

Contact:  
Newport News Redevelopment and Housing Authority  
Community Development (Site Office)  
Post Office Box 797  
Newport News, VA 23607  
Phone (757) 928-2620 or Fax (757) 247-6535

City of Newport News Tax  
Abatement Revitalization Program

# Fact Sheet

## *Residential Rehabilitation Property Tax Abatement Program*

As authorized by state law, the City Council has provided a real estate tax abatement incentive to improve and maintain the quality of housing stock in the City. Section 40-55, Division 4 of the Newport News Code, Tax Abatement Revitalization Ordinance, provides for the abatement of a portion of real estate tax when an owner undertakes the renovation, rehabilitation or replacement of residential property. The Newport News Redevelopment and Housing Authority is the administering agency of this program.

### **Program Requirements:**

- Delinquent taxes must be paid to participate.
- The building must be at least 25 years old and located in the city of Newport News.
- The value of an owner/applicant self-labor does not qualify.
- The eligible rehabilitation costs incurred by the applicant must be equal to at least 20% of the assessed value of the property improvements immediately prior to beginning the rehabilitation.
- If an addition is part of the rehabilitation, the exterior improvement to the original structure must be equal to at least 10% of the total renovation cost.
- If no addition is part of the rehabilitation, the exterior improvement to the original structure must be equal to at least 20% of the total renovation cost.
- All required construction permits should at least be equal to the eligible rehabilitation costs.
- The application should have the following attachments. All contractor required permits with the final inspection/occupancy dates, an itemized description of all the work, along with all paid bill receipts.
- An application for Residential Rehabilitation Property Tax Abatement Program must be filed with Newport News Redevelopment and Housing Authority (NNRHA) with 18 months of the time of completion of the renovation.

### **Eligible Cost of Renovation:**

- Eligible rehabilitation costs are the same as qualified zone improvements for the state Enterprise Zone real property improvement tax credit. Eligible rehabilitation costs include: exterior and interior construction, interior demolition, sitework and paving, landscaping, cleaning and clean up, and exterior repair.
- Eligible cost of renovation do not include (i) the cost of furnishings; (ii) any expenditure associated with appraisal, architectural, engineering and interior design fees, (iii) loan fees; points or capitalized interest; (iv) legal, accounting, realtor, sales and marketing or other professional fees; (v) closing costs, permits, user fees, zoning fees, impact fees, inspection fees; (vi) bids insurance, signage, utilities, bonding, copying, rent loss, or temporary facilities incurred during construction; utility hook-up or access fees; outbuildings or the cost of any well, septic, or sewer system; or (vii) cost of acquiring land or an existing building.

### **Program Benefits:**

- The fifteen year property rehabilitation tax benefit is as follows:
  1. For the first six years, the tax abatement is equal to 50% of the eligible costs of renovation when those costs equal or exceed 20% of the assessed value prior to rehabilitation.
  2. Over the next nine years, the tax abatement amount is reduced by 10% annually until the property is fully assessed.
- The fifteen year property replacement tax benefit, granted when the existing structure is demolished and a new single family residence is constructed, is as follows:
  1. For the first six years, the tax abatement is equal to 20% of the eligible costs of improvements when those costs equal or exceed 150% of the assessed value of the demolished residential structure. However, the post reconstruction real estate tax shall not be less than the pre-demolition tax for that property.
  2. Over the next nine years, the tax abatement amount is reduced by 10% annually until the property is fully assessed.
  3. An exemption shall not apply when any structure demolished is a registered Virginia landmark or is determined by the Department of Historic Resources to contribute to the significance of a registered historic district.

### **Additional Information:**

- There is no program application fee required.
- All work done must conform to existing City regulations and codes.
- No abatement will be granted on land value.
- The tax abatement transfers with the title to the property.
- The total amount of real estate taxes saved under this program may fluctuate according to the real estate tax rate over time.
- Any person falsely claiming an exemption shall be guilty of a Class 1 Misdemeanor.

The Application for Residential Rehabilitation Property Tax Abatement Program is available for viewing and printing from the City of Newport News web site [www.nn.gov/development/resptxap.pdf](http://www.nn.gov/development/resptxap.pdf). The application can also be obtained by contacting NNRHA at (757) 928-2620. Completed applications should be mailed to:

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