

2021 SPECIAL SESSION I

INTRODUCED

21102356D

HOUSE BILL NO. 1969

Offered January 13, 2021

Prefiled January 11, 2021

A *BILL to amend and reenact §§ 58.1-3221.6 and 58.1-3970.1 of the Code of Virginia, relating to administration of blighted and derelict properties in certain localities.*

Patrons—Carr, Hudson, McQuinn and Rasoul

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-3221.6 and 58.1-3970.1 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-3221.6. Classification of blighted and derelict properties in certain localities.

A. For the purposes of this section:

"Blighted property" means the same as that term is defined in § 36-3.

"Derelict building" means the same as that term is defined in § 15.2-907.1.

"Qualifying locality" means a locality with a score of ~~407~~ 100 or higher on the fiscal stress index, as published by the Department of Housing and Community Development in July 2019 using the revised data for fiscal year ~~2017~~ 2020.

B. In a qualifying locality, blighted properties, along with the land such properties are located on, are declared to be a separate class of property and shall constitute a separate classification for local taxation of real property.

C. In a qualifying locality, derelict buildings, along with the land such properties are located on, are declared to be a separate class of property and shall constitute a separate classification for local taxation of real property.

D. The governing body of a qualifying locality may, by ordinance, levy a tax on the property enumerated in subsection B at a rate different than that levied on other real property. The rate of tax imposed on such property may exceed the rate applicable to the general class of real property by up to five percent, but shall not be less than the rate applicable to the general class of real property.

E. The governing body of a qualifying locality may, by ordinance, levy a tax on the property enumerated in subsection C at a rate different than that levied on other real property. The rate of tax imposed on the property enumerated in subsection C may exceed the rate applicable to the general class of real property by up to 10 percent, but shall not be less than the rate applicable to the general class of real property.

F. Any tax levied pursuant to subsection D or E shall be imposed on a property upon a determination by the real estate assessor of the locality that such property constitutes either a blighted property or derelict structure, respectively. Such tax shall continue to be imposed until it has been determined by the real estate assessor of the locality that such property no longer constitutes a blighted property or derelict structure.

G. Any person aggrieved by the application of this section may appeal the determination by the real estate assessor as an erroneous assessment in accordance with Article 5 (§ 58.1-3980 et seq.) of Chapter 39.

§ 58.1-3970.1. Appointment of special commissioner to execute title to certain real estate with delinquent taxes or liens to localities.

A. Except as provided in subsection B, in any proceedings under this article for the sale of a parcel or parcels of real estate which meet all of the following: (i) each parcel has delinquent real estate taxes or the locality has a lien against the parcel for removal, repair or securing of a building or structure; removal of trash, garbage, refuse, litter; or the cutting of grass, weeds or other foreign growth, (ii) each parcel has an assessed value of \$75,000 or less, and (iii) such taxes and liens, together, including penalty and accumulated interest, exceed 50 percent of the assessed value of the parcel or such taxes alone exceed 25 percent of the assessed value of the parcel, the locality may petition the circuit court to appoint a special commissioner to execute the necessary deed or deeds to convey the real estate to the locality in lieu of the sale at public auction. After notice as required by this article, service of process, and upon answer filed by the owner or other parties in interest to the bill in equity, the court shall allow the parties to present evidence and arguments, ore tenus, prior to the appointment of the special commissioner. Any surplusage accruing to a locality as a result of the sale of the parcel or parcels after the receipt of the deed shall be payable to the beneficiaries of any liens against the property and to the former owner, his heirs or assigns in accordance with § 58.1-3967. No deficiency shall be charged

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59 against the owner after conveyance to the locality.

60 B. For a parcel or parcels of real estate in the Cities of Norfolk, Richmond, Hopewell, Newport
61 News, Petersburg, Fredericksburg, Hampton, and Martinsville a locality with a score of 100 or higher
62 on the fiscal stress index, as published by the Department of Housing and Community Development in
63 July 2020, all of the provisions of subsection A shall apply except (i) that the percentage of taxes and
64 liens, together, including penalty and accumulated interest, and the percentage of taxes alone set forth in
65 clause (iii) of subsection A shall exceed 35 percent and 15 percent, respectively, of the assessed value of
66 the parcel or parcels or (ii) that the percentage of taxes and liens, together, including penalty and
67 accumulated interest, and the percentage of taxes alone set forth in clause (iii) of subsection A shall
68 exceed 20 percent and 10 percent, respectively, of the assessed value of the parcel or parcels, and each
69 parcel has an assessed value of \$150,000 or less, provided that under this clause the property is not an
70 occupied dwelling, and the locality enters into an agreement for sale of the parcel to a nonprofit
71 organization to renovate or construct a single-family dwelling on the parcel for sale to a person or
72 persons to reside in the dwelling whose income is below the area median income.

73 C. For sales by a nonprofit organization pursuant to subsection B, such sales may include either (i)
74 both the land and the structural improvements on a property or (ii) only the structural improvements of
75 a property and not the land the structural improvements are located on. A sale of only the structural
76 improvements is permissible only if (a) the structural improvements are subject to a ground lease with a
77 community land trust, as that term is defined in § 55.1-1200; (b) the structural improvements are subject
78 to a ground lease that has a term of at least 90 years; and (c) the community land trust retains a
79 preemptive option to purchase such structural improvements at a price determined by a formula that is
80 designed to ensure that the improvements remain affordable in perpetuity to low-income and
81 moderate-income families earning less than 120 percent of the area median income, adjusted for family
82 size.