

CHAPTER 20
ARLINGTON COUNTY CODE

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ARTICLE III. PARTIAL REAL ESTATE TAX EXEMPTION FOR CERTAIN
SUBSTANTIALLY REHABILITATED COMMERCIAL OFFICE BUILDINGS INCORPORATING CERTAIN
TECHNOLOGY IMPROVEMENTS

§ 20-40. Definitions.

For the purposes of this article, the following words and phrases shall have the meanings respectively ascribed to them by this section:

Base value: The assessed value of the structure as of January 1 of the year in which the rehabilitation begins.

Director: Director, Department of Real Estate Assessments for Arlington County.

Exemption: The real estate taxes resulting from the increase, if any, in the assessed value of an office building, which increase is determined by the director to be directly attributable to the substantial rehabilitation of the office building, incorporating technology improvements. In no case shall an exemption be permitted unless the assessed value of the commercial office building increases by at least twenty (20) percent of base value, which twenty (20) percent shall exceed one hundred thousand dollars (\$100,000.00), and such increase is directly attributable to the rehabilitation of the office building.

Office building: A commercial building in which individuals, firms or corporations provide services to other individuals, firms, or corporations. When referring to a mixed use building (used for both residential and commercial purposes), the square footage of that portion of the building used as an office building must exceed fifty (50) percent of the total square footage of the structure.

Owner: All persons or entities holding title to the real estate, commercial office building, structure or structures thereon for which an exemption is requested.

Substantially rehabilitated office building: An office building, no less than twenty (20) years of age, which has been substantially rehabilitated so as to increase the assessed value thereof by at least twenty (20) percent of base value, which twenty (20) percent shall exceed \$100,000.

Technology Improvements: Electronic infrastructure systems and building systems for communications, which systems are determined by the director to be real estate, appurtenances thereto, or fixtures and not personal property. Such real estate, appurtenances and fixtures which may constitute technology improvements include, but may not be limited to: i) voice and/or data networking fixtures, which may include modems, routers, and network switches; ii) connectivity infrastructure, which may include data communication and audio and video communication cabling systems, service entrances, satellite or other wireless fixtures and related monitoring systems; and iii) that portion of building improvements consisting of an enhancement to structural capacity, enhancement to electrical systems, enhancement to mechanical systems, enhancement to cabling systems, enhancement to environmental systems, and enhancement to plumbing, fire or life safety systems, provided that such improvements and enhancements are necessary for, directly related to, and indispensable to the installation or operation of the technology improvements. Property taxable as personal property shall not be considered

technology improvements. In order to qualify as technology improvements, such property must be treated by the owner thereof as real estate for federal tax purposes.

§ 20-41. Partial tax exemption for certain substantially rehabilitated office buildings; policy and intent.

It is the purpose of this article to implement the provisions of Article 3, Chapter 32 of Title 58.1 the Code of Virginia to permit the county to allow a partial tax exemption for certain substantially rehabilitated commercial office buildings throughout Arlington County. The exemption will provide an economic incentive for improvement of such real estate and the buildings thereon. The exemption further will prevent the deterioration and vacation thereof which is harmful to the health and welfare of the county and its residents and will further economic development in the county. This article provides a procedure for owners of certain commercial office buildings in Arlington County to obtain partial real estate tax exemptions for substantially rehabilitated commercial office buildings incorporating certain technology improvements.

§ 20 - 42. Eligibility.

(a) Any owner of real estate upon which there exists a commercial office building of no less than twenty (20) years of age, proposed to be substantially rehabilitated for office use when ten (10) percent or more of the rehabilitation expenses for such office use are determined by the director to be technology improvements, shall be eligible to apply for an exemption. No commercial office building that has been substantially rehabilitated may exceed, by more than one hundred (100) percent), the total square footage of the commercial office building prior to such rehabilitation.

(b) A commercial office building shall be eligible for an exemption only if the increase in the assessed value of the commercial office building, from the base value of the commercial office building directly attributable to the rehabilitation exceeds the base value by at least twenty (20) percent, which twenty (20) percent shall exceed \$100,000.

(c) No commercial office building shall be eligible for an exemption where prohibited by applicable law.

(d) To qualify for an exemption, the proposed rehabilitation shall be consistent with , and comply with, all applicable laws.

§ 20-43. Application procedure and processing fee.

(a) The owner shall file applications for exemptions with the director on forms provided for such purpose. A separate application shall be submitted for each commercial office building for which an exemption is requested.

(b) All building permits shall be acquired prior to the filing of the application and the beginning of the rehabilitation.

(c) The application shall include a statement, certified under oath by the owner, containing a list of the proposed technology improvements and an estimate of the rehabilitation costs in sufficient detail, as required by the director, permitting the director to identify separately each proposed technology improvement and the estimated cost directly attributable thereto.

(d) For each application, the Director of the Department of Economic Development shall certify to the director which of the proposed improvements, if any, meet the definition of technology improvements so as to qualify for an exemption.

(e) The director may require the applicant to submit all documentation and information deemed necessary to establish eligibility for an exemption. All such requested documentation and information shall be furnished to the appropriate official, as determined by the director, and at appropriate times, before an application will be considered complete, an application will be processed, and an exemption will be granted.

(f) A processing fee of two hundred and fifty dollars (\$250) shall be paid by the owner to the county with each application.

(g) The exemption shall not automatically attach to any office building. Exemptions shall be granted only after the requirements of this article have been satisfied as determined by the director.

§ 20-44. Inspections; notification to director.

- (a) Upon receipt of a completed application for an exemption and prior to commencement of the proposed rehabilitation, the director or his designee shall physically inspect the structure for which an exemption is requested.
- (b) An owner shall notify the director in writing within thirty (30) days after the rehabilitation of the structure is complete.
- (c) An owner must demonstrate to the satisfaction of the director that ten (10) percent or more of the proposed rehabilitation expenses are directly attributable to technology improvements.
- (d) During the period between the receipt of a completed application and completion of the rehabilitation, the structure shall be subject to taxation upon the full assessed value thereof.
- (e) No structure shall be eligible for an exemption if the director has been denied access to any portion thereof, either before, during or after the rehabilitation for which an exemption is requested, provided that the access is for the purposes of assessing the structure and determining whether the requirements of this article have been met.

§ 20-45. Commencement of exemption; land books.

- (a) The exemption shall commence on January 1 of the year following completion of the rehabilitation, inspection thereof by the director or his designee, verification by the director or his designee that the rehabilitation described in the application has been fully completed, and a determination by the director that the requirements of this article have been met.
- (b) Nothing in this article shall be construed to permit the director to list upon the land books any reduced assessed value due to the exemption created by this article.

§ 20-46. Amount of exemption; duration.

(a) The increase in assessed value of the commercial office building directly attributable to the rehabilitation shall be applicable only to any subsequent assessment or reassessment after completion of the rehabilitation.

(b) The exemption shall run with the real estate for a period of one (1) year at one hundred (100) percent of the exemption.

§ 20-47. Office use of structure required.

The exemption shall be available to an owner only so long as the substantially rehabilitated structure is used as a commercial office building.

§ 20-48. Vacant land.

No improvements made upon vacant land shall be eligible for an exemption under this article.

§ 20-49. Rules and regulations.

The director may prescribe rules and regulations, consistent with this article, deemed necessary for the effective administration hereof. A copy of any such rules and regulations shall be available upon request in the office of the director.

§ 20-50. Other laws and ordinances.

Nothing in this article shall be construed to relieve an owner or any other person or entity from complying with all other applicable laws and ordinances related to the development, use, rehabilitation or taxation of real estate.

§ 20-51. Applicability to rehabilitation commencing before enactment of article.

An owner may apply for an exemption if a building permit for the proposed rehabilitation of the commercial office building is issued on or after the date of enactment of this article.
