

INTRODUCED: November 8, 2021

A RESOLUTION No. 2021-R079

To request that the Council Chief of Staff cause the preparation of a study to specifically identify the amendments to the Constitution of Virginia and the General Assembly of Virginia actions necessary to authorize the City to implement a homestead tax exemption and a real property tax cap that provides a 25 percent reduction in the real estate taxes imposed upon real property owners in the city of Richmond meeting certain income and residency requirements.

Patrons – Vice President Robertson, Ms. Lynch, President Newbille, Ms. Jordan,
Ms. Lambert and Ms. Larson

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: DEC 13 2021 AT 6 P.M.

WHEREAS, upon information and belief of the Council, real property owners in the city of Richmond are facing higher taxes that affect the long-term sustainability of families in certain neighborhoods and make it difficult for those families to remain in those neighborhoods; and

WHEREAS, the Council is of the opinion that a study would provide the Council with solutions to lessen the tax burdens of real property owners whose families have sustained the viability of certain neighborhoods for significant periods of time but who may have become financially unable to remain in those neighborhoods; and

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: DEC 13 2021 REJECTED: _____ STRICKEN: _____

WHEREAS, the Council believes that it is in the best interests of the citizens of the city of Richmond that the Council Chief of Staff cause the preparation of a study to specifically identify the amendments to the Constitution of Virginia and the General Assembly of Virginia actions necessary to authorize the City to implement a homestead tax exemption and a real property tax cap that provides a 25 percent reduction in the real estate taxes imposed upon real property owners in the city of Richmond meeting certain income and residency requirements;

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That the Council hereby requests that the Council Chief of Staff cause the preparation of a study to specifically identify the amendments to the Constitution of Virginia and the General Assembly of Virginia actions necessary to authorize the City to implement a homestead tax exemption and a real property tax cap that provides a 25 percent reduction in the real estate taxes imposed upon real property owners in the city of Richmond meeting certain income and residency requirements.

BE IT FURTHER RESOLVED:

That the study requested by this resolution shall specifically identify the amendments to the Constitution of Virginia and the General Assembly of Virginia actions necessary to authorize the City implement a homestead tax exemption and real property tax cap and identify the steps necessary to effectuate such tax relief programs for real property owners in the city of Richmond that include the following features, to the extent permitted by law:

1. A citywide homestead exemption and real property tax cap the provides a 25 percent reduction in the real estate taxes imposed upon real property owners in the city of Richmond meeting certain income and residency requirements.

2. A requirement that only owner-occupied residential properties occupied as a principal residence for a specified length of time or a single family residence leased by a person (i) who has an ownership interest, legal or equitable, in such single family residence, and (ii) who is liable for the payment of real property taxes may qualify for the homestead tax exemption and real property tax cap.

3. A requirement that property owners shall be eligible for a homestead tax exemption and a real property tax cap regardless of whether or not any such owner has a mortgage or owes the City for delinquent taxes.

4. A three-year homestead tax exemption and real property tax cap for persons who (i) have inherited a home from a deceased relative, (ii) are victims of a fraudulent mortgage or deed of trust recorded against any such person's home in the Circuit Court of the City of Richmond, or (iii) have entered into a rent-to-own agreement and have paid all or some of the sales price for the home that any such person occupies as a principal residence.

5. An annual application deadline of December 1 for the homestead tax exemption and real property tax cap, provided that eligible persons may file such an application by September 13 to request a homestead tax exemption and real property tax cap to be effective for the immediately succeeding tax year.

6. A requirement that the real property taxes imposed for the ensuing tax year upon persons who have filed an application and have qualified for the homestead tax exemption and the property tax cap for which this resolution provides after September 13 shall be adjusted to reflect the homestead tax exemption and property tax cap.

7. A requirement that only persons who are not eligible for the tax relief program authorized by section 58.1-3210 of the Code of Virginia (1950), as amended, and implemented

for elderly persons pursuant to section 26-364 of the Code of the City of Richmond (2020), as amended, may qualify for the homestead tax exemption and the property tax cap for which this resolution provides.

8. Consideration of the income data of individuals and households whose real property tax assessments have increased by ten percent or more since the 2020 tax year.

9. Utilization of the income limits used by The Maggie Walker Community Land Trust to establish income thresholds for persons applying for the homestead tax exemption and real property tax cap.

10. Utilization of the area median income for the Commonwealth of Virginia based on the most recent data available from the American Community Survey to measure housing affordability.

11. The creation of an “affordable housing overlay zone” or a “housing overlay zone” that provides incentives for developers to build affordable housing.

12. A requirement that, except as otherwise provided in this resolution, the homestead tax exemption and real property tax cap shall run with the land as long as the applicable requirements are met.

A TRUE COPY:
TESTE:
Camille D. Paul
City Clerk



Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the Council Chief of Staff

Ordinance/Resolution Request

TO Haskell Brown, Interim City Attorney

THROUGH Joyce Davis, Interim Council Chief of Staff

FROM Steven Taylor, Council Policy Analyst

COPY Ellen Robertson, 6th District Council Member
Tavares Floyd, 6th District Liaison
Tabrica Rentz, Interim Deputy City Attorney

DATE October 29, 2021

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TITLE Study Property Tax Relief, Tax Cap, and Homestead Programs

This is a request for the drafting of an **Ordinance** **Resolution**

REQUESTING COUNCILMEMBER/PATRON

Robertson

SUGGESTED STANDING COMMITTEE

Finance & Economic Development

ORDINANCE/RESOLUTION SUMMARY

The patron requests that legislation be drafted for Council’s consideration requesting that the Council Chief of Staff have a study conducted examining homestead tax exemptions and a property tax cap that provides a 25% off tax bill in assessed value based on income and length of time in a residence. A description of what is to be study is given below.

BACKGROUND

The study should consider the feasibility of implementing a program as described below or a similar styled program in the City and advise Council on how best to implement such a program. The overarching purpose of this effort is to protect family sustainability of neighborhoods most impacted by increases in their tax assessments. An emphasis of the proposed study should include information/data on the household and individual income levels of neighborhoods that have increase 10% to 15% and more in their assessed property values.

Proposal for Study on Homestead Exemptions and Property Tax Caps and Potential Program Components to be Studied

A City-wide homestead exemption and property tax cap that provides 25% off tax bill in assessed value from taxes (based on length of time in home and income) and available for residential property that is occupied by its owner or owners as his/her or their principal dwelling place, or that is a leasehold interest on which a single family residence is situated, which is occupied as a residence by a person who has an ownership interest therein, legal or equitable or as a lessee, and on which the person is liable for the payment of property taxes.

Persons would also still be eligible if they have a mortgage or are delinquent on their taxes.

Conditional exemptions to include:

- One inherited the house from a deceased relative.
 - A fraudulent mortgage or deed was recorded for one's house.
 - One entered into a rent-to-own agreement and have paid all or some of the sale price for the house.
- *This exemption will be granted for up three years from the date of application.

The final deadline to apply for the Homestead Exemption would be December 1st of each year. Early filers should apply by September 13, to see approval reflected on their Real Estate Tax bill for the following year. Applicants approved after September 13 date would receive a second bill with an adjusted amount due.

This exemption would be for persons that are not able to qualify for the current 65 year old age requirement for property tax assistance in Richmond.

Another critical piece to this study would be to look at increments of value increasing for the purpose of an affordable housing overlay zone or housing overlay zone (HOZs) to protect residents of different income scales by providing incentives to developers to encourage production of affordable homes.

Income limits should be same used by Maggie Walker Community Land Trust:

Household Size	80% AMI Limit	115% AMI Limit
1 person	\$50,400	\$72,450
2 people	\$57,600	\$82,800
3 people	\$64,800	\$93,150
4 people	\$72,000	\$103,500
5 people	\$77,800	\$111,780
6 people	\$83,550	\$136,620

