



B. Specify that bank and investment statements may be required to establish total financial worth.

**BACKGROUND:** The City provides an Elderly and Disabled Real Estate Tax Relief Program for residents who are 65 years of age or older, or are permanently and totally disabled. Eligibility for the tax relief program is based on need. Determinations of need are currently based on an individual's gross household income and assets. Lower income households receive proportionally greater amounts of tax relief than households with higher income.

Since 2007, the City has provided tax relief to home owners in Alexandria whose assets (not including their home) did not exceed \$540,000. Full or partial exemption or deferral of taxes is tied to the applicant's household income. Attachment 3 provides a comparison of the current Elderly Tax Relief Program requirements in selected Virginia jurisdictions. The proposed net worth of assets (excluding the home) for eligibility in Alexandria of \$430,000 compares to asset limitations of \$340,000 for Arlington County and \$350,000 for Fairfax County. With the reduction of the value of assets by \$110,000, the asset eligibility for Alexandrian's remains one of the highest in the state. The value of the applicant's home and up to two acres of land has no bearing on eligibility for this program. It is also important to note that this program is structured as an entitlement; the City is obligated to serve all who apply and are eligible under the ordinance. In 2013, 1,093 applicants qualified for tax relief, valuing \$3.3 million.

**DISCUSSION:** On April 28, 2014, City Council finalized their add-delete list for the FY 2015 Operating Budget, which was approved on May 1, 2014. As part of the Approved Budget, the maximum asset threshold is reduced from \$540,000 to \$430,000, not including the value of the house. The assessed value of the property of the applicant and up to two acres of land has no bearing on eligibility for tax relief. Based on eligibility in 2013, staff estimates that 1,028 individuals who received relief in 2013 will be eligible in 2014, and 65 homeowners will no longer be eligible tax relief. The new maximum asset threshold will become effective as of January 1, 2014, for tax year 2014.

**FISCAL IMPACT:** Under the current eligibility requirements, the Elderly and Disabled Real Estate Tax Relief Program resulted in the loss of \$3.3 million of real property tax revenue that is not collected from program participants. Under the new guidelines in which eligibility is limited to those applicants whose assets do not exceed \$430,000, there are 65 applicants who qualified in 2013 who would longer be eligible for tax relief. Based on their total tax relief in 2013, it is estimated that the City will now receive an additional \$150,000 in real property tax revenue.

**ATTACHMENTS:**

Attachment 1: Real Estate Tax Relief Program for Elderly or Permanently and Totally Disabled Persons Ordinance Cover

Attachment 2: Real Estate Tax Relief Program for Elderly or Permanently and Totally Disabled Persons Ordinance

Attachment 3: Comparison of Program Eligibility Requirements for Virginia Jurisdictions

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