

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	June 1, 2020
Action Required:	Approval of COVID-19 Real Estate Grants
Presenter:	Todd Divers, Commissioner of the Revenue Jason Vandever, Treasurer
Staff Contacts:	Todd Divers, Commissioner of the Revenue Jason Vandever, Treasurer John C. Blair, II, City Attorney
Title:	Appropriation of Remaining \$250,000 from FY20 Real Estate Tax Relief for the Elderly and/or Disabled and Charlottesville Housing Affordability Program to Fund One-Time COVID-19 Real Estate Tax Relief Grants

Background:

Attached is an ordinance for Council’s consideration for one-time COVID-19 real estate tax relief grants. Funding comes from the roughly \$250,000 expected to remain unspent at the conclusion of the FY20 Real Estate Tax Relief Program for the Elderly and/or Disabled (RETR) and the FY20 Charlottesville Housing Affordability Program (CHAP). These one-time grants would help defray the cost to low-income homeowners of their CY2020 first-half real estate tax assessments.

Discussion:

As it became clear that roughly \$250,000 would be left over after distributing funds that had been allocated in FY20 for the Charlottesville Housing Affordability Program (CHAP) and Real Estate Tax Relief for the Elderly and Disabled (RETR), there was discussion on Council of keeping those funds engaged in the affordable housing arena – possibly in the form of an enhanced CHAP program or some other aide to low-income homeowners. With the onset of the COVID-19 crisis and the delay in adopting a budget, it became impossible to utilize those funds in an augmented FY21 CHAP program in time to meet the Commissioner of the Revenue’s deadlines. Consequently, Todd Divers and Jason Vandever were tasked with developing a one-time grant proposal for FY20 with a number of specific goals in mind:

1. Even with the benefit of tax relief provided by the above-mentioned programs (RETR and CHAP), many taxpayers still have difficulty paying their first half real property tax bill. This problem is exacerbated by the current economic shutdown caused by COVID-19. Therefore, any program resulting from this process must help people pay their first half bill;
2. Any program resulting from this process needs to roll out relatively quickly, without a

- drawn-out application process, and with minimal impact on our existing services;
3. Any program resulting from this process must be relative easy to administer and should minimize taxpayer confusion;
 4. Total combined grant amounts awarded to a taxpayer as a result of any program resulting from this process cannot exceed that grant recipient's tax liability for the calendar year.

COVID-19 GRANTS PROPOSAL

In order to avoid a time-consuming application process (see #2 above), we propose using a universe of applicants that has already been identified – those who recently qualified for RETR in FY20 and those who qualified for CHAP in the last half of CY19 (also in FY20).

For Those Qualifying Via FY20 CHAP (awarded in CY19)...

- CY19 CHAP recipients with income \$25K and below will receive a one-time COVID-19 grant of \$500.
- CY19 CHAP recipients with income between \$25,001 and \$55K will receive a one-time COVID-19 grant of \$250.
- CY19 CHAP recipients who also qualify for CHAP in CY20 will have their 2nd Half CHAP grant adjusted such that the sum of COVID-19 grant and CY20 CHAP grant does not exceed the annual tax amount owed.

For Those Qualifying Via FY20 RETR (awarded in CY20)...

- 2020 RETR recipients with income between \$25,001 and \$55K will receive a one-time COVID-19 grant of \$250.
- In a very few instances where the RETR grant amount is almost but not quite the annual tax liability, the COVID-19 grant will be reduced such that the sum of the COVID-19 grant and the RETR grant does not exceed the annual tax amount owed.
- Note that 2020 RETR recipients with income \$25K and below already received 100% tax relief and will not receive COVID-19 grants since they will not have a first (or second) half real estate tax liability.

COST

- We estimate the cost to be a little over \$250,000 (\$224K for CHAP universe of applicants and \$27K for RETR universe of applicants). We can arrive at this amount with a fairly high degree of certainty because we have already identified the recipients and know how much each will receive. We anticipate 260 grants in the amount of \$500 and 486 grants in the amount of \$250.
- These one-time grants will result in CHAP program savings for FY21 of approximately \$130,000 primarily due to the fact that many FY21 CHAP recipients who would otherwise qualify for full relief will receive a \$500 COVID-19 grant in the first half of CY2020, thereby necessitating a reduction in the CHAP grant for the second half of CY2020.

ADMINISTRATION

COVID-19 Grants administered pursuant to this program will be applied to recipients' first half 2020 real property tax installment. In the exceedingly rare event that COVID-19 grant amount plus the RETR grant exceeds the total amount owed for the year, the COVID-19 grant will be reduced accordingly. If, because of prepayment of the first half installment by the taxpayer, there still remains a grant balance due to the taxpayer, a check will be issued directly to the taxpayer as a refund.

Alignment with City Council's Vision and Strategic Plan:

This aligns with the City Council's Vision "...to be flexible and progressive in anticipating and responding to the needs of our citizens." It also aligns with the following goals contained in the City's Strategic Plan:

Goal 1.3 – Increase affordable housing options

Goal 1.4 – Enhance financial health of residents

Community Engagement:

The desire for affordable housing within the City is a constant refrain heard at Council and Planning Commission meetings. There are numerous nonprofits and community agencies in Charlottesville dedicated to the mission of providing affordable housing. Similarly, City Council created the Housing Advisory Committee to offer recommendations on housing policy and affordable housing funding priorities. In short, the desire for the City to engage on this front is overwhelming.

With respect to this particular program, the broad strokes were laid out by Mayor Walker during the last Council meeting (5/18/2020). Mr. Divers and Mr. Vandever emailed members of Council individually on May 27, 2020 for further input regarding this proposal.

Budgetary Impact:

The funding for this program will come from unspent funds that were originally allocated for the FY20 Charlottesville Housing Affordability Program and the FY20 Real Estate Tax Relief Program for the Elderly and Disabled. No new funding sources will be necessary for this one-time program.

Recommendation:

Approve this proposed ordinance and appropriation of unspent FY20 CHAP and FY20 RETR funds to be used for one-time COVID-19 grants.

Alternatives:

- Council may decline to adopt the ordinance and allow the unspent funds from FY20 CHAP and FY20 RETR to become part of the year-end appropriation discussion, if a year-end surplus exists.
- Council may choose to fund this initiative at a lesser amount than the full \$250,000 and leave the remainder to become part of the year-end appropriation discussion. For example, utilizing \$125,000 of the remaining program funds would provide grant amounts of \$250 and \$125, instead of the proposed \$500 and \$250 grants.

Attachments:

Ordinance

**AN ORDINANCE
PROVIDING ONE TIME
GRANTS TO
CHARLOTTESVILLE HOUSING AFFORDABILITY PROGRAM
AND
REAL ESTATE TAX RELIEF FOR THE ELDERLY AND DISABLED PROGRAM
RECIPIENTS**

WHEREAS, on March 12, 2020, the Charlottesville City Council authorized and City Manager Dr. Tarron Richardson issued a Declaration of Emergency to prevent the spread of COVID-19; and

WHEREAS, the economic effects of COVID-19 is making it difficult for Charlottesville Housing Affordability Program (CHAP) and Real Estate Tax Relief for the Elderly and Disabled Persons Program (RETR) recipients to pay the first half of their real estate taxes; and

WHEREAS, the Fiscal Year 2019-2020 budget and appropriation to CHAP and RETR will have a surplus of approximately \$250,000.00; and

WHEREAS, the Charlottesville City Council desires to provide further tax relief to CHAP and RETR recipients to pay real estate taxes due June 19, 2020.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Charlottesville that the Charlottesville Commissioner of the Revenue and the Charlottesville Treasurer are authorized to administer the following grants to individuals qualifying for the Real Estate Tax Relief for the Elderly and Disabled Persons Program pursuant to Charlottesville City Code Chapter 30, Article IV and to individuals qualifying for the Homeowner Tax Relief Grant Program Ordinance adopted May 6, 2019.

A one time grant of \$500.00 shall be provided to Homeowner Tax Relief Grant Program Ordinance (hereinafter CHAP) program recipients with incomes of \$25,000.00 or less.

A one time grant of \$250.00 shall be provided to CHAP program recipients with income between \$25,001.00 and \$55,000.00.

A one time grant of \$250.00 shall be provided to Real Estate Tax Relief for the Elderly and Disabled Persons Program recipients with incomes between \$25,001.00 and \$55,000.00.

BE IT FURTHER ORDAINED by the Council of the City of Charlottesville, Virginia that Real Estate Tax Relief for the Elderly and Disabled Persons Program recipients receiving the one time \$250.00 grant may have the grant reduced by the amount of the difference, if any, between \$250.00 and the recipient's 2020 real estate tax liability.

BE IT FURTHER ORDAINED by the Council of the City of Charlottesville, Virginia that 2019 Homeowner Tax Relief Grant Program recipients who also qualify for the one time

grants of \$500.00 or \$250.00 shall not receive combined grant amounts greater than the recipient's total real estate tax liability for 2020.

This ordinance shall expire on December 6, 2020.

Pursuant to Charlottesville City Code Section 2-97, this Ordinance is enacted pursuant to a four-fifths vote of the Charlottesville City Council and will not require a second reading.