



The Impact of a Real Estate Tax Rate Reduction

Running the numbers, foregrounding equity, and investing in our City

This chart illustrates the estimated annual, monthly, and daily savings for residents across a range of property assessment values. As shown, reductions in the tax rate provide the greatest dollar savings for properties with higher assessments.

IMPACT TO RESIDENTS FOR A \$0.04 TAX REDUCTION

			RESIDENT SAVINGS		
Real Estate Assessment	Tax \$1.20	Tax \$1.16	Annual Savings	Monthly Savings	Daily Saving
\$100,000	\$1,200	\$1,160	\$40.00	\$3.33	\$0.11
\$200,000	\$2,400	\$2,320	\$80.00	\$6.67	\$0.22
\$250,000	\$3,000	\$2,900	\$100.00	\$8.33	\$0.27
\$350,000	\$4,200	\$4,060	\$140.00	\$11.67	\$0.38
\$426,000	\$5,112	\$4,942	\$170.40	\$14.20	\$0.47
\$500,000	\$6,000	\$5,800	\$200.00	\$16.67	\$0.55
\$1,000,000	\$12,000	\$11,600	\$400.00	\$33.33	\$1.10
\$3,000,000	\$36,000	\$34,800	\$1,200.00	\$100.00	\$3.29

Note: The average residential assessment for 2026 is \$426,000, per the City Assessor's Office

Real Estate Tax by the numbers

- 57% of the City's revenue comes from general property taxes.
- Every penny of the tax rate generates about \$4.2 million in revenue.
- A \$0.04 reduction in the tax rate would equate to a roughly \$17.2 million loss in revenue.

Preparing for the tax freeze

Because of the one-time freeze in real estate assessments, FY 2027 will see \$0 growth in real estate tax revenues — making it the most financially challenging budget in years. A \$0.04 rollback would compound this, reducing revenue by about \$17 million.

Impacts to City budgeting

A \$0.04 reduction to the real estate tax rate would force us to make some hard budgeting choices. The impact of the \$17.2 million loss could look like:

- A 150-person reduction in the City workforce with 3.3% cut to operations, OR
- A 14% cut to just our operations, OR
- A 7% cut to our funding of Richmond Public Schools.

What does this analysis tell us?

- The people living in a home assessed at the average real estate assessment (\$426,000) would save \$170.40 a year with a \$0.04 reduction.
- A reduction would provide the greatest dollar savings amounts for properties with higher assessments.
- These savings are specifically for property owners. They are unlikely to impact the renters and tenants who make up the majority of Richmond's population.