

## REAL ESTATE TAX RELIEF PROGRAMS FOR SENIOR CITIZENS IN HAMPTON ROADS

Under the Constitution of Virginia, the General Assembly may authorize local governments in the Commonwealth to establish real property tax exemptions for households owned by individuals above the age of 65 (for a married couple, only one married individual need be 65 to qualify). Since 2011, local governments have been granted the power to determine all financial eligibility standards for these programs. Generally, three such programs exist: tax exemption, tax freeze, or tax deferral.

In FY2014-15, the City Council directed a citizen task force to examine the City's program and to make recommendations on any revisions to the City's Real Estate Tax Relief for the Elderly. A number of alterations to the program were subsequently adopted by Council. The impact of these changes on program enrollment can be seen in the chart below.

City of Virginia Beach		
Fiscal Year	Enrollment	Fiscal Impact
2015-16	6,697	\$ 12,266,882
2016-17	6,435	\$ 12,122,561
2017-18	5,873	\$ 13,063,892
2018-19	5,754	\$ 11,534,244
2019-20	5,507	\$ 11,687,077
2020-21	5,106	\$ 11,113,948

*Enrollment in Real Estate Tax Relief Over the Last Six-Year Period and Its Fiscal Impact.*

As part of the recommendations advanced by the task force, an examination of the City's program was called for every three years. In 2018, City staff prepared a comparison of all tax relief programs for the elderly throughout Hampton Roads for Council's review through a standalone letter. In this budget document, a comparison is once again provided between the City's program and those of neighboring cities for Council's information and consideration. This matrix displays the programs available in each jurisdiction and some basic information on their programs as of changes made through 2020 or in their FY 2020-21 Adopted Operating Budgets. The matrix can be found later in this section.

The City's program compares favorably to those in existence throughout the region. Virginia Beach has the second highest maximum income to receive the full tax exemption and the second highest income range to receive any form of relief through a tax exemption. Only Suffolk exceeds Virginia Beach. Unlike Suffolk, which caps the home value eligible for relief, Virginia Beach does not impose any restrictions on home value. Therefore, for many of those that qualify, Virginia Beach's program provides taxpayers with greater potential financial relief than Suffolk. Additionally, Virginia Beach has the highest income range to receive any form of tax benefit, as the City's freeze program has a maximum income above any other freeze or deferral program in the region by over \$15,000.

Virginia Beach's relief also has one other programmatic feature that enhances its value relative to the many other programs in the region. Every year, Virginia Beach adopts, as part of its annual budget ordinance package (see: "An Ordinance to Amend Sections 35-64 and 35-67 of the City Code Pertaining to the Exemption or Deferral of Real Estate Taxes for Elderly or Disabled Persons" in the Ordinances section of the Operating Budget), an increase in the income

ATTACHMENT: Question 63 (Continued)

ranges eligible for participation in both the exemption and the freeze programs in alignment with the average increase in the value of a single-family home, as determined by the Real Estate Assessor's Annual Program. As a result of this semi-automatic stabilizer, eligibility for the Virginia Beach program expands every year and many participating households are fully or partially sheltered from higher tax burdens that come through an increase in the assessment values of their homes. This contrasts with most other Hampton Roads communities, which do not annually or regularly increase the income levels of their programs and when they do, their adjustments are not tied to a factor in the assessment increase. This comparison is limited to only the elderly tax relief programs. Each community also offers a disabled tax relief program, and many operate under similar terms and conditions as the elderly tax relief.

ATTACHMENT: Question 63 (Continued)

	Virginia Beach	Chesapeake	Hampton	Norfolk	Newport News	Portsmouth	Suffolk
Exemption Program Offered	Yes	Yes	No	Yes	Yes	Yes	Yes
Home Value Cap for Exemption	No	No	No	Yes*	No	No	Yes**
Number of Acres Excluded	10	3	10	1	1	1	10
Income Range For Exemption Program	\$0-\$61,010	\$0-\$44,000~	n/a	\$0-\$28,611~	\$0-\$25,000***~	\$0-\$30,000~	\$0-\$63,036~
Max Income to Receive 100 % Exemption	\$46,560	\$22,000	n/a	\$28,611	\$25,000	\$21,000	\$48,204
Freeze Program Offered	Yes	Yes	Yes	No	No	Yes	No
Income Range For Freeze Program	\$0-\$79,605	\$44,001-\$62,000^	\$0-\$50,000^	n/a	n/a	\$30,001-\$50,000	n/a
Deferral Program	No	No	Yes	Yes	Yes	No	No
Income Range for Deferral	n/a	n/a	\$0-\$50,000^	\$28,611-\$67,000^	\$0-\$50,000^	n/a	n/a
Maximum Financial Assets (Excluding Value of Home and specified acres)	\$350,000	\$350,000	\$200,000	\$350,000	\$10,000 (exemption) \$200,000 (freeze)	\$75,000 (exemption) \$175,000 (freeze)	\$282,517
# of Participants Enrolled in FY 2020	5,507	2,428	1,369	1,762	#	1,003	1,812

Notes:

\* Norfolk limits exemption eligibility to a house value of \$203,386 or less. Any amounts over \$203,386 may be deferred. Norfolk also conditions the total program on annual appropriations. Typically, the amount set aside for such relief is \$5 million.

\*\* Suffolk limits the exemption up to the amount equal to the City's single-family median assessed home value (\$235,900).

\*\*\* To qualify for exemption in Newport News, applicants must show that 40% of their total combined income is expended on "housing costs," which includes mortgages and utilities.

~ Exemption: each non-spouse relative living in the house with an eligible elderly homeowner, may exclude \$4,000 of the relative's income from this limit in Portsmouth and \$10,000 in Chesapeake, Newport News, Norfolk, and Suffolk. Other nuanced set-asides or exclusions may also exist.

^ Freeze or Deferral: each non-spouse relative living in the house with an eligible elderly homeowner may exclude \$7,000 from this income range in Hampton and \$10,000 in Chesapeake, Newport News, and Norfolk. Other nuanced set-asides or exclusions may also exist.

# Have not received a response

1                                   **AN ORDINANCE TO AMEND SECTIONS 35-64 AND 35-67 OF**  
2                                   **THE CITY CODE PERTAINING TO THE EXEMPTION OR**  
3                                   **DEFERRAL OF REAL ESTATE TAXES FOR ELDERLY OR DISABLED**  
4                                   **PERSONS**

5                                   SECTIONS AMENDED: §§ 35-64 AND 35-67

6                   WHEREAS, the City Council has previously directed adjustments to the income component of the tax relief  
7                   for elderly and disabled persons to be adjusted annually to mirror the average increase or decrease of the value of  
8                   single family residences; and

9  
10                  WHEREAS, the median increase in the value of a single family residence for FY 2021-22 is 5.510.8%;

11  
12                  NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF VIRGINIA BEACH, VIRGINIA THAT:

13  
14                  Sections 35-64 and 35-67 of the City Code are hereby amended and reordained to read as follows:

15  
16       **Sec. 35-64. General prerequisites to grant; effect of residency in hospital, nursing home, etc.**

17  
18                  (a) Either the exemption or freeze, but not more than one (1), as provided for in this division shall be  
19                  granted to persons subject to the following provisions:

20  
21                       (1) The title to the property for which exemption or freeze is claimed is held, or partially held, on  
22                       June thirtieth immediately preceding the taxable year, by the person or persons claiming exemption, deferral or  
23                       freeze and is occupied as the sole dwelling of such person or persons.

24  
25                       (2) The head of the household occupying the dwelling and owning title or partial title thereto or  
26                       either spouse in a dwelling jointly held by married individuals is either permanently and totally disabled or is sixty-  
27                       five (65) years of age or older on June thirtieth of the year immediately preceding the taxable year; provided,  
28                       however, that a dwelling jointly held by married individuals may qualify if either spouse is over sixty-five (65) years  
29                       of age.

30  
31                       (3) For the tax exemption programs, the total combined income received from all sources during  
32                       the preceding calendar year by: (i) the owner or owners of the dwelling who use it as their principal residence and  
33                       (ii) the owner's or owners' relatives who live in the dwelling, shall not exceed ~~sixty one thousand and ten dollars~~  
34                       ~~(\$61,010)~~ sixty seven thousand five hundred ninety nine dollars (\$67,599) provided that the first ten thousand dollars  
35                       (\$10,000.00) of income of each relative, other than a spouse of the owner, who is living in the dwelling, shall not be  
36                       included in such total; and provided further that the first ten thousand dollars (\$10,000.00) or any portion thereof  
37                       of income received by a permanently and totally disabled owner shall not be included in such total.

38  
39                       (4) For the tax freeze program, the total combined income received from all sources during the  
40                       preceding calendar year by: (i) the owner or owners of the dwelling who use it as their principal residence and (ii)  
41                       the owner's or owners' relatives who live in the dwelling, shall not exceed ~~seventy nine thousand six hundred and~~  
42                       ~~five dollars (\$79,605)~~ eighty eight thousand two hundred and two dollars (\$88,202) that the first ten thousand dollars  
43                       (\$10,000.00) of income of each relative, other than a spouse of the owner, who is living in the dwelling, shall not be  
44                       included in such total; and provided that the first ten thousand dollars (\$10,000.00) or any portion thereof of income  
45                       received by a permanently and totally disabled owner shall not be included in such total.

46  
47                       (5) For the tax exemption programs, the net combined financial worth, including equitable  
48                       interests, as of December thirty-first of the year immediately preceding the taxable year, of the owners, and of the  
49                       spouse of any owner, excluding the value of the dwelling and the land (not exceeding ten acres) upon which it is  
50                       situated, shall not exceed three hundred and fifty thousand dollars (\$350,000.00).

51

ATTACHMENT: Question 63 (Continued)

52 (6) For the tax freeze program, the net combined financial worth, including equitable interests, as  
 53 of December thirty-first of the year immediately preceding the taxable year, of the owners, and of the spouse of any  
 54 owner, excluding the value of the dwelling and the land (not exceeding ten acres) upon which it is situated, shall not  
 55 exceed three hundred and fifty thousand dollars (\$350,000.00).

56  
 57 (7) The dwelling is occupied.  
 58 . . . .

59 **Sec. 35-67. Amount of exemption.**

60 When a person claiming exemption under this division conforms to the standards and does not exceed  
 61 the limitations contained in this division, the tax exemption shall be as shown on the following schedule:  
 62

<i>Total income, All Sources</i>		<i>Tax Exemption</i>
<del>\$0.00 - \$46,560.00</del>	<u>\$0.00 - \$51,588.00</u>	100%
<del>\$46,560.01 - \$50,173.00</del>	<u>\$51,588.01 - \$55,592.00</u>	80%
<del>\$50,173.01 - \$53,785.00</del>	<u>\$55,592.01 - \$59,594.00</u>	60%
<del>\$53,785.01 - \$57,398.00</del>	<u>\$59,594.01 - \$63,597.00</u>	40%
<del>\$57,398.01 - \$61,010.00</del>	<u>\$63,597.01 - \$67,599.00</u>	20%

70  
 71 No lien shall accrue as a result of the amount certified as exempt.  
 72

73 BE IT FURTHER ORDAINED: That this ordinance shall be effective on July 1, 2022.  
 74

75 Adopted by the City Council of the City of Virginia Beach, Virginia, on this day of May, 2022.