

The seal of the City of Richmond is a circular emblem. It features a central figure of a person walking, surrounded by a ring of stars. The outer border of the seal contains the text "CITY OF RICHMOND" at the top and "ESTABLISHED 1735" at the bottom. The seal is rendered in a light gray, semi-transparent style.

ELDERLY AND DISABLED TAX RELIEF PROGRAM

PRESENTATION TO THE
FINANCE AND ECONOMIC DEVELOPMENT STANDING COMMITTEE

PURPOSE AND AGENDA

- Understand the current program and proposed changes
- Evaluate the current usage and demographics
- Compare Richmond's program with other localities
- Discuss future actions



PROGRAM ELIGIBILITY CURRENT AND PROPOSED PAPER

Criteria	Current	Proposed
Age	Minimum of 65 years or permanently and totally disabled	No change
Gross Annual Income Limit	Cannot exceed \$60,000	\$70,000
Net Worth Limit	Cannot exceed \$350,000	\$450,000
Application	Three-year Application	No change
Deadline	December 31	No change



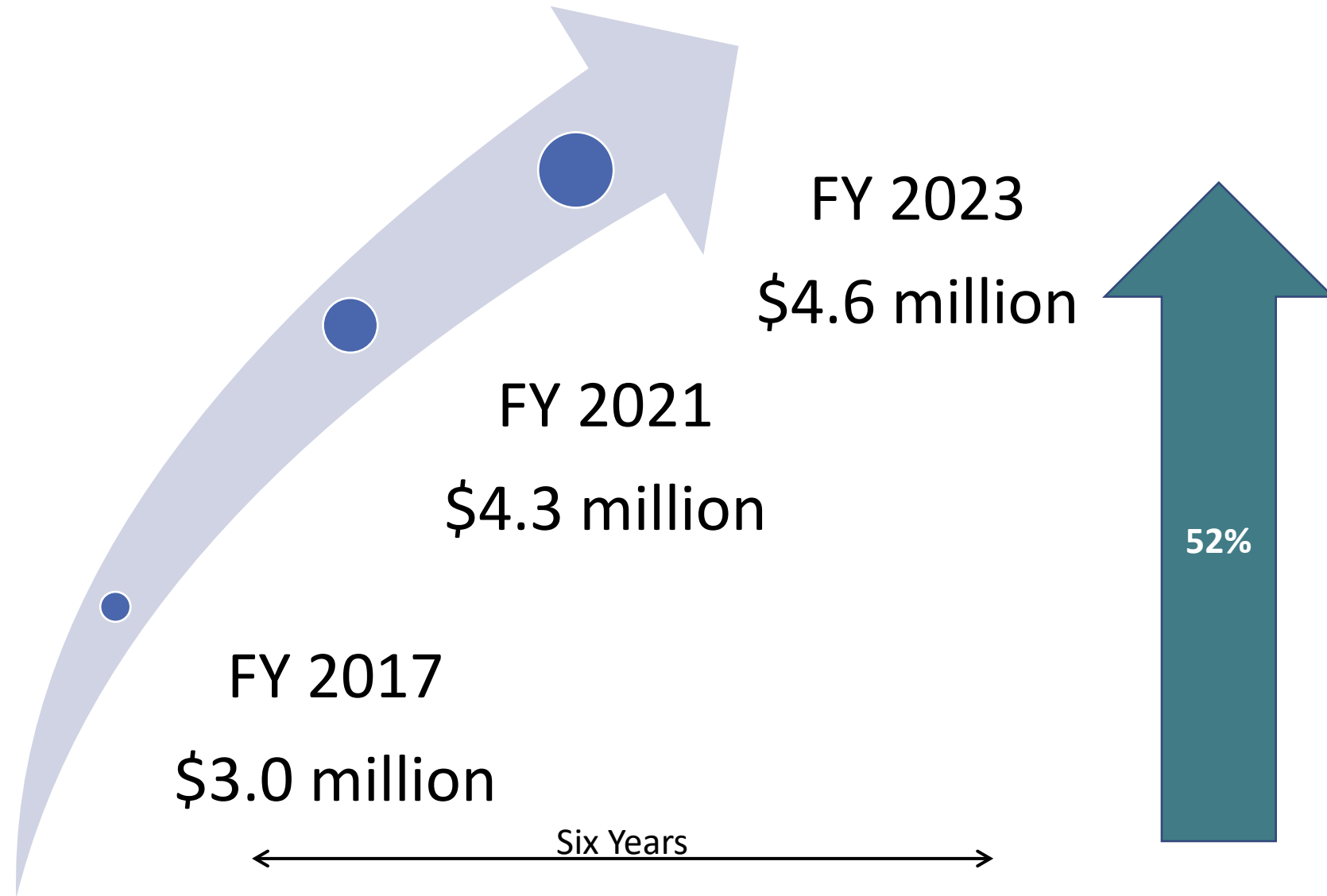
PREVIOUS, CURRENT, AND PROPOSED ELDERLY AND DISABLED TAX RELIEF ELIGIBILITY REQUIREMENTS

Criteria	Previous (Prior to January 1, 2020)	Current (Effective January 1, 2020)	2022 Program Participation	Proposed (Ordinance No. 2023-114)
Income Cap:	\$50,000	\$60,000	--	\$70,000
Net Worth Cap:	\$200,000	\$350,000	--	\$450,000
% Exemption Bracket:	\$0 to \$20,000 – 100%	\$0 to \$30,000 – 100%	1,289	\$0 to \$30,000 – 100%
	\$20,001 to \$30,000 – 70%	\$30,001 to \$40,000 – 75%	393	\$30,001 to \$40,000 – 75%
	\$30,001 to \$40,000 – 35%	\$40,001 to \$50,000 – 50%	256	\$40,001 to \$50,000 – 50%
	\$40,001 to \$50,000 – 30%	\$50,001 to \$60,000 – 25%	140	\$50,001 to \$70,000 – 25%

Source: COR Ordinances and Department of Finance data.



TAX RELIEF HAS INCREASED MORE THAN 50% SINCE FY 2017



2017 TO 2022 PROGRAM AVERAGES

- Provides tax relief to about 2,100 applicants per year:
 - Annual income of \$27,100; and
 - Net worth of \$26,000 (excluding primary residence).
- 90.0 percent of the approved applicants are seniors and 10.0 percent are disabled.
- Approximately 81.0 percent of total property taxes paid is offset by the relief.
- Tax relief provided was \$3.1 million annually and \$1,435 per applicant over the past six years.
- After the 2019 changes implemented, the relief provided almost doubled to nearly \$4.0 million in 2022.



AS INTENDED: THE 2019 PROGRAM CHANGES HAVE PROVIDED MORE RELIEF

Comparing program data before and after the most recent threshold changes:

- Approximately **+300 more participants per year** now receive 100.0 percent relief.
- Amount of total relief provided per year has increased by approximately **+\$700,000 per year** on average (and is projected to increase even more with the implementation of a year-round application).
- The average amount of relief provided has increased by over **+\$500 per participant**.



MEDIAN HOUSEHOLD INCOME MEASURES THE ABILITY TO PAY FOR SERVICES

- Using median household income as a measure to provide relief is a best practice to determine the economic well-being of individuals and communities.
- Median household income provides information about the financial resources available to the population.
- **The cost of providing services does not change.** Exempting or reducing tax collection increases the burden for those who pay. Tax revenue is used to fund basic services such as police, fire, emergency response, social services, and trash pick up.



THE CURRENT PROGRAM CRITERIA ARE COMPARABLE

A	B	C	D	E	F	G	H	I
City/County	EDTR Uppermost Income Threshold	Census Bureau 2021 Median Household Income (MHI)	EDTR Limit as Percentage of MHI	Census Bureau 2021 Population	Net Worth Threshold	FY 2023 Budget	Maximum Relief Cap?	Filing Deadline?
Richmond	\$60,000	\$51,770	115.9%	226,610	\$350,000	\$4,561,518	None	None (Year-Round)
Chesapeake	\$62,000	\$88,815	69.8%	249,422	\$350,000	\$2,600,000	None	Yes
Chesterfield	\$60,000	\$85,796	69.9%	364,548	\$380,500	\$1,219,500	Tax - \$3,000	Yes
Hanover	\$55,000	\$94,381	58.3%	109,979	\$300,000	\$2,580,000	None	Yes
Henrico	\$75,000	\$78,868	95.1%	334,389	\$500,000	\$11,000,000	Tax - \$3,200	Yes
Norfolk	\$67,000	\$58,591	114.4%	238,005	\$350,000	\$5,300,000	Assessed Value - \$203,386	Yes
Petersburg	\$35,000	\$44,890	78.0%	33,458	\$70,000	\$900,000	Tax - \$1,200	Yes
Portsmouth	\$30,000	\$54,429	55.1%	97,915	\$75,000	\$1,729,730	None	Yes
Va. Beach	\$73,886	\$81,634	82.8%	459,470	\$350,000	\$12,391,265	None	Yes

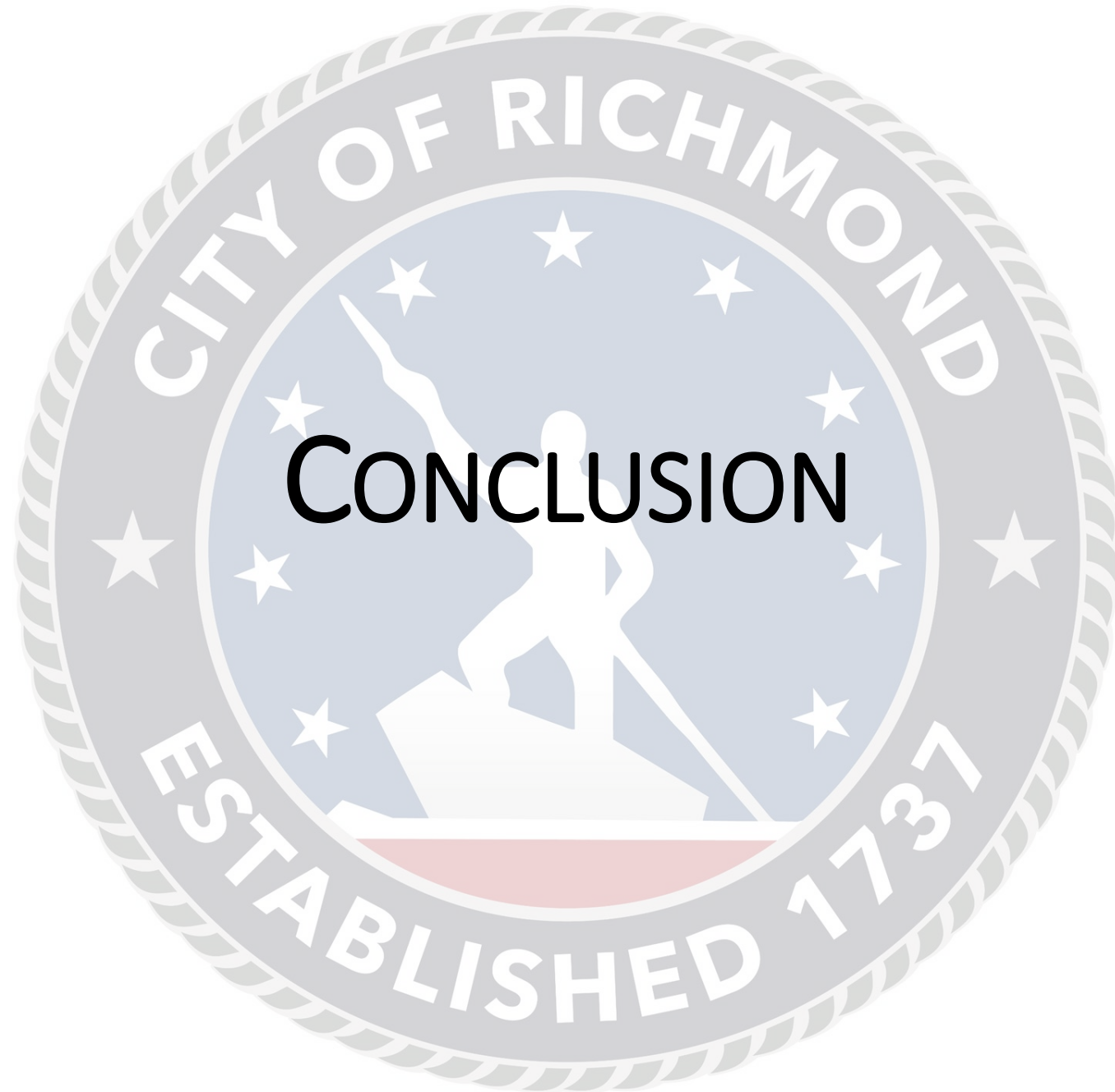


Sources: U.S. Census Bureau 2021 ACS Estimates; city government websites, budget reports, and program documentation; city ordinances.

RICHMOND'S CURRENT THRESHOLDS ARE COMPARABLE TO OTHER LOCALITIES

- The City of Richmond's current program criteria are in line with other localities.
- The thresholds were adjusted in 2019 to ensure Richmond was consistent with other localities. These changes achieved the desired result.
- We should continue to regularly assess the program criteria to adjust to current economic conditions.





CONCLUSION

OTHER CONSIDERATIONS: ACTUAL IMPACT OF ROLLING APPLICATIONS

The administration encourages:

- ✓ Adjusting thresholds utilizing data collected following one year of rolling application implementation.
- ✓ A review of the program after one year of rolling application data.
- ✓ A cycle of regular program review every three years to evaluate criteria.



OTHER CONSIDERATIONS: IMPLEMENT A CONSISTENT METHODOLOGY FOR THRESHOLD ADJUSTMENTS

The administration recommends developing a methodology and structure for future adjustments of program criteria.

Option 1: Adjust the thresholds by the increase in the CPI over a period of years to account for cost of living increases.

Option 2: Adjust the thresholds according to the current median household income as measured by the U.S. Census Bureau.





DISCUSSION