

## COBB COUNTY – ADOPTED CODE AMENDMENT – ECONOMIC DEVELOPMENT

Changes to the Economic Development Article (Article V) of the Administration Chapter (Chapter 2) of the Cobb County Code had public hearings on June 27, 2017, and July 25, 2017. The Board of Commissioners voted to adopted the Cobb County code amendment package on July 25, 2017. I have laid out changes in the adopted amendment to the Economic Development Article below.

### Community Improvement Tax Incentive Program

In its adopted amendment package, Cobb County addresses the burden that property maintained in a blighted condition places on local government, citizens, and the economic development community by implementing a tax incentive-based redevelopment plan. This economic development plan, titled “Community Improvement Tax Incentive Program”, levies an increased ad valorem tax on blighted property, then offers a reduction in ad valorem tax to offset remedial or redevelopment costs incurred to cure the blight.

#### Increased Ad Valorem Tax on Blighted Property

The Program levies an increased ad valorem tax of seven times the county millage rate on property maintained in a blighted condition. “Blighted” means any urbanized or developed property which:

1. Presents two or more of the following conditions:
  - a. Uninhabitable, unsafe, or abandoned structure;
  - b. Inadequate ventilation, light, air, or sanitation;
  - c. An imminent harm to life or other property caused by fire or other natural catastrophe;
  - d. A “superfund site” as identified by the federal EPA or having environmental contamination to an extent that requires remedial investigation or a feasibility study;
  - e. Repeated illegal activity on the individual property of which the property owner knew or should have known; or
  - f. Maintenance of the property is below state or county codes for at least one year after written notice of code violation; and
2. Is conducive to ill health, transmission of disease, infant mortality, or crime in the immediate proximity of the property.

#### NOTABLE CHANGES FROM ORIGINAL DRAFT VERSION

- Title changed from Community Redevelopment Tax Incentive Program to Community Improvement Tax Incentive Program to “better reflect the nature of the intent and actions authorized by the draft code”;
- The decrease of taxation was altered from a factor of 0.5 to a factor of 0.2;
- The number of years a property shall be entitled to a decrease in ad valorem tax was changed from four years to two years.

The tax increase does not apply to real property on which there is an occupied, primary residential dwelling. Revenues arising from the increased ad valorem tax rate are to be segregated and used only for community redevelopment purposes.

#### Identification and Notification of Blighted Property

The Program provides for a notification and official identification process prior to designation as a blighted property and subject to increased taxation. An inspection of the property must be performed at the request of the community development agency director or at least five residents of the county, followed by a written inspection report detailing and supporting the findings of the inspector. Where compliance with minimum safety codes are in question, the inspection

must be performed by a certified inspector possessing the qualifications to determine minimal code compliance. Following the inspection report, the community development agency director will determine, in writing, whether a property in question meets the criteria outlined above. Written notice will be mailed and e-mailed to the tax payer of record for the property in question. The property owner may then remediate the conditions of the property within 30 days of receiving the written notice. If no contact is made with the property owner or no remedial action is taken, a hearing in magistrate court occurs where, if the court finds that the property meets the criteria outlined above, an order is entered officially identifying the property as maintained in a blighted condition. The court must then issue an order stipulating what must be done to remove the blighted condition designation.

#### Voluntary Remediation or Redevelopment

Plans to remediate or redevelop the real property must be in writing and signed by the director of the community development agency and the tax payer. The plan must be consistent with the city's comprehensive plan and contain detailed provisions for code compliance, repair, closure, restoration, or demolition, adherence to local public services objectives, funding sources, and a timetable for completion. In addition, any outstanding ad valorem taxes and governmental liens due on the property must be satisfied in full.

#### Removal of Blighted Condition

The property owner or tax payer may petition the director of the community development agency to lift the blighted property designation upon proof of the completion of work required under the court order. Prior to action on a petition to lift the designation, the public officer shall have the property thoroughly inspected by a building inspector who shall certify that all requisite work has been performed to applicable code and in full satisfaction of the court order.

#### Decreased Ad Valorem Tax After Successful Remediation or Redevelopment

Following the removal of a property's blighted property designation, the property is eligible for a decrease in the rate of county ad valorem taxation of 0.2 times the county millage rate (responsible for 0.8 times the county millage rate). The decreased rate of taxation takes effect beginning with the next tax bill following removal of the designation. The decreased rate of taxation may be applied in successive years, depending on the amount of cost expended by the tax payer to satisfy its remediation or redevelopment. Every \$25,000 or portion thereof is equal to one year of tax reduction, however, the tax reduction may only apply up to two successive years. Evidence of the amount expended must be submitted via notarized affidavit to the director of the community development agency.

Currently, Acworth and Kennesaw, both cities in Cobb County, have enacted their own version of the Community Redevelopment Tax Incentive Program or "Blight Tax." Acworth defines blight using the same criteria outlined above, with four differences:

1. If relying on the "below code standard" criteria, the property need not fall below code standards for one year – as written, any length of time that the property is below minimum code qualifies it as "blighted";
2. Includes "deteriorating or inadequate parking area" as a criterion for blight;
3. Acworth includes "is conducive to ill health, transmission of disease, infant mortality, or crime in the immediate proximity of the property as an included condition that can, but is not required to be met for a property to be blighted. Conversely, Cobb lists this criteria as a stand-alone that must be met in addition to two of the other listed criteria;
4. Acworth qualifies a property as blighted if any *one* of these conditions is met. Cobb's proposal requires the existence of *two* conditions.

Acworth levies the same "seven times the millage rate" tax increase on blighted property as contained in the Cobb County amendment. Likewise, the additional revenue must be segregated and used for community development purposes only.

After remediation of the blighted condition and such designation is removed, the property owner is eligible for a tax reduction of 0.25 times the city millage rate (responsible for 0.75 times the city millage rate), and shall be applied to the next tax bill and continue for three successive years, *regardless of the cost of the blight remediation.*

The City of Kennesaw' Community Redevelopment Tax Incentive Program defines "blight" in the same manner as Cobb's amendment. Kennesaw levies the same "seven times the millage rate" tax increase on blighted property as contained in the Cobb County amendment. Likewise, the additional revenue must be segregated and used for community development purposes only. After remediation of the blighted condition and such designation is removed, the property owner is eligible for a tax reduction of 0.75 times the city millage rate (responsible for 0.25 times the city millage rate) and shall be applied to the next tax bill. The decreased rate of taxation may be given in successive years, depending on the amount of cost expended by the tax payer to satisfy its remediation or redevelopment. Every \$40,000 or portion thereof is equal to one year of tax reduction, provided that no property shall be entitled to a tax reduction for more than two successive years.