

City of Rutland, Vermont
Tax Stabilization Policy for Vacant/Blighted Residential Property

I. Statement of Purpose

The City of Rutland wishes to encourage the rehabilitation of vacant and blighted residential properties, to promote owner occupancy, and to incentivize private investment in these problem properties. Tax stabilization is a mechanism by which to realize this goal.

II. Authority

On March 5th, 2013 City voters ratified the ability of the Board of Aldermen to enter into tax stabilization contracts for residential property pursuant to Title 32 V.S.A., 3847.

On March 4th, 2014 City voters ratified the ability of the Board of Aldermen to enter into tax stabilization contracts for residential property pursuant to Title 32 V.S.A., 3850.

III. Residential Property Tax Stabilization as allowed under 32 V.S.A., 3847 shall occur as follows:

32 V.S.A. § 3847. Neighborhood housing improvement programs

At an annual or special meeting, a municipality may vote to exempt, for a period not exceeding five years, the property tax on the value of improvements made to principal dwelling units with funds provided in whole or in part by a nonprofit, neighborhood or municipal housing improvement program which limits eligibility to residents with incomes below the median income of the state. Such programs include but are not limited to neighborhood housing services, community loan funds, community land trusts, neighborhood planning associations and municipal housing improvement programs.

Eligibility and Criteria

Property tax stabilization will occur in the form of a Residential Tax Stabilization Agreement (RTSA) between the City and a qualifying housing improvement program.

Real property tax stabilization will be available to qualifying housing improvement programs making tangible new financial investment in a previously vacant and/or blighted property in an effort to rehabilitate and improve that property with the ultimate goal of resale to an owner occupant who will then use the property as a primary dwelling unit.

Determination of eligibility will be based on the recommendation of the Rutland Redevelopment Authority (RRA) and subject to the approval of the Board of Aldermen (BOA).

Property owner must submit a redevelopment plan for the property including, but not limited to, estimated project renovation costs, renovation timeframes, and final disposition plan.

All RTSA applications shall be presented to the RRA prior to the commencement of property renovation in order to be eligible.

A prospective applicant must be current on all City taxes and fees to be eligible.

Tax Stabilization Agreement terms

RTSA shall be for a period not to exceed five (5) years.

RTSA shall establish the property value to which the municipal tax rate will be applied. The property value will be determined by the City Assessors office at the time of application.

RTSA shall commence on the April 1st that follows the official signing of the agreement.

RTSA will be limited to municipal taxes on real property.

A prospective purchaser of a qualifying property may apply for an initial RTSA to be reviewed by the RRA and approved by the BOA prior to property acquisition. The BOA will authorize the final RTSA upon completion of the transfer of the property.

The RTSA may be transferred to a future owner with a recommendation from the RRA and approval from the BOA.

Non-compliance/Termination

The RTSA shall be in writing and shall include all terms necessary to assure the City of the benefits that are the basis for residential tax stabilization of the project; specifically a redevelopment plan for the property, including renovation budget, and final disposition plan.

In the event the qualifying property is sold during the effective period the RTSA may be transferred to the new owner of any property subject to the agreement. Transfer of RTSA will require the re-signing of an amended agreement between the City and new property owner and may require an updated redevelopment plan. Failure to transfer the agreement to the new owner will terminate the original RTSA.

IV. Property Tax Stabilization Policy as allowed under 32 V.S.A., 3850 shall occur as follows:

32 V.S.A. § 3850. Blighted Property Improvement Program

(a) At an annual or special meeting, a municipality may vote to authorize the legislative body of the municipality to exempt from municipal taxes for a period not to exceed five years the value of improvements made to dwelling units certified as blighted. As used in this section, "dwelling unit" means a building or the part of a building that is used as a primary home, residence, or sleeping place by one or more persons who maintain a household.

(b) If a municipality votes to approve the exemption described in subsection (a) of this section, the legislative body of the municipality shall appoint an independent review committee that is authorized to certify dwelling units in the municipality as blighted and exempt the value of improvements made to these dwelling units.

(c) As used in this section, a dwelling unit may be certified as blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

(d) If a dwelling unit is certified as blighted under subsection (b) of this section, the exemption shall take effect on the April 1 following the certification of the dwelling unit.

Eligibility and Criteria

Property tax stabilization will occur in the form of a Residential Tax Stabilization Agreement (RTSA) between the City and a qualifying property owner.

Real property tax stabilization will be available to property owners who are making tangible new financial investment in a previously blighted property in an effort to rehabilitate and improve that property, who will be using the property as a primary dwelling unit themselves, or who will be rehabilitating the property for future resale to an owner occupant who will then use the property as a primary dwelling unit.

Following the certification that a building is blighted as required in 32 V.S.A. 3850 determination of eligibility will be based on the recommendation of the Rutland Redevelopment Authority (RRA) and subject to the approval of the Board of Aldermen (BOA).

Property owner must submit a redevelopment plan for the property including but not limited to estimated project renovation costs, renovation timeframes, and final disposition plan.

All RTSA applications shall be presented to the RRA prior to the commencement of property renovation in order to be eligible.

A prospective applicant must be current on all City taxes and fees to be eligible.

Properties must be vacant as described in the City ordinances or have been certified as blighted in order to be considered eligible for the RTSA.

Tax Stabilization Agreement terms

RTSA shall be for a period not to exceed five (5) years.

RTSA shall establish the property value to which the municipal tax rate will be applied. The property value will be determined by the City Assessors office at the time of application.

RTSA shall commence on the April 1st that follows the official signing of the agreement.

RTSA will be limited to municipal taxes on real property.

A prospective purchaser of a qualifying property may apply for an initial RTSA to be reviewed by the RRA and approved by the BOA prior to property acquisition. The BOA will authorize the final RTSA upon completion of the transfer of the property.

Non-compliance/Termination

The RTSA shall be in writing and shall include all terms necessary to assure the City of the benefits that are the basis for residential tax stabilization of the project; specifically a redevelopment plan for the property, including renovation budget, and assurance that the property will serve in the future as a principal dwelling unit and not solely as an income producing property.

Should it be determined that the property is rented or otherwise used for income during the effective period the RTSA may be terminate and the property will come back onto the tax rolls at its then assessed value as of the following April 1st.

In the event the qualifying property is sold during the effective period the RTSA may be transferred to the new owner of any property subject to the agreement. Transfer of RTSA will require the re-signing of an amended agreement between the City and new property owner and may require an updated redevelopment plan. Failure to transfer the agreement to the new owner will terminate the original RTSA.

V. Application Process

The RRA will serve to collect all relevant information in the form of a Vacant/Blighted Residential Property RTSA application and Redevelopment Plan from the property owner seeking to enter into a TSA with the City.

Prospective owner will be notified of all meetings and required to participate in all proceedings. Applicant may refute, rebut, or support any findings or recommendations provided by the RRA to the BOA as related to their application.

Rutland City – Vacant/Blighted Residential Property Tax Stabilization Application

1. **Date of Application:**
2. **Owner/Contact Person:**
 - A) **Mailing address**
 - B) **Email**
 - C) **Phone**
3. **Property Address:**
4. **Present use(s) of property:**
5. **Is property currently vacant as defined in City statute (see appendix for definition): Y / N**
6. **Is property currently certified as blighted by the City of Rutland (info available from Building & Zoning): Y / N**
7. **Is applicant current on all City taxes and fees (info available from City Treasurers office): Y / N**
8. **Will this property be used as a primary dwelling unit (see appendix for definition) : Y / N**
9. **Property's current assessed value (info available from City Assessors office):**
10. **Property Redevelopment Plan:**
 - A) **Detailed summary of proposed improvements to real property and renovation budget: (use separate sheet if necessary)**
 - 1) **Exterior Improvements and cost estimate:**
 - 2) **Interior Improvements and cost estimate:**
 - 3) **Land Improvements and cost estimate:**

- B) Total estimated financial investment:
- C) Date project to commence:
- D) Estimated completion date:
- E) Source(s) of funding for property improvements:
- F) Final disposition plan for property:

11. Permits required & received:

- A) State
- B) City

12. Briefly describe why Residential Property Tax Stabilization is being sought for this project:

Appendix – Definitions

Blighted Structure: To be certified as blighted any eligible dwelling units must meet the definition of “blighted structure” as written below:

A “**blighted structure**” will be defined for the purposes of the Vermont NSP program as; a structure that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety and public welfare and/or an aggregation of deferred maintenance items that constitute incipient code violations and which pose an impending threat of harm to the occupants of the dwelling. Any structure unfit for use, habitation or dangerous to persons or other property meets this definition. This would include structures showing evidence of physical decay and damage, dilapidation, neglect, unsanitary conditions, environmental or biological contamination, functional obsolescence and lack of maintenance.

Dwelling Unit: Means a building or the part of a building that is used as a primary home, residence, or sleeping place by one or more persons who maintain a household.

Vacant Building: Means, generally:

- A. For single family residential buildings, any building that is not legally used as a residence by a person for a period of at least 90 consecutive days.
- B. For two family and multifamily residential buildings, any building in which none of the units are legally used as a residence by a person for a period of at least 90 consecutive days.

Notwithstanding the foregoing, the Building Inspector shall use his/her best judgment to determine, on a case by case basis, whether a building is or should be deemed vacant for the purposes of this application.