



ARLINGTON  
VIRGINIA

**REAL ESTATE TAX RELIEF PROGRAM WORKING GROUP  
KICK-OFF MEETING**


August 2, 2016

# RETR BACKGROUND

- Virginia localities are authorized to provide Real Estate Tax Relief (RETR) to homeowners aged 65 or over, as well as to permanently disabled homeowners.
- The current Arlington County RETR Program provides exemption of some or all real estate taxes for qualified Arlington homeowners whose:
  - Annual household income is below \$99,472, and
  - Household assets (excluding the value of their Arlington home) are below \$340,000.
- Homeowners may receive a full, 50 percent, or 25 percent exemption, depending on their income and household size.
- Homeowners within the income guidelines who have assets over \$340,000 but below \$540,000 may defer payment of their real estate taxes until their property changes ownership; no interest or penalties are charged.
- Homeowners not qualifying for a full exemption may defer what is not exempt.

| Type of benefit | 1-2 person household annual income/asset limit | 3 person household annual income/asset limit |
|-----------------|--|--|
| Full Exemption  | \$55,953/\$340,000                             | \$62,667/\$340,000                           |
| 50% Exemption   | \$68,387/\$340,000                             | \$76,953/\$340,000                           |
| 25% Exemption   | \$99,472/\$340,000                             | \$99,472/\$340,000                           |
| Deferral        | \$99,472/\$540,000                             | \$99,472/\$540,000                           |

# RETR BACKGROUND

- The Department of Human Services (DHS) has overseen the RETR Program since 1991.
  - The Affordable Housing Master Plan (AHMP), adopted by the County Board in September 2015, found that many low-income senior households on fixed incomes face financial stress related to increasing condominium fee and real estate tax burdens.
  - The AHMP included a recommendation to review the goals and guidelines of the RETR Program, and to consider redefinition of income levels, asset levels, and criteria for exemptions and deferrals.
  - At FY 2017 budget adoption, the County Board requested the formation of a Working Group to study the County's current RETR Program and develop recommendations for consideration during the FY 2018 budget process.
  - In FY 2015, 940 households were approved for RETR, resulting in \$4,218,957 in uncollected revenue.
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# RETR PARTICIPATION BY TYPE OF BENEFIT, FY 2010-2015

| Type of Benefit     | FY 2010     | FY 2011     | FY 2012     | FY 2013     | FY 2014     | FY 2015     |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Full Exemption      | 809         | 837         | 875         | 764         | 707         | 650         |
| 50% Exemption       | 153         | 149         | 115         | 127         | 123         | 118         |
| 25% Exemption       | 136         | 128         | 101         | 128         | 131         | 143         |
| Deferral Only       | 32          | 36          | 35          | 34          | 36          | 29          |
| Total Approved      | 1,130       | 1,150       | 1,126       | 1,053       | 997         | 940         |
| Uncollected Revenue | \$4,333,253 | \$4,250,259 | \$4,583,156 | \$4,299,041 | \$4,232,471 | \$4,218,957 |

# INCOME AND ASSETS FOR RETR HOUSEHOLDS, FY 2015

| Household Income    | Number of Households | Percentage of Households |
|---------------------|----------------------|--------------------------|
| \$0 - \$20,000      | 119                  | 12%                      |
| \$20,001 - \$40,000 | 300                  | 32%                      |
| \$40,001 - \$60,000 | 287                  | 31%                      |
| \$60,001 - \$80,000 | 160                  | 17%                      |
| \$80,001 - \$99,472 | 74                   | 8%                       |

| Household Assets      | Number of Households | Percentage of Households |
|-----------------------|----------------------|--------------------------|
| \$0 - \$100,000       | 485                  | 52%                      |
| \$100,001 - \$200,000 | 222                  | 24%                      |
| \$200,001 - \$300,000 | 153                  | 16%                      |
| \$300,001 - \$400,000 | 69                   | 7%                       |
| \$400,001 - \$500,000 | 11                   | 1%                       |
| \$500,001 - \$540,000 | 0                    | 0%                       |

# ASSESSED VALUE AND LOCATION OF RETR HOMES, FY 2015

| Assessed Value          | Number of Households | Percentage of Households |
|-------------------------|----------------------|--------------------------|
| \$0 - \$200,000         | 60                   | 6%                       |
| \$200,001 - \$400,000   | 218                  | 23%                      |
| \$400,001 - \$600,000   | 284                  | 30%                      |
| \$600,001 - \$800,000   | 322                  | 34%                      |
| \$800,001 - \$1,000,000 | 47                   | 6%                       |
| \$1,000,001+            | 9                    | 1%                       |

| Zip Code | Number of Households | Percentage of Households |
|----------|----------------------|--------------------------|
| 22201    | 113                  | 12%                      |
| 22202    | 59                   | 6%                       |
| 22203    | 84                   | 9%                       |
| 22204    | 267                  | 28%                      |
| 22205    | 117                  | 12%                      |
| 22206    | 82                   | 9%                       |
| 22207    | 182                  | 19%                      |
| 22209    | 19                   | 2%                       |
| 22210    | 2                    | 1%                       |
| 22213    | 16                   | 2%                       |

# NORTHERN VIRGINIA REAL ESTATE TAX RELIEF COMPARISON, 2016

| Qualification Factors                           | Arlington County<br>Current  | Fairfax County   | City of Alexandria  | Loudoun County                 | Prince William County  |
|---|--|--|---|--------------------------------|--|
| <b>Household Income Maximum</b>                 | \$99,472   | \$72,000   | \$72,000  | \$72,000                       | \$81,490   |
| <b>Full Exemption</b>                           | Full Exemption to:<br>1 person \$55,953<br>2 people \$55,953<br>3 people \$62,667  | 0 - \$52,000<br>1 acre limit   | 0-\$40,000  | 0-\$72,000<br>3 acre limit     | 0-\$56,200   |
| <b>Partial Exemption</b>                        | 50% Exempt to:<br>1 person \$68,387<br>2 people \$68,387<br>3 people \$76,953<br><br>25% Exempt to:<br>1 person \$99,472<br>2 people \$99,472<br>3 people \$99,472 | \$52,001-\$62,000<br>50% exempt<br><br>\$62,001-\$72,000<br>25% exempt | \$40,001-\$55,000<br>50% exempt<br><br>\$55,001- \$72,000<br>25% exempt | None                           | \$56,200- \$64,630<br>75% exempt<br><br>\$64,631- \$73,060<br>50% exempt<br><br>\$73,061- \$81,490<br>25% exempt |
| <b>Deferral</b>                                 | Can defer what is not exempt   | None   | Can defer what is not exempt  | None                           | None   |
| <b>Asset Maximum</b>                            | \$340,000 for exemption<br>\$540,000 for deferral  | \$340,000  | \$430,000   | \$440,000<br>excludes 10 acres | \$340,000  |
| <b>Income Disregards For Relatives in Home:</b> | None   | \$6,500  | \$10,000  | \$10,000                       | \$10,000   |
| <b>Disabled:</b>                                | (family size taken into consideration when determining eligibility)  | \$7,500  |   | All for owner and/or spouse    | \$7,500  |

# RETR WORKING GROUP CHARGE

The RETR Working Group is charged by the County Manager to collaborate with staff to **provide commission, community, consumer and advocate perspectives** on possible future changes to the RETR Program in Arlington.

More specifically, the Working Group will:

- **Research and review best practices** related to real estate tax relief throughout the country.
- **Engage and inform** the community and relevant stakeholders of ongoing efforts and discussions.
- Determine if there may be Arlingtonians who qualify for RETR but are not currently participating in the program, and provide recommendations for **what could be done differently** to reach to these residents.
- Collaborate with a consultant to conduct **surveys and / or focus groups** to gauge the historical success of the RETR Program in reaching eligible Arlingtonians and enabling these residents to stay in their homes, and to ascertain what changes (if any) would allow the program to better address elderly and disabled Arlingtonians' needs.
- Utilize identified best practices and survey / focus group results to inform an **analysis of the current program's approach** to enabling elderly and disabled Arlingtonians to stay in their homes.
- **Provide recommendations** on how to best structure and administer the program in Arlington moving forward.



# RETR WORKING GROUP STRUCTURE

- The RETR Working Group is a limited-term advisory body, with members representing the following:
  - Commission on Aging
  - Disability Advisory Commission
  - Fiscal Affairs Advisory Commission
  - Housing Commission
  - Member(s)-at-large
  - Real Estate Tax Relief Program participant(s)
- Chair and Vice-Chair to be determined.
- Christian Dorsey and John Vihstadt are the County Board liaisons to the RETR Working Group.
- DHS will provide primary staff support, with additional assistance from the Department of Community Planning, Housing, and Development (CPHD) and the Treasurer's Office.
- Staff will be augmented by a consultant with expertise in conducting surveys and focus groups.

# COMMUNITY OUTREACH

The RETR Working Group and staff will utilize a variety of tools and methods to engage and communicate with the community, including, but not limited to:

- Community meetings
- Real Estate Tax Relief Working Group and Study web page (<https://commissions.arlingtonva.us/real-estate-tax-relief-retr-working-group/>)
- County Board work sessions
- E-mail
- Social media
- Surveys/focus groups
- Media releases

# MAJOR WORK PRODUCT

The RETR Working Group will produce a **Program Recommendations Report** highlighting the Group's key findings. The Report will include a summary of best practices, survey/focus group results, and recommendations on the structure and administration of the RETR Program.

More specifically, the Report will:

- Identify **innovative real estate tax relief programs** and **promising strategies** from around the country. This portion of the Report will examine the existing program structure, assist in identifying gaps or areas for potential changes, and assess the feasibility of applying identified best practices in the Arlington environment.
- Incorporate the consultant's review and analysis of the **survey and/or focus group results**. This portion of the Report will inform the overall analysis of the current Program.
- Propose **eligibility/structural/administrative/other changes (if any)** to the existing RETR Program.

# TIMELINE

## Summer 2016

- Appoint RETR Working Group
- Develop Charge for RETR Working Group
- Conduct research on best practices
- Conduct surveys and/or focus groups with aid of consultants

## Fall 2016

- Check-in with County Board
- Develop draft report and recommendations
- Hold community forum on draft report and recommendations

## Winter 2017

- Develop final report and recommendations
- Present recommendations to the County Manager and County Board