



CITY OF HARRISONBURG
COMMISSIONER OF THE
REVENUE

KAREN I. ROSE, MCR

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409 SOUTH MAIN STREET, HARRISONBURG, VA 22801
OFFICE (540) 432-7704 • FAX NUMBER: (540) 432-7781

TO: Eric Campbell, City Manager
FROM: Karen Rose, Commissioner of the Revenue
DATE: May 25, 2021
RE: Personal Property and Real Estate Tax Exemption for New Creation VA, Inc and Real Estate Tax Exemption for Central Valley Habitat for Humanity

Summary: In January 2021, applications were received from New Creation VA, Inc for personal property and real estate tax exemption at 3051 South Main Street and from Central Valley Habitat for Humanity for real estate tax exemption for property located at 0 Virginia Ave, 684 Virginia Ave, and 658 Virginia Ave.

Background: The Constitution of Virginia allows for specific local tax exemption. Prior to January 1, 2003, the General Assembly passed bills exempting a 501(c)(3) organization from local taxation and as of January 1, 2003, local elected officials were given the authority to make the determination. Harrisonburg City Code §4-2-17 addresses local real and personal property exemption. The two above stated entities are requesting exemption under this code.

Key Issues:

1. In May 2014, New Dimensions of Grace dba New Creation acquired the building and land located at 3051 South Main Street. The building was transformed into a retail shop where they offer trafficking survivor made goods and fair trade accessories. In 2021, New Dimensions of Grace changed the non-profit name to New Creation VA Inc and the real estate is owned by it's wholly owned subsidiary real estate holding company. New Creation's mission is to creatively counteract human trafficking through prevention education and job creation. New Creation VA, Inc has paid \$4,561.95, \$4,662.92 and \$4,682.70 in real estate taxes for 2018, 2019 and 2020 respectively and \$107.62, \$ 87.28 and \$85.21 in personal property taxes for 2018 ,2019 and 2020 respectively. The 2021 assessment for real estate is \$ 546,900 and at the current tax rate of .86¢ per hundred would generate \$ 4,703 in FY 22. The 2021 assessment for personal property is \$4,623 and at the current tax rate of \$2.12 per \$100 is \$ 98.00.
2. Central Valley Habitat for Humanity has requested exemption on real estate taxes on land that they own for future Habitat for Humanity dwellings located at 0 Virginia Ave (Tax Map 039 Z 14); 648 Virginia Ave (Tax Map 039 Z 16); and 658 Virginia Ave (Tax Map 039 Z 17); . One duplex is currently under construction and will be sold upon completion to the partner family with a no-interest mortgage. The properties will become taxable when deeded to the partner families. Central Valley Habitat for Humanity does not build homes for people but with them as equal partners. They believe in the power of home ownership to build strength, stability, independence and opportunity for families and communities. Their 2021 assessment for real estate is \$ 197,400 and at the current tax rate of .86¢ per hundred would generate \$ 1,698 in FY 22.



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Environmental Impact: None

Fiscal Impact: If all exemptions are granted the reduction in real estate tax revenue would be \$ 6,401 at the current real estate rate and the reduction in personal property tax revenue would be \$ 98.00 at the current personal property tax rate.

Prior Actions: None

Alternatives: (a) Approve for exemption
(b); or
(c) Do not approve for exemption

Community Engagement: None

Recommendation: The Committee members Jeff Shafer, Treasurer; Larry Propst, Director of Finance; and Karen Rose, Commissioner of the Revenue have reviewed the application packets and recommend that City Council approve the requests for exemption for New Creation VA, Inc. and Central Valley Habitat for Humanity.

Attachments: Committee Approval Letter, Public Hearing Advertisement, Applications

Review:

The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.

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