



**MEMORANDUM**

**TO:** Timothy J. Baroody, City Manager  
**FROM:** Mark Whitley, Assistant City Manager  
**RE:** Real Estate Tax Relief Program Changes  
**DATE:** August 18, 2021 (for the August 24 Council Meeting)

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**ISSUE**

Shall the City Council increase the amount of relief granted to elderly taxpayers under City Code §70-94.

**RECOMMENDATION**

This item is on for transmittal and discussion.

**BACKGROUND**

City Code §70-94 sets out the parameters for the City’s program to provide real estate tax relief for elderly and disabled property owners. The City program follows the authority of the state granted by Code of Virginia §58.1-3210 - §58.1-3217.

The City Code provides the exemption for anyone 65 years of age or older, or permanently and totally disabled, provided that certain income and asset thresholds are not exceeded. The maximum allowable relief granted to any property is currently set at \$1500.

Specifically, the total combined net worth of the owners and their spouse, excluding the value of the dwelling and land (not exceeding one acre) must not exceed \$300,000.<sup>1</sup>

The income limit for owners and owners’ relatives living with them is \$50,000, provided that up to \$10,000 of income of relatives who are not the spouse of an owner living in the dwelling is excluded. The relief granted is graduated from \$30,000 to \$50,000 of income, as follows:

Income	% of Tax Bill Relieved	Maximum Relief
<\$30,000	100%	\$1500
\$30,000 to \$39,999	80%	\$1500
\$40,000 to \$49,999	60%	\$1500

The City Council has asked to consider adjusting the maximum relief granted under the program, which currently provides \$142,498 in relief to qualifying taxpayers. There are 78

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<sup>1</sup> The asset limit was increased in 2019 from \$200,000 to \$300,000 when City Council adopted Ordinance 19-21.

participants in the program that qualify for 100% relief – plus 15 that qualify for 80% relief and 13 that qualify for 60% relief. The total taxes owed the City for the properties represented by those currently in the program is \$189,549.

The Commissioner's office did not provide estimates in cost for increasing the income limits, and they strongly recommend maintaining the current dates of the program so that any changes from City Council would be effective with the upcoming fiscal year.

**FISCAL IMPACT**

The Commissioner of the Revenue provides the following estimates of the amount of relief that would be granted if the maximum relief granted to any property was increased, as follows:

Maximum Relief	# with Total Relief	Relief Granted	Change from Current
\$1500	36	\$142,498	-
\$2000	55	\$161,099	\$18,601
\$2500	67	\$169,078	\$26,580
\$3000	75	\$172,397	\$29,899

These options are presented to City Council for further discussion.

cc: Lois Jacob, Commissioner of the Revenue