City of Alexandria, Virginia
FY 2025 Proposed Operating Budget & CIP
Budget Questions & Answers

April 4, 2024

Question:
Please provide some additional options for increasing participation in the Real Estate Tax Relief program for the Elderly & Disabled beyond that provided in the last budget memo.

Response:

Current Program: Estimated to reduce revenue by approximately $3.0 m., already reflected in the FY 2025 Proposed Budget:

Gross Income	% of Relief
<= $40,000	100%
$40,001 - $55,000	50%
$55,001 - $72,000	25%
$72,001 - $100,000	Deferral

Allowable net assets not to exceed $430,000.

All four options shown below assume raising the maximum allowable net assets from $430,000 at present to $500,000 (not including the value of the house and up to one acre of land), in addition to the proposed income adjustments.

Option 1: Adds an estimated <u>123 participants (19%), with $920,000</u> in additional foregone revenue.

Gross Income	% of Relief
<= $55,000	100%
$55,001 - $72,000	50%
$72,001 - $82,000	25%
$82,001 - $100,000	Deferral

Option 2: Adds an estimated <u>212 participants (33%), with $1.09 million</u> in additional foregone revenue.

Gross Income	% of Relief
<= $55,000	100%
$55,001 - $72,000	50%
$72,001 - $92,000	25%
$92,001 - $100,000	Deferral

Option 3: Adds an estimated <u>284 participants (44%), with $1.23 m.</u> in additional foregone revenue.

Gross Income	% of Relief
<= $55,000	100%
$55,001 - $72,000	50%
$72,001 - $100,000	25%
$100,001 - $120,000	Deferral

Option 4: Adds an estimated <u>491 participants (76%), with $2.26 m.</u> in additional foregone revenue.

Gross Income	% of Relief
<= $55,000	100%
$55,001 - $72,000	75%
$72,001 - $100,000	50%
$100,001 - $120,000	25%
$120,001 - $130,000	Deferral

Section 3-2-161(12) of the City ordinance for the current Tax Relief program includes the following definition:
"*Total combined income of applicant.* The annual gross income from all sources, calculated as of December 31 of the calendar year immediately preceding the taxable year, of the applicant, of the applicant's spouse, of any relative of the applicant who resides in the dwelling, and of any other person who is an owner of and resides in the applicant's dwelling; provided, that up to $10,000 of the income of any such relative shall be excluded and, provided further, that up to $10,000 of the income of any applicant, and any other owner residing in the dwelling, who is permanently disabled shall be excluded."

It is assumed that the same $10,000 exclusion would remain under the proposed alternative options.