



City of Petersburg Enterprise Zone Incentives

The City of Petersburg has two Enterprise Zones: the Central Business District Enterprise Zone and the Halifax Road Enterprise Zone.

Each zone has unique incentives to promote development of properties within the corresponding zone. Following please find descriptions of the incentives offered for development in each zone.

Central Business District Enterprise Zone local incentives:

- **Enhancement to Real Estate Rehabilitation Tax Exemption**

Enrollment in the Partial Exemption of Rehabilitated Property program is required. For enrollment information, contact the Real Estate Assessor's office at (804) 733-2333. The partial exemption of real estate property taxes provided under this program is equal to the increase in assessment above the predetermined assessed base value. The exemption is limited to the first two million dollars of increased value for a period of five years.

 - Properties in the Enterprise Zone under this program also receive a real estate property tax exemption for an additional five years at a declining rate (90% year 6, 70% year 7, 50% year 8, 30% year 9, 10% year 10).
 - Properties under this program must have a commercial structure no less than twenty-five (25) years of age that is not increased in total square footage by more than twenty-five (25) percent and is improved to increase the assessed value by no less than sixty (60) percent.
 - Properties under this program must have a residential/multi-family structure no less than twenty-five (25) years of age that is not increased in total square footage by more than fifteen (15) percent and is improved to increase the assessed value by no less than forty (40) percent.
 - Properties under this program receive a waiver of permit fees associated with the rehabilitation of the property (i.e. building, mechanical, plumbing and electrical permits) and a 50% reduction of the privilege fee charged for new connections to the city's water and sewer systems (This is not the tap fee).

If the pre rehabilitation value of the residential/multi-family structure is \$100,000, the value property value must increase to at least \$140,000, and the property taxes will be based on \$100,000 for five years.

If the pre rehabilitation value of the commercial structure is \$100,000, the value property value must increase to at least \$160,000, and the property taxes will be based on \$100,000 for five years.

Example:

| | Property tax Reduction on Increased Value | Commercial Structure | Residential/Multi-Family Structure |
|---------|---|--|--|
| | | Rehabilitation Min. Inc. Value = 60% up to \$2,000,000 | Rehabilitation Min. Inc. Value = 40% up to \$2,000,000 |
| | Example | Pre-Rehab Base Value (\$100,000) | Pre-Rehab Base Value (\$100,000) |
| | | Min. Inc. Value = \$160,000 (60%) | Min. Inc. Value = \$140,000 (40%) |
| | | Tax Amount Based on | Tax Amount Based on |
| Year 1 | 100% | \$100,000 | \$100,000 |
| Year 2 | 100% | \$100,000 | \$100,000 |
| Year 3 | 100% | \$100,000 | \$100,000 |
| Year 4 | 100% | \$100,000 | \$100,000 |
| Year 5 | 100% | \$100,000 | \$100,000 |
| Year 6 | 90% | \$106,000 | \$104,000 |
| Year 7 | 70% | \$118,000 | \$112,000 |
| Year 8 | 50% | \$130,000 | \$120,000 |
| Year 9 | 30% | \$142,000 | \$128,000 |
| Year 10 | 10% | \$154,000 | \$136,000 |

- **Facade Improvement Grant**

The grant is equal to not more than fifty percent of the cost of facade renovations, awarded on a reimbursement basis upon completion of work, and grant awards may total up to \$5,000.

Example: If the total cost of construction work related to the building façade totals \$10,000, the grant amount would be up to \$5,000. If the total cost is \$8,000, the grant amount would be up to \$4,000.

- **Architectural Assistance Grant**

This grant is equal to not more than fifty percent of the cost to create plans for interior renovations to commercial buildings, awarded on a reimbursement basis upon completion of work, and grant awards may total up to \$2,500.

Example: If the total cost of architectural work is \$5,000, the grant amount would be up to \$2,500 if the total cost is \$3,000, the grant amount would be up to \$1,500.

- **Tap Fee Reduction**

Fees associated with connecting to the city’s water and sewer system are reduced by fifty percent for commercial properties converted to at least five residential units.

- **Machinery and Tool Tax Reduction**

The City of Petersburg will provide a rebate of 50% of machinery and tools taxes collected from new industries locating in the Central Business District Enterprise Zone. The rebate starts the year that the industry begins operations and it is available for five consecutive years.

The Machinery & Tools tax is paid annually. In 2016 the Rate = \$3.80 per \$100 of assessed value.

Example:

| | Tax if Assessed Value = \$100,000 | 50% Reduction |
|--------|--------------------------------------|---------------|
| Year 1 | \$3,800 | \$1,900 |
| Year 2 | \$3,800 | \$1,900 |
| Year 3 | \$3,800 | \$1,900 |
| Year 4 | \$3,800 | \$1,900 |
| Year 5 | \$3,800 | \$1,900 |

- **Discounted purchase price of City-owned Industrial Sites**

Industrial sites owned by the City of Petersburg will be sold at below market prices to targeted businesses to businesses that meet the wage and benefit requirements of the State Jobs Grant incentive at the \$500 grant level (minimum of five full-time positions earning at least 150% of the Federal minimum wage with health benefits. Personal service, retail, food and beverage positions are not considered eligible.

Requirement: A minimum of 5 new jobs with wages at least \$ \$10.88 per hour/hour and health benefits.

The Halifax Road Enterprise Zone local incentives:

- **Waiver of Building Permit Fees**

Permit fees are waived for construction on the property i.e. building, mechanical, plumbing and electrical permits.

- **Waiver of Water and Sewer Privilege Fee (not TAP fee)**

Properties receive a reduction of 50% of the privilege fee charged for new connections to the city water and sewer systems (This is not the tap fee).

- **Business License Fee Waiver**
New businesses locating within this Enterprise Zone receive a waiver of Business License Fees for the first year of operation.
- **Extension of water and sewer lines to site**
The City will provide extended water and sewer lines from the closest service to the site boundary if the site is acquired from the City of Petersburg.

Virginia Enterprise Zone Incentives

The Commonwealth of Virginia offers the following incentives for development projects located in both of the City's Enterprise Zones:

- **Real Property Investment Grants**
Projects that cost \$5 million or less are eligible to receive up to \$100,000 in funding. Projects that cost \$5 million or more are eligible for up to \$200,000 in funding. If the project includes the rehabilitation and expansion of commercial, industrial, or mixed-use buildings or facilities, the minimum required investment is \$100,000. If the project includes the new construction of commercial, industrial, or mixed-use buildings or facilities, the minimum required investment is \$500,000. The RPIG is equal to 20 percent of the excess above the minimum required investment. Grants are subject to proration if state-wide demand exceeds program funding. For additional information, please visit www.dhcd.virginia.gov.
- **Job Creation Grants**
Projects are eligible for up to \$500 per year for each new permanent, full-time position earning at least 150% of the federal minimum wage with health benefits. Projects are eligible for up to \$800 per year for each new permanent full-time position earning at least 200% of federal minimum wage. Personal service, retail, food and beverage positions are not eligible to receive job creation grants. For additional information, please visit www.dhcd.virginia.gov.