTICLE XVI. - EXEMPTION FOR CERTAIN REHABILITATED, RENOVATED OR REPLACEMENT COMMERCIAL REAL ESTATE

FOOTNOTE(S):

--- (14) ---

State Law reference— Exemption for certain rehabilitated, renovated or replacement commercial structures, Code of Virginia, § 58.1-3221.

Sec. 40-352. - Intent and policy.

It is the purpose of this article to implement the provisions of Code of Virginia, § 58.1-3221 which defines and classifies rehabilitated commercial real estate as a separate class of property in order to permit the city to allow a tax exemption on rehabilitated structures thereon. Such exemption will provide an economic incentive to owners and businesses to improve their properties and will help to prevent the vacation and deterioration of older commercial buildings which is harmful to the health and welfare of the city.

(Code 1982, § 33-83; Ord. No. 1560, 11-25-1996)

Sec. 40-353. - Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Base value means the assessed value of the structure as of January 1 of the year in which the rehabilitation begins.

Commercial use means those uses that are permitted in B-1, B-2, and B-3 zoning districts as they are defined in chapter 48, pertaining to zoning.

Date of application means the date upon which the application required in section 40-356 is filed with the assessing officer.

Office use means a room, set of rooms, or a building where the business of a commercial or industrial organization or of a professional person is conducted and where no merchandise or wares are sold except as incidental to the business that meets this definition.

Replacement means the complete removal of an existing commercial structure and the erecting of a new commercial structure.

Structure, as used in this Article XVI, means a building not less than 20 years old on the date of the application.

Substantially rehabilitated or renovated structure means an existing structure which has been improved so as to increase the assessed value of the structure by no less than 100 percent over its assessed value on the date of application.

Taxable year shall mean the calendar year, from January 1 through December 31, for which real property tax is imposed or an exemption is claimed under this article.

(Code 1982, § 33-84; Ord. No. 1560, 11-25-1996)

Cross reference— Definitions and rules of construction, § 1-2.

Sec. 40-354. - Exemption authorized.

Commercial use real property on which a structure no less than 20 years of age has been substantially rehabilitated for commercial use shall be partially exempt from taxation for a period of ten years, commencing on January 1 of the year following completion of the rehabilitation; provided, however, that no property owner may apply for exemption on the basis of a building permit issued prior to the adoption of the ordinance from which this article is derived.

(Code 1982, § 33-85; Ord. No. 1560, 11-25-1996)

Sec. 40-355. - Eligibility requirements.

Any owner of real estate upon which there exists a structure of no less than 20 years of age, which structure is proposed to be substantially rehabilitated, renovated, or replaced resulting in an increase or improvement of at least ten thousand (10,000)

square feet of office space by adding new office space, renovating or rehabilitating existing office space, or converting other uses to office space shall be eligible to apply for a partial exemption authorized in section 40-354.

To be eligible for the exemption the structure must be one that does not contain residential rental units, residential condominium units, townhouses or a single family attached unit. The structure will qualify for the exemption only after the requirements of this article have been satisfied, and where the rehabilitation, renovation, or replacement is the result of a single project with all work undertaken pursuant to a single building permit or combination of permits issued within a 60-day period and completed within 24 months from the date the initial construction permit was issued.

(Code 1982, § 33-86; Ord. No. 1560, 11-25-1996)

Sec. 40-356. - Application process and fee.

- (a) Applications for exemptions shall be filed with the assessing officer on forms provided for that purpose prior to beginning the proposed rehabilitation. A separate application shall be submitted for each structure.
- (b) The appropriate building permits shall be acquired prior to the filing of the application and the beginning of the rehabilitation.
- (c) The assessing officer may require the applicant to submit all documentation deemed necessary to establish eligibility for an exemption. No application will be considered complete or will be processed until receipt of such information.
- (d) A processing fee of \$250.00 shall be paid to the city with each application.

(Code 1982, § 33-87; Ord. No. 1560, 11-25-1996)

Sec. 40-357. - Inspections; notification of completion.

- (a) Upon receipt of a completed application for an exemption and immediately prior to commencement of the proposed rehabilitation, the assessing officer shall inspect the structure to verify that appropriate building permits were obtained for the rehabilitation, renovation or replacement of the structure.
- (b) After the rehabilitation has been completed, the owner shall submit a written request to the assessing officer to inspect the structure to determine whether the rehabilitation, renovation, or replacement was completed and if the property then qualifies for the rehabilitated property exemption. Such inspection and determination shall be made by the assessing officer within 60 days after such

written request is submitted. If the property qualifies for such exemption, then the tax exemption shall become effective beginning January 1 of the next calendar year.

- (c) No structure shall be eligible for exemption if such access, for the purposes of assessing the structure and determining whether the requirements of this section have been met, is denied.

(Code 1982, § 33-88; Ord. No. 1560, 11-25-1996)

Sec. 40-358. - Amount, commencement and duration of exemption.

- (a) The partial exemption shall be the amount of real estate taxes resulting from the increase in assessed value attributable to the substantial rehabilitation, renovation, or replacement of the structure, as determined by the assessing officer, and this amount only shall be applicable to subsequent assessments commencing on January 1 of the year following completion of the rehabilitation, renovation, or replacement. An increase in an assessment occurring after the first year of the exemption shall not result in an increase in the exemption. In no case shall an exemption be permitted if the assessed value falls below the Base Value in any given year, or if the exemption causes the total tax derived from the property or use thereof to be less than the total annual tax paid prior to the rehabilitation, renovation, or replacement.
- (b) The exemption shall commence on January 1 of the year following completion of the rehabilitation, provided that the assessing officer verifies that the rehabilitation described in the application has been completed and meets the criteria established in this article.
- (c) The 100% exemption shall be a credit against real estate taxes and shall run with the real estate for a period of five years. Upon expiration of the initial five year exemption period, a 50% exemption period will immediately commence during which time there shall be a credit against real estate taxes in the amount of 50% of the exemption described in Section 40-358(a) above, which credit will be subject to all of the requirements for the previous 100% credit, and shall be applied to the real estate tax bill for the property for each of the next five years.
- (d) In the event that real estate exempted from taxes under this article ceases being used, in whole or in part, for office use, eligibility for further tax exemptions for the portion of space that is no longer used for office purposes shall be terminated immediately.
- (e) No improvements made upon vacant land shall be eligible for partial exemption from real estate taxation pursuant to this Article XVI.

(Code 1982, § 33-89; Ord. No. 1560, 11-25-1996)

Sec. 40-359. - True value to be shown on land books.

Nothing contained in this article shall be construed so as to permit the assessing officer to list upon the land book any reduced value due to the exemption provided in this article.

(Code 1982, § 33-90; Ord. No. 1560, 11-25-1996)

Sec. 40-360. - Duty of assessing officer.

It shall be the duty of the assessing officer to clearly mark the tax records so as to identify, by markings, colored cards or other method, the properties to which this exemption shall be granted.

(Code 1982, § 33-91; Ord. No. 1560, 11-25-1996)

Secs. 40-361—40-378. - Reserved.

1st Reading: 10-11-16

2nd Reading: 11-28-16

Adoption: 11-28-16

(TO16-16)

IN WITNESS WHEREOF, the foregoing was adopted by the City Council of the City of Falls Church, Virginia on November 28, 2016 as Ordinance 1964.



Celeste Heath
City Clerk