

INTRODUCED: October 15, 2024

AN ORDINANCE No. 2024-273

To amend City Code §§ 26-364, concerning tax relief for elderly persons and evaluation of the exemption or freeze program, and 26-365, concerning tax relief for qualified permanently and totally disabled persons and evaluation of the exemption or freeze program, for the purpose of increasing certain income and financial net worth requirements and calculated benefit of the Older Adults and Persons with Disabilities Real Estate Tax Freeze Program.

Patrons – Mayor Stoney, President Nye, Ms. Newbille, Vice President Lambert, Ms. Jordan,
Ms. Robertson, Ms. Lynch, Ms. Trammell and Ms. Jones

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: OCT 28 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That sections 26-364 and 26-365 of the Code of the City of Richmond (2020) be
and are hereby **amended** and reordained as follows:

Sec. 26-364. Tax relief for elderly persons; evaluation of exemption or freeze program.

(a) *Exemption authorized.* Real estate tax exemption is provided for qualified property owners, who are not less than 65 years of age and who are eligible according to the terms of this section. Persons qualifying for exemption are deemed to be bearing an extraordinary real estate tax burden in relation to their income and financial worth.

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: NOV 12 2024 REJECTED: _____ STRICKEN: _____

(b) *Freeze authorized.* Real estate tax freeze is provided for qualified property owners, who are not less than 65 years of age and who are eligible according to the terms of this section. Persons qualifying for freeze are deemed to be bearing an extraordinary real estate tax burden in relation to their income and financial worth.

(c) *Freeze defined.* As used in this division, the term "tax freeze" or "freeze" refers to the total exemption of that portion of the real estate tax which represents the increase in such tax since the taxpayer initially applied and qualified for exemption under this division, so that the taxpayer's real estate tax will be frozen at the amount assessed in the tax year prior to the tax year in which the taxpayer initially applied and qualified, known herein as the "base amount." If, for any tax year following the initial qualification of a taxpayer for a tax freeze, such taxpayer's real estate assessed value drops below that of the initial year, the taxpayer may reapply to establish a new base amount equal to the real estate tax assessed on the lower assessed value. If, for any tax year following the initial qualification of a taxpayer for a tax freeze such taxpayer becomes disqualified, any subsequent application for exemption by such taxpayer shall be treated as an initial application for purposes of determining the tax freeze.

(d) *Administration of exemption or freeze.* The exemption and the freeze shall be administered by the Director of Finance. The Director of Finance is hereby authorized and empowered to prescribe, adopt, promulgate and enforce rules, including the requirement of answers under oath, as may be reasonably necessary to determine qualifications for exemption or freeze as specified by this section. The Director of Finance may require the production of certified tax returns and appraisal reports to establish income or financial worth.

(e) *Requirements for exemption or freeze.* The taxpayer may apply for either the exemption or the freeze, but not both, and shall be granted the exemption or freeze for which they applied subject to the following provisions:

(1) The title of the property for which exemption or freeze is claimed is held, or partially held, on January 1 of the taxable year, by the person or persons claiming exemption.

(2) The head of the household occupying the dwelling and owning title or partial title thereto is 65 years or older on December 31 of the year immediately preceding the taxable year. Such dwelling must be occupied as the sole dwelling of the person or persons not less than 65 years of age. A dwelling jointly held by a husband and wife may qualify if either spouse is over 65 years of age. The fact that persons who are otherwise qualified for tax exemption or freeze by this section are residing in hospitals, nursing homes, convalescent homes or other facilities for physical or mental care for extended periods of time shall not be construed to mean that the real estate for which tax exemption or freeze is sought does not continue to be the sole dwelling of such persons during such extended periods of other residence so long as such real estate is not used by or leased to others for consideration.

a. For purposes of this section, the sole dwelling of the person or persons eligible for an exemption or freeze in accordance with this section includes real property:

1. Held by the eligible person alone or in conjunction with his spouse as tenant or tenants for life or joint lives;

2. Held in a revocable inter vivos trust over which the eligible person or the eligible person and his spouse hold the power of revocation; or

3. Held in an irrevocable trust under which an eligible person alone or in conjunction with his spouse possesses a life estate or an estate for joint lives or enjoys a continuing right of use or support.

b. For purposes of prorating the tax exemption authorized by this section in accordance with Code of Virginia, § 58.1-3211.1, real property that is a dwelling jointly held by two or more individuals includes real property:

1. Held by an eligible person in conjunction with one or more other people as tenant or tenants for life or joint lives;

2. Held in a revocable inter vivos trust over which an eligible person with one or more other people hold the power of revocation; or

3. Held in an irrevocable trust under which an eligible person in conjunction with one or more other people possesses a life estate or an estate for joint lives or enjoys a continuing right of use or support.

The term “eligible person” does not include any interest held under a leasehold or term of years.

(3) The gross combined income of the owner during the year immediately preceding the taxable year shall be determined by the Director of Finance to be an amount not to exceed \$70,000.00 for exemption applicants or \$125,000.00 for freeze applicants. Gross combined income shall include all income from all sources of the owner and of the owner's relatives living in the dwelling for which exemption or freeze is

claimed, except that the income of each relative providing bona fide caregiving services to the owner whether such relative is compensated or not, other than spouse, of the owner, who is living in the dwelling, shall not be included in such total. The term "owner," as used in this subsection, shall also be construed as "owners."

(4) The total combined financial worth of the owner as of December 31 of the year immediately preceding the taxable year shall be determined by the Director of Finance to be an amount not to exceed \$450,000.00 for exemption applicants or \$750,000.00 for freeze applicants. Total financial worth shall include the value of all assets, including equitable interests, of the owner and spouse of any owner, of the dwelling for which exemption or freeze is claimed, excluding the fair market value of the dwelling and the land, not exceeding one acre, upon which such dwelling is situated for which exemption or freeze is claimed.

(5) Notwithstanding other subsections of this section, if a person has already or would otherwise be qualified for an exemption or freeze under this section, and if the person can prove by clear and convincing evidence that, after so qualifying, the person's physical or mental health has deteriorated to the point that the only alternative to permanently residing in a hospital, nursing home, convalescent home or other facility for physical or mental care is to have a relative move in and provide care for the person, and if a relative does then move in for that purpose, none of the relative's income shall be counted towards the income limit.

(f) *Claiming exemption or freeze.* Procedures for claiming the exemption or freeze shall be as follows:

(1) The person claiming an exemption or freeze must file in writing an application or certificate therefor with the Director of Finance. In lieu of the filing of an annual application, once a taxpayer is determined to be eligible, an application may be filed on a three-year cycle with an annual certification by the taxpayer that no information contained on the last preceding application filed has so changed as to violate the limitations and conditions provided therein. Such application or annual certification and conditions must be filed not later than December 31 of the taxable year.

(2) The application shall set forth, in a manner prescribed by the Director of Finance:

- a. The name, age, income and net worth of the person claiming an exemption or freeze;
- b. The location, assessed value and tax on the property;
- c. The names of the related persons, except for those related persons living in the dwelling and providing bona fide caregiving services to the owner, whether such related persons are compensated or not, occupying the dwelling for which exemption or freeze is claimed and their gross combined income; and
- d. A clear statement of whether the applicant desires to claim an exemption or a freeze.

(3) If after audit and investigation, the Director of Finance determines that the person is qualified for exemption or freeze the Director shall issue a determination letter to the person who has applied for the tax exemption or freeze regarding the person's qualification. The amount of the tax exemption or freeze shall be communicated to the

taxpayer or the taxpayer's agent with each annual real estate billing presented for payment in such manner as prescribed by the Director of Finance.

(4) If the person claiming an exemption or freeze has delinquent real estate tax debt that is not eligible for an exemption or freeze under this section or section 26-365, then such person shall, as a condition of being granted the exemption or freeze, enter into 7 a payment agreement with the Director of Finance to repay the delinquent taxes, penalty, and interest over a period of time that is reasonable under the circumstances.

(g) *Amount of exemption.* The person qualifying for and claiming exemption shall be relieved of that portion of the real estate tax levied on the qualifying dwelling and land in the amount calculated in accordance with the following schedule:

<i>Range of Income</i>	<i>Percentage of Exemption</i>
\$0.00 to \$30,000.00	100%
\$30,001.00 to \$40,000.00	75%
\$40,001.00 to \$50,000.00	50%
\$50,001.00 to \$70,000.00	25%

(h) *Payment of difference.* In order to avoid the payment of penalty and interest on the full amount of the taxes, the person to whom an exemption or freeze determination letter has been issued shall, on or before January 14 of the tax year for which such exemption or freeze is issued and on or before June 14 of such tax year, present to the Collector the payment of one-half of the difference between the full amount of taxes levied on the property for which the exemption or freeze is issued and the amount of the exemption or freeze. The Collector will receipt the tax bill in full and cause an amount equal to that represented by tax exemption or freeze to be transferred from the appropriation made for tax relief for the elderly to the appropriate real estate tax account. Failure to remit one-half of the payment for the difference between the full amount of the taxes levied and the amount of the exemption or freeze on or

before January 14 of the tax year for which the exemption or freeze is issued or the remaining one-half of such payment on or before June 14 of such tax year shall void the tax exemption or freeze previously granted for that tax year.

(i) *Payment extension.* The Director of Finance may prescribe, adopt, promulgate and enforce rules, as well as enter into payment arrangements, that enable a person who fails to remit the nonexempt portion of the taxes levied by the due dates of the year for which the exemption or freeze is issued to retain the exemption or freeze for which they have qualified if the failure to remit the payment is due to medically determinable physical or mental impairment or extreme financial hardship, as determined by the Director of Finance. In such cases, the nonexempt portion must be paid no later than the respective tax due date of the following tax year. The failure to honor payment arrangements or remit the nonexempt portion under the terms established by the Director of Finance shall render void the tax exemption or freeze granted for the prior tax year under the terms of the extension. An extension granted under the above term, to enable the taxpayer to retain a tax exemption or freeze, shall be assessed penalty and interest, as prescribed by Code of Virginia, § 58.1-3916 and Section 26-361.

(j) *Computation of exemption or freeze when appropriation is insufficient.* In any tax year in which the amount appropriated by the City Council for the purpose of providing real estate tax relief for the elderly shall not be sufficient to afford the entire relief allowable under the computations made pursuant to subsection (e) of this section, the amount of exemption or freeze shall be computed as a fraction of that produced under the formula set out in subsection (e) of this section, the numerator of the fraction to be the amount of the appropriation for the tax year and the denominator of the fraction to be the total amount of all allowable exemptions or freezes computed under the formula shown in subsection (e) of this section.

(k) *False claim of exemption or freeze.* The false claiming of the exemption of freeze authorized in this section shall constitute a misdemeanor; any person convicted of falsely claiming such exemption of freeze shall be punished by a fine not exceeding \$1,000.00 or confinement in jail not exceeding 12 months, either or both.

(l) *Effective date of exemption or freeze.* The exemption or freeze herein authorized shall be effective for the tax year commencing January 1, 2007, and for each tax year thereafter until otherwise provided by law or ordinance.

(m) *Evaluation of exemption or freeze program.* The exemption or freeze program herein shall be reevaluated, beginning January 1, 2025, and every three years thereafter, by the Chief Administrative Officer, and the Chief Administrative Officer shall make a recommendation to the City Council as to whether or not the exemption or freeze program should continue in effect. The Chief administrative Officer shall present the recommendations to the City Council concerning continuation or termination of the program on February 1 of every third year, beginning with February 1, 2025, that the program established by this division is in effect.

Sec. 26-365. Real estate tax relief for qualified permanently and totally disabled; evaluation of exemption or freeze program.

(a) *Exemption authorized.* Real estate tax exemption is provided for qualified property owners who are permanently and totally disabled in accordance with the criteria set out in Va. Const. Art. X, § 6, ¶ 7(b), and Code of Virginia, Title 58.1, Ch. 32, Art. 2 (Code of Virginia, § 58.1-3210 et seq.), and who are eligible according to the terms of the State Constitution, State law and this section. Persons qualifying for exemption are deemed to be bearing an extraordinary real estate tax burden in relation to their income and financial worth.

(b) *Freeze authorized.* Real estate tax freeze is provided for qualified property owners who are permanently and totally disabled in accordance with the criteria set out in Va. Const. Art. X, § 6, 7(b), and Code of Virginia, Title 58.1, Ch. 32, Art. 2 (Code of Virginia, § 58.1-3210 et seq.), and who are eligible according to the terms of the State constitution, State law and this section. Persons qualifying for freeze are deemed to be bearing an extraordinary real estate tax burden in relation to their income and financial worth.

(c) *Administration of exemption or freeze.* The exemption and the freeze shall be administered by the Director of Finance. The Director of Finance is hereby authorized and empowered to prescribe, promulgate and enforce rules and regulations, including the requirement of answers under oath, as may be reasonably necessary to determine qualifications for exemption or freeze as specified by this section. The Director of Finance may require the production of certified tax returns and appraisal reports to establish income or financial worth.

(d) *Requirements for exemption or freeze.* The taxpayer may apply for either the exemption or the freeze, but not both, and shall be granted the exemption or freeze for which they applied subject to the following provisions:

(1) The title of the property for which exemption or freeze is claimed is held, or partially held, on January 1 of the taxable year, by the person claiming exemption or freeze.

(2) The head of the household occupying the dwelling and owning title or partial title thereto is permanently and totally disabled. The fact that persons who are otherwise qualified for tax exemption or freeze by this section are residing in hospitals, nursing homes, convalescent homes or other facilities for physical or mental care for extended periods of time shall not be construed to mean that the real estate for which tax exemption or freeze is sought does not continue to be the sole dwelling of such persons

during such extended periods of other residence so long as such real estate is not used by or leased to others for consideration.

a. For purposes of this section, the sole dwelling of the person or persons eligible for an exemption or freeze in accordance with this section shall include real property:

1. Held by the eligible person alone or in conjunction with his spouse as tenant or tenants for life or joint lives;

2. Held in a revocable inter vivos trust over which the eligible person or the eligible person and his spouse hold the power of revocation; or

3. Held in an irrevocable trust under which an eligible person alone or in conjunction with his spouse possesses a life estate or an estate for joint lives or enjoys a continuing right of use or support.

b. For purposes of prorating the tax exemption authorized by this section in accordance with Code of Virginia, § 58.1-3211.1, real property that is a dwelling jointly held by two or more individuals includes real property:

1. Held by an eligible person in conjunction with one or more other people as tenant or tenants for life or joint lives;

2. Held in a revocable inter vivos trust over which an eligible person with one or more other people hold the power of revocation; or

3. Held in an irrevocable trust under which an eligible person in conjunction with one or more other people possesses a life estate or an estate for joint lives or enjoys a continuing right of use or support.

The term “eligible person” does not include any interest held under a leasehold or term of years.

(3) The gross combined income of the owner during the year immediately preceding the taxable year shall be determined by the director of finance to be an amount not to exceed \$70,000.00 for exemption applicants or \$125,000.00 for freeze applicants. Gross combined income shall include all income from all sources of the owner and of the owner's relatives living in the dwelling for which exemption is claimed, except that the income of each relative providing bona fide caregiving services to the owner whether such relative is compensated or not, other than spouse, of the owner, who is living in the dwelling, shall not be included in such total. The term “owner,” as used in this subsection, shall also be construed as “owners.”

(4) The total combined financial worth of the owner as of December 31 of the year immediately preceding the taxable year shall be determined by the Director of Finance to be an amount not to exceed \$450,000.00 for exemption applicants or \$750,000.00 for freeze applicants. Total financial worth shall include the value of all assets, including equitable interests, of the owner and spouse of any owner of the dwelling for which exemption or freeze is claimed, excluding the fair market value of the dwelling and the land, not exceeding one acre, upon which such dwelling is situated for which exemption or freeze is claimed.

(5) Notwithstanding other subsections of this section, if a person has already or would otherwise be qualified for an exemption or freeze under this section, and if the person can prove by clear and convincing evidence that, after so qualifying, the person's physical or mental health has deteriorated to the point that the only alternative to permanently residing in a hospital, nursing home, convalescent home or other facility for physical or mental care is to have a relative move in and provide care for the person, and if a relative does then move in for that purpose, then none of the relative's income shall be counted towards the income limit.

(e) *Claiming exemption or freeze.* Procedures for claiming the exemption or freeze shall be as follows:

(1) The person claiming an exemption or freeze must file in writing an application therefor with the Director of Finance. However, in lieu of filing an application annually, an application may be filed on a three-year cycle with an annual certification by the taxpayer that no information contained on the last preceding application filed has so changed as to violate the limitations and conditions provided therein. Such application or annual certification must be filed not later than December 31 of the taxable year.

(2) The application shall set forth, in the manner prescribed by the Director of Finance:

a. The name, age, income and net worth of the person claiming an exemption or freeze and information as will establish such applicant for exemption or freeze is permanently and totally disabled;

b. The location, assessed value and tax on the property;

c. The names of the related persons, except for those related persons living in the dwelling and providing bona fide caregiving services to the owner, whether such related persons are compensated or not, occupying the dwelling for which exemption or freeze is claimed and their gross combined income; and

d. A clear statement of whether the applicant desires to claim an exemption or a freeze.

(3) If after audit and investigation the Director of Finance determines that the person is qualified for exemption or freeze, the Director shall issue a determination letter to the person who has applied for the tax exemption or freeze regarding the person's qualification. The amount of the tax exemption or freeze shall be communicated to the taxpayer or the taxpayer's agent with each annual real estate billing presented for payment in such manner as prescribed by the Director of Finance.

(4) If the person claiming an exemption or freeze has delinquent real estate debt that is not eligible for an exemption or freeze under this section or section 26-364, then the person shall, as a condition of being granted the exemption or freeze, enter into a payment agreement with the Director of Finance to repay the delinquent taxes, penalty, and interest over a period of time that is reasonable under the circumstances.

(f) *Amount of exemption.* The person qualifying for and claiming exemption shall be relieved of that portion of the real estate tax levied on the qualifying dwelling and land in the amount calculated in accordance with the following schedule:

<i>Range of Income</i>	<i>Percentage of Exemption</i>
\$0.00 to \$30,000.00	100%
\$30,001.00 to \$40,000.00	75%
\$40,001.00 to \$50,000.00	50%
\$50,001.00 to \$70,000.00	25%

(g) *Payment of difference.* In order to avoid the payment of penalty on the full amount of the taxes, the person to whom an exemption or freeze determination letter has been issued shall, on or before January 14 of the tax year for which such exemption or freeze is issued and on or before June 14 of such tax year, present to the Collector the payment of one-half of the difference between and the full amount of taxes levied on the property for which the exemption or freeze is issued and the amount of the exemption. The Collector will receipt the tax bill in full and cause an amount equal to that represented by tax exemption or freeze to be transferred from the appropriation made for tax relief for the permanently and totally disabled to the appropriate real estate tax account. Failure to remit one-half of the payment for the difference between the full amount of the taxes levied and the amount of the exemption or freeze on or before January 14 of the tax year for which the exemption or freeze is issued or the remaining one-half of such taxes on or before June 14 of such tax year shall void the tax exemption or freeze previously granted for that tax year.

(h) *Payment extension.* The Director of Finance may prescribe, adopt, promulgate and enforce rules, as well as enter into payment arrangements, that enable a person who fails to remit the nonexempt portion of the taxes levied by the due dates of the year for which the exemption or freeze is issued to retain the exemption or freeze for which they have qualified if the failure to remit the payment is due to a medically determinable physical or mental impairment or extreme financial hardship, as determined by the Director of Finance. In such cases, the nonexempt portion must be paid not later than the respective tax due date of the following tax year. The failure to honor payment arrangements or remit the nonexempt portion under the terms established by the Director of Finance shall render void the tax exemption or freeze granted for the prior tax year under the terms of the extension. An extension granted under

he above terms to enable the taxpayer to retain a tax exemption or freeze shall be assessed penalty and interest, as prescribed by Code of Virginia, § 58.1-3916 and Section 26-361.

(i) *Computation of exemption or freeze when appropriation insufficient.* In any tax year in which the amount appropriated by the City Council for the purpose of providing real estate tax relief for the permanently and totally disabled shall not be sufficient to afford the entire relief allowable under the computations made pursuant to subsection (e) of this section, the amount of exemption or freeze shall be computed as a fraction of that produced under the formula set out in subsection (e) of this section, the numerator of the fraction to be the amount of the appropriation for the tax year and the denominator of the fraction to be the total amount of all allowable exemptions or freezes computed under the formula shown in subsection (e) of this section.

(j) *False claim of exemption or freeze.* The false claiming of the exemption or freeze authorized in this section shall constitute a misdemeanor; any person convicted of falsely claiming such exemption or freeze shall be punished by a fine not exceeding \$1,000.00 or confinement in jail not exceeding 12 months, either or both.

(k) *Effective date of exemption or freeze.* The exemption or freeze herein authorized shall be effective for the tax year commencing January 1, 2007, and for each tax year thereafter until otherwise provided by law or ordinance.

(l) *Evaluation of exemption or freeze program.* The exemption or freeze program herein shall be reevaluated, beginning January 1, 2025, and every three years thereafter, by the Chief Administrative Officer, and the Chief Administrative Officer shall make a recommendation to the City Council as to whether or not the exemption or freeze program should continue in effect. The Chief administrative Officer shall present the recommendations to

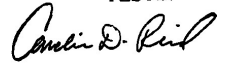
the City Council concerning continuation or termination of the program on February 1 of every third year, beginning with February 1, 2025, that the program established by this division is in effect.

§ 2. This ordinance shall be in force and effect on January 1, 2025.

APPROVED AS TO FORM:

CITY ATTORNEY'S OFFICE

A TRUE COPY:
TESTE:


City Clerk



City of Richmond

900 East Broad Street
2nd Floor of City Hall
Richmond, VA 23219
www.rva.gov

Master

File Number: Admin-2024-1313

File ID: Admin-2024-1313

Type: Request for Ordinance or Resolution

Status: Regular Agenda

Version: 1

Reference:

In Control: City Clerk Waiting Room

Department:

Cost:

File Created: 10/10/2024

Subject:

Final Action:

Title: Expanding the Older Adults and Persons with Disabilities (OAPD) Real Estate Tax Freeze Program.

Internal Notes:

Code Sections:

Agenda Date: 10/15/2024

Indexes:

Agenda Number:

Patron(s):

Enactment Date:

Attachments: ORD. 2024-1313: AATF - Amend Code Sec. 26-364 and 365 OAPD Tax Relief

Enactment Number:

Contact:

Introduction Date:

Drafter:

Effective Date:

Related Files:

Approval History

Version	Seq #	Action Date	Approver	Action	Due Date
1	1	10/10/2024	Sheila White	Approve	10/11/2024
1	2	10/10/2024	Meghan Brown	Approve	10/11/2024
1	3	10/10/2024	Sabrina Joy-Hogg	Approve	10/11/2024
1	4	10/10/2024	Lincoln Saunders	Approve	10/11/2024
1	5	10/11/2024	Mayor Stoney	Approve	10/11/2024

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:

Text of Legislative File Admin-2024-1313

Title

Expanding the Older Adults and Persons with Disabilities (OAPD) Real Estate Tax Freeze Program.

Body

O & R Request

DATE: September 23, 2024 **EDITION:** 2

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J. E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sabrina Joy-Hogg, Senior Deputy Chief Administrative Officer
Finance and Administration

THROUGH: Meghan Brown, Director of Budget and Strategic Planning

FROM: Sheila White, Director of Finance

RE: Expanding the Older Adults and Persons with Disabilities (OAPD) Real Estate Tax
Freeze Program

PURPOSE: To amend and reordain City Code §§ Sec. 26-364. - Tax relief for elderly persons; evaluation of exemption or freeze program. and Sec. 26-365. - Real estate tax relief for qualified permanently and totally disabled; evaluation of exemption or freeze program. for the purpose of increasing income requirements, financial net worth requirements, and calculated benefit of the Older Adults and Persons with Disabilities (OAPD) Real Estate Tax Relief Program - Freeze.

BACKGROUND: The City of Richmond Department of Finance, with assistance from the Office of Aging and Disability Services, currently operates the Older Adults and Persons with Disabilities (OAPD) Real Estate Tax Relief Program (The Program). The Program provides relief with two options:

- Exemption - pays real estate taxes on behalf of the taxpayer between 25 and 100 percent dependent on income;
- Freeze - pays real estate taxes on behalf of the taxpayer in the amount of tax increase variance from initial value;

As required by the Code of Virginia, applicants cannot simultaneously receive both forms of relief. Historically, given the immediate benefit of the exemption, no taxpayer has entered the freeze option of The Program. However, the freeze option of relief can provide a higher lifetime benefit as opposed to

the lower two thresholds of the exemption option for relief.

This paper proposes improving the tax freeze aspect of The Program to allow additional applicants based on assets and income while enhancing program benefits beginning in year one. Currently, the primary requirements for both the exemption and the freeze are the same with a gross combined income and total combined financial worth limits of \$70,000 and \$450,000, respectfully.

Should this proposed ordinance be adopted, those values will remain the same for the exemption option of relief, but the freeze option would permit those with a gross combined income and total combined financial worth limits of \$125,000 and \$750,000, respectfully - effectively increasing the pool of older adults and persons with disabilities who qualify. Based on analysis of available U.S. Census Bureau data, it is anticipated that increasing the limits of the freeze option of the Program would extend relief to more than 2,100 owner-occupied households in the City for older adults alone.

In addition to the creation of this ordinance to expand the Older Adults and Persons with Disabilities (OAPD) Real Estate Tax Relief Program - Freeze, several other ordinances will be created to support funding said program and other tax-relief-based programs:

- An ordinance to amend Ord. No. 2024-099, adopted May 13, 2024, which adopted the Fiscal Year 2024-2025 General Fund Budget and made appropriations pursuant thereto, by increasing estimated revenues from real estate taxes by \$12,000,000.00 and appropriating those increased estimated revenues in new line items within the Central Appropriations budget and various departments.
- An ordinance to amend to appropriate up to \$16,000,000 of the Fiscal Year 2024 General Fund Surplus to a central appropriations line item administered by the Department of Finance to fund the return of surplus payments to provide real estate tax relief through a one-time, four-cent rebate.
- An ordinance to amend to provide for the return of up to \$16,000,000 of the Fiscal Year 2024 General Fund Surplus in accordance with the Code of Virginia section 15.2-2511.1 to provide real estate tax relief through a one-time, four-cent rebate.
- An ordinance to amend to amend Ord. No. 2024-099, adopted May 9, 2022, which adopted the Fiscal Year 2024-2025 General Fund Budget and made appropriations pursuant thereto, to (i) re-appropriate \$16,000,000.00 of the Fiscal Year 2023-2024 fund balance excess assigned to the 2024 Real Estate Tax Relief Reserve established by Ord. No. 2024-XXX, adopted XXX, (ii) create a new line item entitled “Real Estate Tax Relief - Department of Finance” in the Central Appropriations budget, and (iii) appropriate such \$16,000,000.00 to such new line item in the Central Appropriations budget, for the purpose of returning surplus real property tax revenue to real estate taxpayers in the city of Richmond pursuant to Va. Code § 15.2-2511.1 through a one-time, four-cent rebate.
- An ordinance to amend to amend and reordain City Code §§ Sec. 26-364. - Tax relief for

elderly persons; evaluation of exemption or freeze program. and Sec. 26-365. - Real estate tax relief for qualified permanently and totally disabled; evaluation of exemption or freeze program. for the purpose of increasing income requirements, financial net worth requirements, and calculated benefit of the Older Adults and Persons with Disabilities (OAPD) Real Estate Tax Freeze Program.

COMMUNITY ENGAGEMENT: The enhanced OAPD Real Estate Relief freeze qualification limits will be promoted to taxpayers by the Department of Finance, Office of Aging and Disability Services, and the Office of Strategic Communications.

STRATEGIC INITIATIVES AND OTHER GOVERNMENTAL: One Richmond: An Equitable Affordable Housing Plan

FISCAL IMPACT: ~\$200,000 in FY25 would be used from the existing non-departmental funds budgeted for this program enhancement. Future annual increases to cost would build year over year with and be considered in future year fiscal budgets based on increased participation.

DESIRED EFFECTIVE DATE: January 1, 2025. This will allow applicants in 2025, based on 2024 Program documentation, to qualify at higher income levels for the immediate freeze benefit.

REQUESTED INTRODUCTION DATE: October 15, 2024

CITY COUNCIL PUBLIC HEARING DATE: November 12, 2024

REQUESTED AGENDA: Regular

RECOMMENDED COUNCIL COMMITTEE: Organizational Development Standing Committee (October 28, 2024)

AFFECTED AGENCIES: The Department of Finance, Office of Aging and Disability Services

RELATIONSHIP TO EXISTING ORD. OR RES.:

- **Ordinance No. 2024-222:** To amend and reordain City Code § 26-355, concerning the levy of tax on real estate, to establish a tax rate of \$1.16 for the tax year beginning Jan. 1, 2025, pursuant to Va. Code § 58.1-3321(b), and increasing such rate from the Rolled Back Tax Rate of \$1.136 as computed in accordance with Va. Code § 58.1-3321(a).
- **Ordinance No. 2024-223:** To amend and reordain City Code § 26-355, concerning the levy of tax on real estate, to establish a tax rate of \$1.20 for the tax year beginning Jan. 1, 2025, pursuant to Va. Code § 58.1-3321(b), and increasing such rate from the Rolled Back Tax Rate of \$1.136 as computed in accordance with Va. Code § 58.1-3321(a)

ATTACHMENTS: None

STAFF: Jeffrey Crawford, Program and Operations Manager - Department of Finance (x3056)
 Louisa Meyer, Senior Policy Advisor - Office of the Deputy Chief Administrative
 Officer, Finance and Administration (x3856)