

Caroline County Board of Supervisors Agenda Executive Summary

Meeting Date: February 11, 2020

Title: Belmont West: Designation of Property as a Revitalization Area and Approval of a Real Estate Tax Abatement during Construction

(Check Mark)

Consent

Action

No Action (Information Only)

Resolution

Closed Meeting

Public Hearing

Ordinance

PowerPoint Presentation

Summary: During his presentation to the Board of Supervisors at the June 11, 2019 Board of Supervisors public hearing, Mr. Chris Waller requested two actions by the Board specifically related to a Virginia Housing and Development Authority Tax Credit application for Belmont West. These requests are to designate the property as a Revitalization Area and approval of the abatement of real estate taxes for the first phase during the construction process. Those items were not addressed during the rezoning process, as these action items relate to the VHDA Tax Credit application process and were not zoning action items. Mr. Waller will be present to address any questions the Board may have regarding these items.

Financial Impact: None at this time. Approval of a temporary tax abatement during the construction of each individual phase of the project would result in a temporary loss of real estate taxes for that phase of a project during construction.

Action(s) requested of the Board of Supervisors: Discussion & Action by the Board.

Presenter: Mike Finchum, Director, Planning & Community Development

County of Caroline

Michael A. Finchum
Department of Planning
& Community Development
233 West Broaddus Street
Bowling Green, Virginia 22427
(804) 633-4303 Main
E-mail: mfinchum@co.caroline.va.us



MEMORANDUM

TO: Charles M. Culley, Jr.
County Administrator

FROM: Michael A. Finchum
Director of Planning & Community Development

SUBJECT: Designation of Property as a Revitalization Area and Approval
of a Real Estate Tax Abatement during Construction

DATE: February 6, 2020

The Board of Supervisors approved the rezoning request for Belmont West at its January 14, 2020 meeting. Mr. Waller is in the application phase with the Virginia Housing Development Authority for the 2020 Tax Credit Housing Program. There are two items in the application for which Mr. Waller is requesting action from the Board of Supervisors; designation of the property as a Revitalization Area in Caroline County and approval of an abatement of real estate taxes for a two year period during the construction of the first phase. The two requests are worth fifteen (15) and five (5) points respectively in the application process.

The designation of the property as a Revitalization Area is a statement by the County it desires to revitalize a given area but results in no financial or other obligations on the part of the County. Such designation would indicate to VHDA that the County agrees the property meets the definition of a revitalization area as defined in Virginia Code §36-55.30:2.A. and as set forth on page 84 of the 2020 VHDA manual. In this case, the appropriate language for consideration by the Board would be subparagraph 2, which is highlighted as follows:

The revitalization area is ~~(i) either (1) blighted, deteriorated, deteriorating or, if not rehabilitated, likely to deteriorate by reason that the buildings, improvements or other facilities in such area are subject to one or more of the following conditions- dilapidation, obsolescence, overcrowding, inadequate ventilation, light or sanitation, excessive land coverage, deleterious land use, or faulty or otherwise~~

~~inadequate design, quality or condition, or~~ **(2) the industrial, commercial or other economic development of such area will benefit the city or county but such area lacks the housing needed to induce manufacturing, industrial, commercial, governmental, educational, entertainment, community development, healthcare or nonprofit enterprises or undertakings to locate or remain in such area; and (ii) private enterprise and investment are not reasonably expected, without assistance, to produce the construction or rehabilitation of decent, safe and sanitary housing and supporting facilities that will meet the needs of low and moderate income persons and families in such area and will induce other persons and families to live within such area and thereby create a desirable economic mix of residents in such area.**

The second request is for the Board to grant a real estate tax abatement for a period of two years during the construction and initial leasing period of the first phase. This item is contained in Section 7.7.4, Page 29 of the VHDA manual (Attachment 1).

Mr. Waller's request is included as Attachment 2 for consideration by the Board.

Finally, VHDA requires a resolution adopted by the Board related to the designation of the property as a revitalization area. Should the Board agree with the request, R 5/20 is included in your packet (in prescriptive VHDA form) for your consideration.

Mr. Waller, as well as staff, will be present at the February 11, 2020 Board of Supervisors meeting to address specific questions that the Board may have.

MAF:lz

Housing Needs Characteristics			
#	Point Category	Points	Explanation
7.7.3	Subsidized Funding Commitments	Up to 40	The subsidized funding point category has been broadened to include a wider range of funding sources and also provides that the receipt of such funding will be confirmed prior to the Authority's issuance of IRS form 8609 at completion of the development.
7.7.4	Tax Abatement	0 or 5	The development must qualify for a deferral on a portion of real estate tax increases (a real estate tax abatement) as authorized by the Code of Virginia, § 58.1-3219. Local or state subsidy is not eligible for these points.
7.7.5	New Project-Based Rental Subsidy (HUD or RD)	0 or 10	<u>New</u> project-based subsidy must be awarded from HUD, Rural Development or statewide rental assistance for the greater of 5 units or 10% of the total units of the proposed property.
7.7.6	High Opportunity Census Tract	0, 20, 25, or 30	If the census tract where the development is located has: <ul style="list-style-type: none"> • less than 12% poverty - 20 points will be awarded • less than 10% poverty - 25 points will be awarded • less than 3% poverty - 30 points will be awarded
7.7.7	Rural Development – “High Priority”	0 or 15	The development must be listed on USDA RD's High Priority List at the time that the Reservation Application is submitted to VHDA.

Cool Water Development, LLC
701 Cobblestone Boulevard, Unit 305
Fredericksburg, Virginia 22401
703-915-9199

To the Board of Supervisors of Caroline County, Virginia:

RE: Request for Tax Abatement and Designation as Revitalization Area for Belmont West; Tax Map Number: 82((A))131

This letter serves as a request for (a) temporary tax abatement, and (b) designation as a Revitalization Area, for the referenced parcel and project to be developed thereon, for the purposes of enabling a LIHTC tax-credit project to be awarded by the Virginia Housing Development Authority (VHDA) and developed on the property.

The Tax Abatement scoring criteria is provided on page 29 of the VHDA Manual in Section 7.7.4 and described as:

The development must qualify for a deferral on a portion of real estate tax increases (a real estate tax abatement) as authorized by the Code of Virginia, § 58.1-3219. Local or state subsidy is not eligible for these points.

Five (5) points will be awarded the project for such a temporary tax abatement awarded by the locality.

The Revitalization Area point category is described on page 27 of the VHDA Manual in Section 7.6.3 and more fully described on pages 77-78. These pages contain the exact language required for the resolution provided to the County previously. Fifteen (15) points will be awarded for project sites designated within a Revitalization Area by resolution of the locality.

Should you have any additional questions, please feel free to call me on my cell phone at the number provided above.

Sincerely,



Christian G. Waller
Managing Member

Caroline County, Virginia

Board of Supervisors



Caroline County, VA



Jeffrey S. Black
Western Caroline District

Clayton T. Forehand
Madison District

Nancy L. Long
Port Royal District

Jeffery M. Sili
Bowling Green District

Floyd W. Thomas
Mattaponi District

Reginald L. Underwood
Reedy Church District

Charles M. Culley, Jr.
County Administrator

RESOLUTION R 5/20

A RESOLUTION TO DESIGNATE PROPERTY (BELMONT WEST) AS A REVITALIZATION AREA AND APPROVAL OF A REAL ESTATE TAX ABATEMENT DURING CONSTRUCTION

February 11, 2020

JD Bondurant

Director of LIHTC/Tax Credit Programs
Virginia Housing Development Authority
601 South Belvidere Street
Richmond, Virginia 23220

VHDA Tracking Number: TBD
Development Name: **Belmont Green (Belmont West)**
Development Jurisdiction: **Caroline County**
Name of Owner/Applicant: **Belmont Green VA LLC**

RESOLUTION

The above-referenced development is located in a Revitalization Area in Caroline County, Virginia. The revitalization area is (i) **either** (1) blighted, deteriorated, deteriorating or, if not rehabilitated likely to deteriorate by reason that the buildings, improvements or other facilities in such area are subject to one or more of the following conditions- dilapidation, obsolescence, overcrowding, inadequate ventilation, light or sanitation, excessive land coverage, deleterious land use, or faulty or otherwise inadequate design, quality or condition, **or** (2) the industrial, commercial or other economic development of such area will benefit the county but such area lacks the housing needed to induce manufacturing, industrial, commercial, governmental, educational, entertainment, community development, healthcare or nonprofit enterprises or undertakings to locate or remain in such area, **and** (ii) private enterprise and investment are not reasonably expected, without assistance, to produce the construction or rehabilitation of decent, safe and sanitary housing and supporting facilities that will meet the needs of low and moderate income persons and families in such area and will induce other persons and families to live within such area and thereby create a desirable economic mix of residents in such area.

“Committed To Service, Dedicated To The People”

212 North Main Street, P. O. Box 447, Bowling Green, Virginia 22427

(804)633-5380 – Telephone (804)633-4970 – Fax

www.co.caroline.va.us

Charles M. Culley, Jr.
County Administrator

ATTEST: _____
County Attorney

Resolution adopted by the Board of Supervisors of Caroline County, Virginia, the 11th day of February, 2020.