INTRODUCED: December 15, 2025

AN ORDINANCE No. 2025-282

To amend ch. 26, article V, div. 2 of the City Code by adding therein a new section 26-370, concerning a deferral program for certain real estate taxes pursuant to and in accordance with Code of Virginia § 58.1-3219.

Patron – Ms. Abubaker

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: JAN 26 2026 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That Chapter 26, Article V, Division 2 of the Code of the City of Richmond (2020) be and is hereby **amended** by adding therein a new section numbered 26-370 as follows:

Sec. 26-370. Real Estate Tax Deferral for Qualified Owner-Occupied Properties; Reporting and Evaluation of Deferral Program.

(a) *Deferral authorized.* Deferral of all or a portion of any real estate tax levy in excess of 105% of the prior year's real estate tax levy for the same real estate is authorized for real estate owned and occupied as the sole dwelling of the applying taxpayer in accordance with the criteria set out in Code of Virginia, Title 58.1, Ch. 32, Art. 2.1 (Code of Virginia, § 58.1-3219 et seq.) and

AYES:	______	NOES:	______	ABSTAIN:	______
ADOPTED:	______	REJECTED:	______	STRICKEN:	______

the terms and conditions of this section for tax years commencing on and after January 1, 2027. The accumulated amount of tax deferred and interest shall constitute a lien upon the real estate. Real estate taxes deferred in accordance with this program shall be considered non-delinquent for purposes of subsection (c)(3) of this section and for other City programs for which non-delinquency of real estate taxes is a condition of the program.

(b) *Administration of deferral.* The tax deferral program 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 deferral as specified by this section.

(1) The Assessor of Real Estate shall publish the median assessed value for residential properties annually by no later than November 1.

(2) The Director of Finance shall ensure that real estate tax bills clearly delineate the amount of taxes deferred and interest charged on deferred taxes per tax year.

(3) Notwithstanding the provisions of Section 26-3.1, real estate tax payments made for a property for which taxes have been deferred pursuant to this section shall be applied to the current tax year first, with any excess payment amounts applied to the principal balance of deferred taxes.

(c) *Eligibility for deferral program.* Eligibility for the real estate tax deferral program is restricted to those properties meeting the following criteria:

(1) Owned and occupied as the sole dwelling of the taxpayer;

(2) Assessed value is less than or equal to 200% of the median assessed value for residential properties in the most recent tax year; and

(3) Not delinquent on any real estate tax obligations.

(d) *Limitations on eligibility for deferral program.* The deferral program shall not apply to the following:

(1) Real estate which participates in the real estate tax relief or freeze programs for elderly persons under Section 26-364 or the real estate tax relief or freeze programs for the permanently or totally disabled pursuant to Section 26-365;

(2) Persons who are delinquent on any real estate tax obligations; and

(3) Real estate assessed on the basis of use value pursuant to Code of Virginia § 58.1-3230 et seq.

(e) *Interest on deferred taxes.* Interest on taxes deferred in accordance with this section shall be charged annually at a rate of 2% or the rate established pursuant to Section 6621 of the Internal Revenue Code, whichever is less. Funds derived from interest shall be used for program administration, with any remaining interest being credited to the general fund.

(f) *Maximum amount of deferred real estate taxes.* The lifetime maximum amount of accumulated deferred taxes and interest is $50,000 per eligible property.

(g) *Applying for deferral or continued participation in deferral program.* Property owners must apply for the deferral program or submit certification of intent to continue enrollment each year for which they want to defer all or a portion of real estate taxes above the 105% threshold. Applications to enroll in the program or certifications of intent to continue enrollment each year shall state the amount of the tax that the property owner desires to have deferred for the tax year, which amount shall not exceed that portion of the tax bill for the property that exceeds 105% of the amount due on the property for the previous year. The application or certification shall also include such supporting documentation as the Director of Finance may require. Nonetheless, the Director of Finance shall use publicly available information from the Assessor of Real Estate to the maximum extent possible for the purpose of verifying information and streamlining the application process for taxpayers.

(h) The application or certification shall be filed by no later than January 14th of the tax year for which deferral is sought.

(i) *Program provisions related to property transfer, joint ownership, or owner death.* The accumulated amount of deferred taxes and interest shall be paid to the City by the property owner upon the sale or transfer of the property, or from the estate of the decedent within one year after the death of the owner. If the real estate is owned jointly and all such owners applied and qualified for the deferral program, the death of one of the joint owners shall not disqualify the survivor or survivors from participating in the deferral program. All accumulated deferred taxes and interest shall be paid within one year of the date of death of the last qualifying owner.

(j) *Annual reporting and evaluation of deferral program.* Beginning January 30, 2028, and each year thereafter, the Director of Finance shall report to the Finance and Economic Development standing committee and to the Council no later than January 30 the following:

(1) Full-time equivalent staff dedicated to program administration; program staffing costs; and any other program spending;

(2) Number of program participants;

(3) Total amount of real estate taxes deferred by tax year;

(4) Total interest charged on deferred real estate taxes; and

(5) Average amount of accumulated taxes deferred and interest.

The report shall include evaluation of program effectiveness, to include data on customer satisfaction among program participants, and recommendations for program continuance, discontinuance, or modification.

§ 2. This ordinance shall be in force and effect upon adoption.

DATE: December 8, 2025

TO: The Honorable Members of City Council

THROUGH: RJ Warren, Council Chief of Staff

THROUGH: Maria Garnett, Council Policy Analyst

FROM: The Honorable Sarah Abubaker, Councilmember 4th District

RE: To amend ch. 26, article V, div. 2 of the City Code by adding therein a new section 26-370, concerning a deferral program for certain real estate taxes pursuant to and in accordance with Code of Virginia § 58.1-3219 et seq.

CNL-2025-0041

PURPOSE: This ordinance seeks to provide tax relief for residents who pay real estate taxes by allowing certain real estate taxes to be deferred, subject to 2% interest, as authorized by Code of Virginia § 58.1-3219 et seq.

BACKGROUND: The growth in the City of Richmond's property tax base over the past decade has been significant, with especially sharp increases in residential property values due to the City's strong housing market. Because the City has maintained the same real estate tax levy of $1.20 per $100 in assessed value since 2008, those sharp increases in residential property values have been accompanied by significant increases in real estate tax bills—in a period that has also featured historically high inflation. For example, land book data from the Assessor of Real Estate shows that the median residential (non-condominium) real estate assessment increased from $141,000 in tax year 2016 to $325,000 in tax year 2026, an increase of 130.5% (not adjusted for inflation; adjusted for inflation, the increase is still substantial at 71.28%). In contrast, U.S. Census Bureau data shows that median household income for the City of Richmond grew only 53.3% (not adjusted for inflation or seasonal variation) from 2016 to 2023, the most recent year for which data is available. (Adjusted for inflation, median household income in the City grew 20.7% over that period.) Although increases in property values can help homeowners build equity, considerable increases in real estate tax bills from one year to the next can contribute to short-term housing unaffordability, particularly given the much slower increase in household wages. The state, through § 58.1-3219 et seq. of the Code of Virginia, authorizes localities to create programs and specify terms and conditions through which property owners may, subject to interest, defer all or a portion of the year-over-year increase in their real estate tax bill above a threshold of 105%. By exercising that authority to create such a program, the City can demonstrate a commitment to using every available tool to support housing affordability and prevent displacement.

COMMUNITY ENGAGEMENT: This resolution is informed by growing constituent requests – from a variety of constituent backgrounds and experiences – for the City to do as much as it can to help lower the cost of living and the cost of housing specifically.

STRATEGIC INITIATIVES AND OTHER GOVERNMENTAL: This resolution is consistent with the Mayor's stated commitment to prioritizing housing affordability.

FISCAL IMPACT: The potential fiscal impact for this program has two parts: the cost of administering the program and the amount of temporarily foregone real estate tax revenue from program participation. Administrative costs will likely be partially or fully offset by the amount of interest collected on deferred taxes once those taxes are paid, particularly once the program has been in effect for several tax years. It is not possible to produce an exact figure for expected fiscal impact from this legislation, particularly the portion related to temporarily foregone tax revenues, because of data limitations. Further, the amount of temporarily foregone real estate tax revenue will differ from one year to the next and depend on several factors, chiefly the percentage increase in residential real estate assessments and tax bills, the number of eligible properties, the number of participants, and the amount deferred. However, available data from the Assessor of Real Estate allows Council staff to provide rough, initial estimates of the likely lower and upper bounds for real estate tax revenues that would be foregone to the City in the short term due to enrollment in the program if it were implemented in tax year 2026 (as an example). Using tax year 2026, the homeownership rate for the City of Richmond, and median residential and condominium property values as an illustration, the likely amount of temporarily foregone real estate tax revenue ranges from roughly $391,000 to $1.56 million, based on a lower bound of 25% participation among eligible property owners and an upper bound of 100% participation. This is a negligible share (.04%) of the $314.4 million total owed in 2026 real estate taxes for the residential and condo categories.

DESIRED EFFECTIVE DATE: January 1, 2027

REQUESTED INTRODUCTION DATE: December 8, 2025

CITY COUNCIL PUBLIC HEARING DATE: January 26, 2026

REQUESTED AGENDA: Regular

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development

AFFECTED AGENCIES: Department of Budget and Strategic Planning

Department of Finance

Assessor of Real Estate

RELATIONSHIP TO EXISTING ORD. OR RES.: None

ATTACHMENTS: Underlying Data for CNL-2025-0041

STAFF: Maria Garnett, Council Policy Analyst, (804) 298-5052

Richmond City Council
The Voice of the People — Richmond, Virginia
Office of the Council Chief of Staff

Date: December 8, 2025

To: RJ Warren, Council Chief of Staff

Will Perkins, Senior Legislative Services Manager

From: Maria Garnett, Council Policy Analyst

Re: Data referenced in resolution CNL-2025-0041

RJ and Will:

This document serves as an attachment to the fiscal impact statement portion of the O&R transmittal for resolution titled CNL-2025-0041.

It is not possible to produce an exact figure for expected fiscal impact from this legislation, particularly the portion related to temporarily foregone tax revenues, because of data limitations. However, available data allows for us as Council staff to provide rough, initial estimates of the likely lower and upper bounds for real estate tax revenues that would be foregone to the City due to enrollment in the program if it were implemented in tax year 2026, as an illustrative example. These estimates assume that all accumulated interest is paid along with the principal amount of deferred taxes.

Rough, initial estimates of temporarily foregone real estate tax revenues associated with participation in the tax deferral program created by this ordinance can be calculated as follows:

- Step 1: Exclude residential and condo properties with taxable assessed values exceeding 200% of the median for tax year 2026
- Step 2: Calculate amount of real estate tax owed in excess of 105% of the prior year's bill for each eligible property
- Step 3: Multiply result of Step 2 by 43.5% (the homeownership rate for the City of Richmond, i.e., the percentage of housing units occupied by the property owner)
    - This represents the 100% program participation upper bound
- Step 4: Multiply result of Step 3 by 25% to produce the lower bound

Step 1

Data source: City of Richmond Assessor of Real Estate, Master data file as of September 15, 2025, https://www.rva.gov/assessor-real-estate/data-request (Last accessed 11/6/2025)

Created two new variables, INELIGIBLE-R and INELIGIBLE-C

- INELIGIBLE-R = No if assessed value for 2026 exceeded 200% of the $325,000 median (syntax: =IF(AY2>650000, "Yes", "No"))
- INELIGIBLE-C = No if assessed value for 2026 exceeded 200% of the $260,000 median (syntax: =IF(AY2>520000, "Yes", "No"))

Inserted two pivot tables, one for residential properties and one for condominiums

Applied filters: EXEMPT_CODE = blank (to exclude tax-exempt properties); PROP_TYPE = Residential; PROP_TYPE_2 = Dwelling, Multi-Family (for residential pivot table) and = Condominium (for condominium pivot table); INELIGIBLE-R (for residential pivot table) and INELIGIBLE-C (for condominium pivot table) = No

In each pivot table (residential and condominium), by neighborhood and total, calculated sum of total assessed value of properties meeting criteria for tax year 2025 (ASSESS_TOTAL_VALUE_2) and tax year 2026 (ASSESS_TOTAL_VALUE_1)

Step 2

Double-click on 2026 assessed value totals generated in each pivot table to create new tabs containing all properties meeting criteria in Step 1

- Residential: 47,281 properties
- Condominium: 3,822 properties

Calculate percent change in assessed value from 2025 to 2026 for each property and create new variable to flag properties with a percent change greater than 5%

- Residential: 22,780 properties (48%)
- Condominium: 860 properties (22.5%)

For properties with percent change greater than 5%, calculate difference between actual taxes owed for 2026 and 105% of taxes owed for 2025

- Residential: $3,474,470 total, $152.52 average
- Condominium: $119,914 total, $139.44 average

Step 3

Residential: .435 X $3,474,470 = $1,511,394

Condominium: .435 X $119,914 = $52,163

Total: $1,563,557

Step 4

.25 X $1,563,557 = $390,889