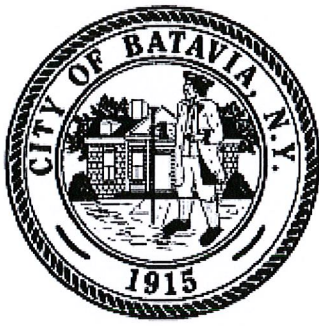


**BATAVIA CITY COUNCIL
SPECIAL BUSINESS MEETING**

**City Hall - Council Board Room
One Batavia City Centre
April 13, 2015 at 6:00 p.m.**


AGENDA

- I.** Call to Order
- II.** Gap Financing Home Rule Legislation
- III.** Adjournment



City of Batavia

To: Honorable City Council

From: Jason Molino, City Manager 

Date: April 6, 2015

Subject: Distressed & Abandoned Properties – Gap Financing Exemption

At the March 23, 2015 Council meeting, a gap financing tool was introduced to City Council to address the challenges in redeveloping abandoned properties. This included a home rule request for a property tax abatement that would provide tax relief for interested residents and/or investors willing to take on redeveloping abandoned properties by exempting the increase in assessed value for the redevelopment of abandoned properties into owner-occupied single family residences. This in return would provide a means for greater investment into abandoned properties, without a property tax burden, and transform highly distressed properties, many times tax delinquent, into functioning reuses.

After discussion, City Council requested that proposed exemption be adjusted so as to not provide a full exemption of the increase in taxable value for the entire exemption period.

After reviewing proposed exemption language, a revision was made for City Council consideration. The revision includes the following language under the Exemption Period section:

“The extent of such exemption shall decrease the last eight (8) years of the exemption period by 12 1/2% of the increase in assessment due to the redevelopment equaling 0% exemption on the final year of the exemption period.”

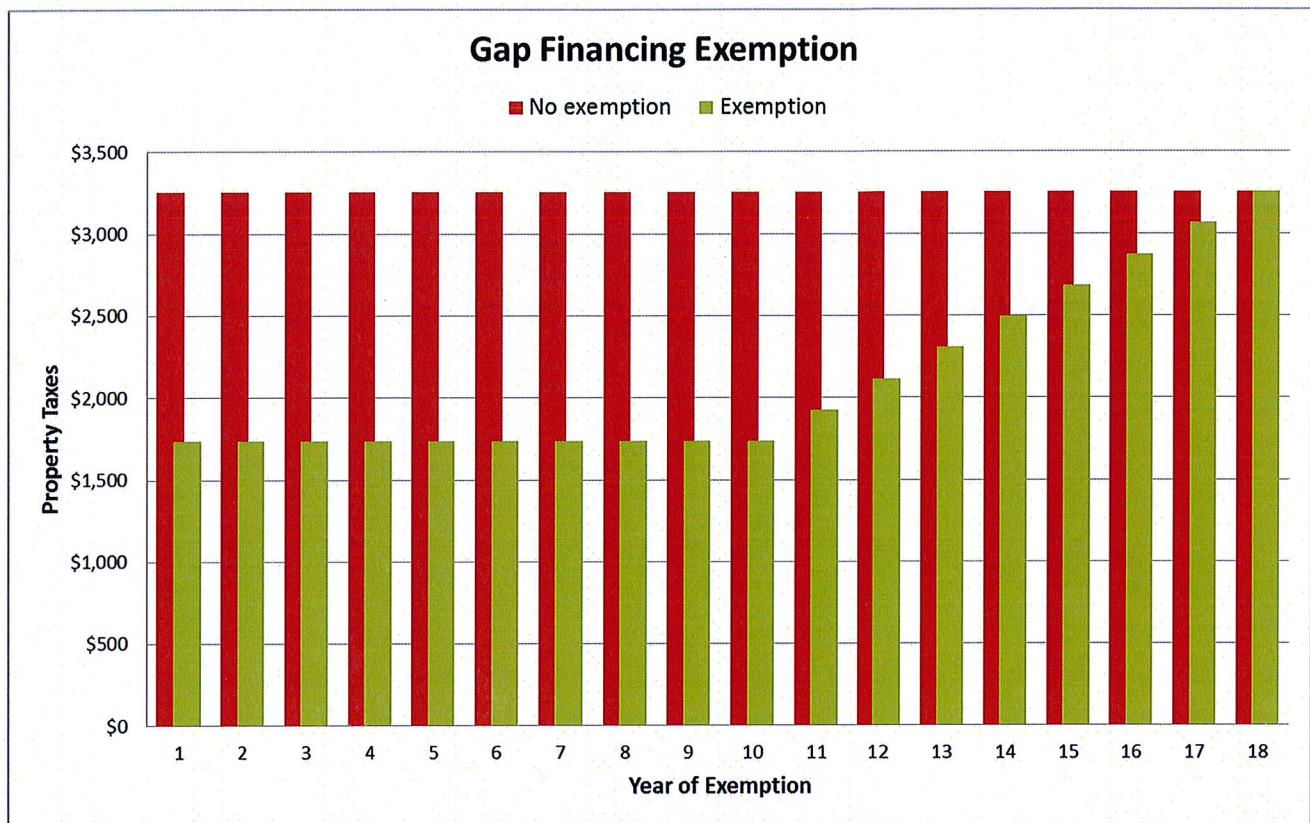
This revision provides for a deescalating exemption over the last eight years of the exemption period. For example if the total exemption period is seventeen years the exemption period would be as follows:

Year	Exemption
1-9	100%
10	87.50%
11	75%
12	62.50%
13	50%
14	37.50%
15	25%
16	12.50%
17	0%

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The below chart demonstrates the impact of the proposed exemption revisions versus no exemption for a redevelopment project where a home assessed at \$40,000 after a \$60,000 redevelopment would be assessed at \$75,000.



Under the proposed exemption, all taxing jurisdictions would still receive property taxes on the base value of \$40,000 however the increased assessed value would be exempt for the exemption period. Under the above scenario, the total amount of exemption would equal \$20,500 over the 17 year exemption.

Currently there are less than 50 properties that may qualify for this exemption if adopted. While this is a relatively low number potential properties, because one abandoned/distressed property can strain city resources, depreciate property values, reduce property tax revenue and degrade the quality of life of remaining residents, this exemption can have a meaningful impact on a street or neighborhood with only a small number of properties participating.

Recommendation: In order for the city to provide this gap financing exemption a Home Rule Legislation request will have to be adopted by City Council. This would require City Council to adopt resolution #36-2015 requesting Senator Ranzenhofer and Assemblyman Hawley that Home Rule Legislation be drafted for this issue. Once said resolution is adopted, the City would work with both legislative offices to finalize home rule bill language. Once the bill is finalized it would be introduced by both legislators and would be assigned specific bill numbers in the Senate and Assembly. After which, the City Council would then adopt a second resolution, a home rule message, formally requesting that each piece of legislation, identified by bill number, be adopted.

Therefore, it is recommended that City Council accept the proposed changes to the gap financing exemption and add resolution #36-2015 at the Business Meeting April 13th for action. If adopted, the city will immediately begin working with our State legislators to draft bill language for introduction to the State Legislature.

Attachments

1. Resolution #36-2015

Exemption for Residential Redevelopment Inhibited Property

Exemption Established.

Redevelopment inhibited property is exempt from taxation and special ad valorem levies as herein provided.

Definitions.

REDEVELOPMENT INHIBITED PROPERTY - A residential property that been neglected or abandoned because of the local economic conditions and/or conditions on the property that inhibit the property from being redeveloped by the private sector. Land that is undeveloped may not be designated as redevelopment inhibited property.

GAP FINANCING COSTS - The total cost of the property's redevelopment as approved by the local government minus the increase in the full valuation of the property upon completion of the redevelopment.

EXEMPTION PERIOD - The "gap financing costs" divided by the "incremental increase in annual property taxes" resulting from the redevelopment. The "exemption period" is rounded up to the nearest whole number and may not exceed twenty-five years.

BASE ASSESSMENT - The assessed value of the property on the day the City of Batavia designates the property as redevelopment inhibited.

INCREASED ASSESSMENT - The assessed value of the property as is determined by the assessor upon completion of the redevelopment.

INCREMENTAL INCREASE IN PROPERTY TAXES - The taxation based on the "increased assessment" minus the taxation based on the "base assessment".

Designating redevelopment inhibited property.

- A. The City of Batavia may designate any property within the City boundaries as a redevelopment inhibited property if one or more of the following are met:
- (1) The City has acquired title to the property pursuant to Real Property Actions and Proceedings Law Article 19-A; or
 - (2) The property has been continuously vacant for a period of at least three years; or
 - (3) The City has acquired title to the property via foreclosure for unpaid tax pursuant to Article 11 of the Real Property Tax Law; or

- (4) The property has outstanding zoning, housing, or Uniform Code violations and the cost of remedying the violations exceeds the property's value.

Eligibility for Exemption

- A. Redevelopment inhibited property is exempt from taxation and special ad valorem levies to the extent of any increase in value attributable to demolition, alteration, or rehabilitation, or remediation pursuant to the following procedure:
- (1) The demolition, alterations, rehabilitation, and/or remediation shall be permitted by the City of Batavia Bureau of Inspection such that a building or plumbing permits issued and said demolition, alterations, rehabilitation, and/or remediation shall have met all necessary approvals per the applicable New York State Uniform Fire Prevention and Building Code, Batavia Municipal Code and the City of Batavia Bureau of Inspection upon completion; and
 - (2) The property for which the exemption is sought must be a owner-occupied one-family residence; and
 - (3) The owner of such property must file an Affidavit of Residency with the Assessor of the City of Batavia on or before the taxable status date of March 1, confirming continued owner-occupancy of the property; and
 - (4) Redevelopment inhibited property is exempt from taxation and special ad valorem levies attributable to the increased assessment minus the taxes and special ad valorem levies imposed on the base assessment.
- B. In the event the property granted an exemption pursuant to this article ceases to be owner-occupied and/or the Affidavit of Residency is not filed annually for the approved exemption period, the exemption granted pursuant to this article shall cease.
- C. In the event the property granted an exemption pursuant to this article ceases to be a one-family dwelling, the exemption granted pursuant to this article shall cease.
- D. In the event the owner of the property is convicted of a violation or misdemeanor pursuant to New York State Uniform Fire Prevention and Building Code or the Batavia Municipal Code, the exemption granted pursuant to this article shall cease.

Exemption Period.

- A. The exemption period will equal the gap financing costs divided by the incremental increase in annual property taxes resulting from the redevelopment. The exemption period is rounded up to the nearest whole number and may not exceed twenty-five years.

- B. The extent of such exemption shall decrease the last eight (8) years of the exemption period by 12 1/2% of the increase in assessment due to the redevelopment equaling 0% exemption on the final year of the exemption period.

Application for Exemption.

- A. Such exemption shall be granted only upon application by the owner of such building for the redevelopment inhibited property exemption, on a form prescribed by the City. The application must be filed with the Assessor of the City of Batavia on or before the taxable status date of March 1. The application must be filed with the Assessor of the City of Batavia within three years from the date of completing the demolition, alterations, rehabilitation, and/or remediation.
- B. The owner filing such exemption does not have to be the owner responsible for completing the demolition, alterations, rehabilitation, and/or remediation.
- C. Once granted, the residential redevelopment inhibited property tax exemption runs with the land for the exemption period pursuant to this article.

Authorization for Exemption.

This partial exemption from real property taxation of the increase in assessed value attributable to demolition, alterations, rehabilitation, and/or remediation made to residential property. Genesee County may hold public hearings and then adopt a local law granting the exemption. The Batavia City School district may have the option to pass a resolution providing that the exemption applies to school taxes. Where it is adopted, the exemption applies to taxes and special ad valorem levies; the exemption does not apply to special assessments.