

## Substantially Rehabilitated Commercial/Industrial Property Real Estate Tax Exemption Checklist

- Application should be submitted **PRIOR** to purchasing items and starting the project
- Option 1: One-time Grant Upon Project Completion.
  - The property must be located within the designated Winchester Enterprise Zone, and if a residential property, outside the Historic District.
- Option 2: Multi-Year Partial Real Estate Tax Exemption.
  - The City of Winchester will grant partial exemption from real estate taxes for qualifying rehabilitated real estate within the designated Enterprise Zone. For properties that qualify, the increase in value due to rehabilitation will be exempt from real estate tax for ten years commencing on January 1 of the succeeding year. For further information, including the provisions for qualification, see Sections 27-29 through 27-29.2 of the City Code.
- This application must be completed and transmitted to the Commissioner of the Revenue with a fee of Twenty Dollars (\$20.00). No property shall be eligible for the incentive unless the appropriate building permits have been acquired and verified by the Building Official, and the Office of the Commissioner of the Revenue has inspected and valued the structure upon receipt of the application and **before** the rehabilitation has started.
- Where rehabilitation is achieved through demolition or replacement of an existing structure, the exemption shall not apply when any structure demolished is a registered Virginia landmark; or is determined by the state department of conservation and historic resources to contribute to the significance of a registered historic district; or is a local, state, and/or federally designated historic structure.
- Property must be located in the Enterprise Zone, and if a residential property, outside the Historic District. Where rehabilitation is achieved through demolition or replacement of an existing structure, the exemption shall not apply when any structure demolished is a registered Virginia landmark; or is determined by the state department of conservation and historic resources to contribute to the

significance of a registered historic district; or is a local, state, and/or federally designated historic structure.

- Existing structure must be no less than fifteen (15) years old.
- Improved Value Requirement
  - RESIDENTIAL (SINGLE OR MULTI-FAMILY): The structure must be improved as to increase the assessed value by no less than forty percent (40%)
  - COMMERCIAL/INDUSTRIAL: The structure must be so improved as to increase the assessed value by no less than sixty percent (60%)
- Square Footage Requirement: If the total square footage of the rehabilitated, replaced or renovated structure exceeds that of the original structure by more than fifty percent (50%), the excess above 50% shall not be entitled to the exemption. In the event of a complete replacement, the qualifying increase in square footage shall be no more than 150% of the original square footage.
- Any commercial, industrial or mixed-use property that possesses or will possess not-for-profit enterprises that amount for more than 40% of total space shall not be eligible for this exemption.
- No property shall be eligible unless the appropriate building permits have been acquired. Application for exemption must be filed before such work has begun.
- GENERAL INFORMATION:
  - File the application with the Commissioner of the Revenue, City Hall, accompanied by a twenty-dollar (\$20.00) application fee, payable to "City of Winchester".
  - Upon receipt of the application, the property will be inspected by the Commissioner of the Revenue to determine the base assessed value prior to commencement of rehabilitation. The base value will generally coincide with the assessed value effective the year application is made. An increased assessment due to a change in value (e.g. reassessment) will not affect the amount of exemption.
  - Upon completion of the rehabilitation, and within 30 days following final inspection by the City Building Official, the owner shall submit a written

request to the Commissioner of the Revenue to make a final assessment to determine qualification for the rehabilitated property exemption.

- This application is considered to have expired if the request for final assessment is not made within two (2) years of the date of initial assessment. If the property does not meet the requirements for exemption by the expiration date of the application, the request for a partial exemption will be denied. A new application may be filed and a new base value established. Note: The new base value will include all value increased during the previous application.
- If the property qualifies, the exemption shall run with the property. The exemption commences on January 1 of the year following completion and approval.

**\*\*See application for a detailed list of documents and steps requirements\*\***