

REAL ESTATE TAX ABATEMENT FOR REHABILITATED COMMERCIAL STRUCTURES

Newport News Department of Development

Randy Hildebrandt, *City Manager*
Neil A. Morgan, *Assistant City Manager*
Joseph C. Street, *City Assessor*
Harold L. Roach, *Director of Codes Compliance*
Florence G. Kingston, *Director of Development*



Modernizing an older building may provide a lower cost alternative to new construction.

Building new commercial buildings has become increasingly expensive in recent years. Many older buildings are in areas of the city that are well served by public infrastructure and public transportation. Many of these buildings are also located in state-designated Enterprise Zones.

The Newport News City Council has enacted an ordinance to encourage commercial rehabilitation in the city by providing a five-year partial abatement of real estate taxes.

This ordinance provides for a reduction of the post-rehabilitation assessment of a qualifying property by fifty percent (50%) of the eligible rehabilitation costs. This reduction assessment, which results in the abatement of real estate property taxes, lasts for five years after the rehabilitation is completed. (Or, if it is more beneficial to the property owner, for five years after the January 1st following the completion of the rehabilitation).

To qualify for the Commercial Rehabilitation Real Estate Property Tax Abatement, you must meet every condition below:

1. The building must be 25 years old or older and used for non-residential purposes.
2. The eligible rehabilitation costs incurred by the applicant must be equal to at least sixty percent (60%) of the assessed value of the property improvements immediately prior to beginning the rehabilitation.
3. The rehabilitation must expand the building by no more than fifteen percent (15%).
4. All required building and other permits must be acquired.
5. The rehabilitation must not be a rebuilding after a fire, natural disaster or other act of God.
6. An application must be submitted to and approved by the Director of Development.

What are eligible rehabilitation costs?

Eligible rehabilitation costs are the same as qualified zone improvements for the State Enterprise Zone Real Property Investment Grant. Eligible rehabilitation costs include: exterior and interior construction, interior demolition, sitework and paving, landscaping, cleaning and clean up, and exterior repair.

Additional Enterprise Zone incentive:

If a property is located in an Enterprise Zone and if eligible rehabilitation costs are at least \$50,000, **you should apply for a Real Property Investment Enterprise Zone Grant by April 1st following the completion of the rehabilitation.**

Application forms are available from the Department of Development and the Department of Codes Compliance and should be submitted to:



FLORENCE G. KINGSTON
DIRECTOR OF DEVELOPMENT
2400 Washington Avenue
Newport News, VA 23607
(757) 926-8428

For more information about this and other programs to benefit existing businesses contact:

[Jason Noah, Business Retention Coordinator](#)

(757) 597-2843

or

[Ted Figura, Manager of Marketing](#)

(757) 597-2841