Real Estate Tax Relief Program (RETR)

Program Purpose

- The RETR helps low to moderate income seniors and totally and permanently disabled homeowners stay in their homes by exempting households from paying all or part of their real estate taxes, and/or by allowing them to defer payment of non-exempt taxes until the property changes ownership.
- Persons qualifying for the exemption or deferral are deemed to be bearing an extraordinary real estate tax burden in relation to their income and financial worth.
- The Code of Virginia allows localities to offer RETR to aged and disabled homeowners and provides latitude for localities to adjust eligibility criteria to best fit the needs of the community.

Eligibility

- The maximum gross income limit in Arlington is $99,472 per household; maximum asset limit is $540,000
- In 2016, an estimated 900 households will be served in the program, with a budget impact of $4,205,000
- Lower income households receive the greatest amount of relief – a full exemption – while households at the higher end of the income levels receive a 50% or 25% exemption with the option to defer the portion of taxes that are not exempt
- Arlington has changed the eligibility criteria four times in the past 10 years – sometimes in response to recommendations made by the community and other times in response to changes to property assessments
- Income limits are adjusted by household size.

Household Income Maximum	$99,472	
Full Exemption	1 person $55,953 2 person $55,953 3 person $62,667	
Partial Exemption	50% Exempt to: 1 person $68,387 2 person $68,387 3 person $76,953 25% Exempt to: 1 person $99,472 2 person $99,472 3 person $99,472	
Deferral	Can defer what is not exempt	
Asset Maximum	$340,000 for exemption $540,000 for deferral	Assets do not include value of property
Income disregards for relatives in home	None	

Recommendation for FY 2017

The Department of Human Services recommends that the County maintains the program as it is currently formulated for the following reasons:

- The program is fulfilling its intended purpose by reaching those households with the most significant tax burden – 75% of households have an annual income of $60,000 or less, and 76% have assets of $200,000 or less
- The median assessed value of the RETR households' properties is $524,466.
- Although DHS does not collect household data on mortgages, anecdotal information tells us that most households do not have mortgages
- Arlington has a generous program that has a higher income limit than all neighboring jurisdictions and a higher asset limit for deferral than Fairfax County

The advantages of keeping the program in the Department of Human Services are:

- Staff are highly trained to learn and stay abreast of changing program guidelines and analyze eligibility documents. Staff are also trained to serve a high need population – many recipients of this benefit have difficulty comprehending complex financial information. Eligibility workers have access to therapists and case managers skilled in working with this population.
- All households that need additional services are referred to other programs in the Department of Human Services – Aging and Disability Services Division
- In cases where individuals cannot complete applications, DHS provides staff and volunteers to assist in application completion at their home or in the office
- DHS staff has a close working relationship with the Treasurer's Office that provides customers with a seamless experience
- According to State Code, there is no requirement to locate the RETR in the Commissioner of Revenue's Office
- The program is managed by DHS with a direct clear line of authority, oversight and accountability from the County Manager, who reports to the County Board
- DHS has an active fraud investigation program, with a full-time investigator that can be deployed to recover overpayments based on fraudulent claims and assist with criminal prosecutions if necessary.