

PARTIAL REAL ESTATE TAX EXEMPTION PROGRAM INFORMATION

APPLICATION

Any person wishing to apply for the Partial Real Estate Tax Exemption for Rehabilitated Residential Real Estate program must first complete the Rehabilitation Tax Credit Application form. The application form must be filed with the Office of the Real Estate Assessor located on the 4th floor of City Hall, 306 Cedar Road, Chesapeake, Virginia 23322. Only one (1) application per structure can be approved. Each application requires a processing fee of \$50.00.

ELIGIBILITY/QUALIFICATIONS CRITERIA

- 1) The property is located wholly or partially in the South Norfolk Revitalization District.
- 2) The property is lawfully used for single-family, owner-occupied residential purposes.
- 3) The dwelling unit is at least fifteen (15) years of age.
- 4) The dwelling unit has undergone “substantial rehabilitation, renovation or replacement” in a manner that increases the assessed value of the real estate by a minimum value of ten percent (10%).
- 5) All required permits, certificates, approvals and inspections were obtained for the work conducted on the property.
- 6) No delinquent taxes are owed on the property.
- 7) No code violations exist on the property or are corrected within the time permitted by the City.

EXCLUSIONS AND RESTRICTIONS

In no event shall the work result in a tax liability of less than zero.

A property may not receive the tax exemption if receiving tax abatement under the Derelict Structures Program.

The Office of the Real Estate Assessor will continue to conduct annual reassessments. Taxes may increase or decrease based on the amount of reassessment. Any increase in the tax amount is the responsibility of the owner.

This exemption shall not apply if the single-family structure is a registered Virginia landmark or is determined by the Department of Historic Resources to contribute to the significance of a registered historic district.

If the single-family structure is located in the South Norfolk Historic and Cultural Preservation Overlay District, the tax exemption shall not apply unless the owner first obtains a Certificate of Appropriateness for any proposed demolition or external renovation.

Criteria for remaining in the program, including owner occupancy, timely payments of taxes and compliance with all applicable codes, will apply throughout the ten (10) year tax exemption benefit period.

Any property owner that fails to meet one or more of the eligibility/qualifications criteria at any time during the application process or the ten year exemption period shall be in violation and disqualified from initial or continued exemption.

- a) The owner shall be provided a written notice giving ten (10) days to correct the violation.
- b) In the event the violation is corrected during the ten (10) day period, the tax exemption shall be granted or shall continue.
- c) If the violation is not corrected within the ten (10) day period, the tax exemption shall be denied or terminated as applicable.

PROCEDURES

1) The owner must complete the Rehabilitation Tax Credit Application Form and submit a \$50.00 processing fee. The application must be filed with the Office of the Real Estate Assessor. The application must have attached itemized description of all work and all paid bill receipts.

a) The application form must be submitted no later than six (6) months after completion of the work. For all work performed under a City permit, completion of the work must be certified by a final inspection report or issuance of a certificate of occupancy.

b) The application form may be found on the City of Chesapeake's web site at www.cityofchesapeake.net under the "Online Services" banner.

- 2) Upon receipt of the application, the Office of the Real Estate Assessor will research and verify eligibility requirements.
- 3) If the property is not eligible or additional information is required, the Office of the Real Estate Assessor will contact the applicant.
- 4) If the property is eligible, the Office of the Real Estate Assessor will contact the applicant and schedule an inspection of the property to verify the improvements.
- 5) Subject to the determination of the Office of the Real Estate Assessor, a tax exemption amount will be calculated, applied to the property and reflected in your tax bill.

AMOUNT AND DURATION OF TAX EXEMPTION

If the owner successfully qualifies for the program, the City will grant the property a partial tax exemption for a ten (10) year period. The ten year period is measured from the date the rehabilitation, renovation or replacement work is completed.

If granted, the tax exemption will become effective either January 1st or July 1st depending on the date by which the work is completed and approved by the Office of the Real Estate Assessor.

If granted, the partial tax exemption shall be equal to the greater of 1) the amount of tax calculated on the increase in the assessed value of the improved property, or 2) the amount of tax calculated on fifty percent (50%) of the cost of rehabilitation, renovation or replacement of the dwelling unit.

The exemption may be transferred with ownership of the residential property.

EXAMPLE #1 - demonstrates minimum 10% increase in assessment

Base Value		Final Value		Rehab Exemption
Land Value	\$100,000	Land Value	\$100,000	
Building Value	\$200,000	Improved Value	\$230,000	
Total Value	\$300,000	Total Value	\$330,000	\$30,000 (meets 10% increase)

EXAMPLE #1 - demonstrates minimum 10% increase in assessment

Year One (Tax Rate \$1.05 per \$100)

Annual assessment	\$ 300,000
Assessment Increase	\$ 30,000
Total Assessment	\$ 330,000
Tax amount without the Exemption	\$ 3,465
Taxes with the Exemption	\$ 3,150
Exemption amount	\$ 315

EXAMPLE #2 - demonstrates cost of improvements based on receipts

Total of Receipts \$80,000 X 50% = Rehab Exemption Amount of \$40,000

Base Value		Final Value		Rehab Exemption
Land Value	\$100,000	Land Value	\$100,000	
Building Value	\$200,000	Improved Value	\$230,000	
Total Value	\$300,000	Total Value	\$330,000	\$40,000

Demonstrates cost of improvements based on receipts

Year One (Tax Rate \$1.05 per \$100)

Annual assessment	\$300,000
Assessment Increase	\$ 30,000
Total Assessment	\$330,000
Taxes without the Exemption	\$ 3,465
Taxes with the Exemption	\$ 3,045
Exemption amount	\$ 420

For questions or additional information, please contact the Office of the Real Estate Assessor at 382-6235.