



Property Tax Relief Program Updates

Budget & Policy Committee
Monday, August 5, 2024

Agenda

- Purpose
- Background
- Peer City Research
- Potential Changes
- Next Steps
- Discussion

Purpose

The Denver Property Tax Relief Program is currently the city's only tool to combat property owner displacement, but is underutilized year after year.

The program could be better leveraged to keep at-risk property owners in their homes.

Background

The Denver Property Tax Relief Program provides a partial refund of property taxes paid, or the equivalent in rent, to qualifying Denver residents.

- Eligible applicants receive a payment of at least \$372
- Average refund of \$1,000

Background

	Groups	Financial eligibility
Who does the program serve?	Homeowners with disabilities	<= 60% of Area Median Income for the household's size. AMI is calculated by HOST.
	Homeowners 65+	
	Homeowners with children	
	Renters with disabilities	<= 25% of AMI for single renters, <=30% of AMI for two renters (renters' combined income must be <= 30%).
	Renters 65+	
What are other key program features?	<ul style="list-style-type: none"> • Property taxes must be paid in full for the tax year, for all participants. This also means people aren't eligible if they live in properties exempt from local property taxes. • Social Security benefits aren't counted as income for the purpose of eligibility, but the state's Adult Financial program benefits are. • Program Years run from May 1 through April 30. Applications and benefits relate to the calendar year preceding the May 1 date. For example, applications received from May 1, 2023 - April 30, 2024 relate to calendar year 2022. This set of applications and benefits is referred to as 'Program Year 2022'. 	

Background

Reasons applicants have been denied:

- Incomplete application
- Address was already claimed
- Address outside of Denver
- Applicant's AMI is above eligibility threshold
- Applicant already received the rebate

	Applications Received*	Rebates Paid
2019	3,099	2,505
2020	3,260	2,586
2021	3,700	2,952
2022	3,912	3,194**

*Includes duplicate applications

**Some payments still pending

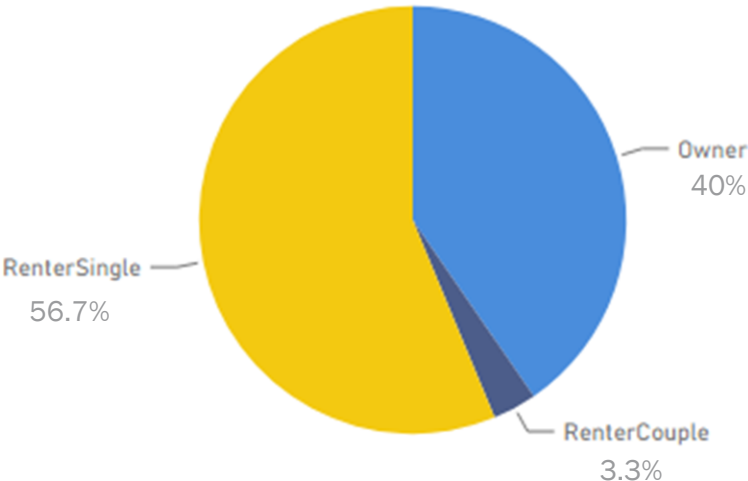
Background

Beneficiary breakdown by demographics for 2022 Program Year:

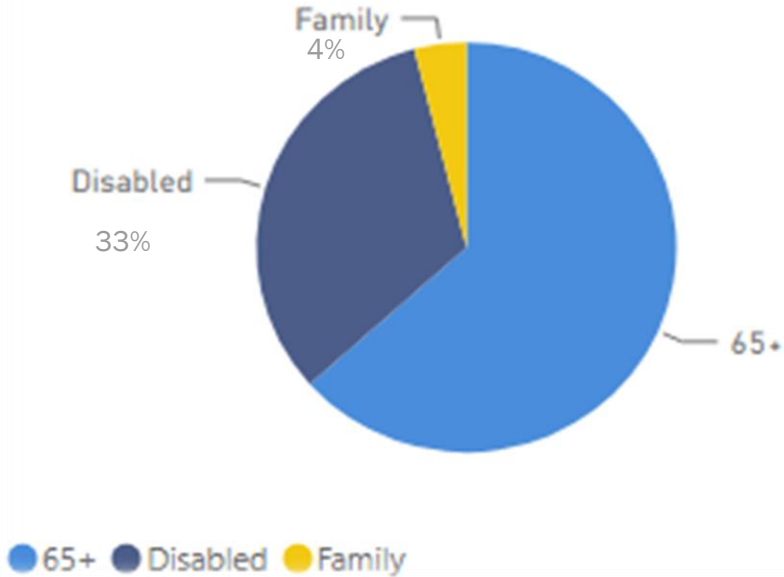
57% of program beneficiaries are renters

Most beneficiaries are age 65+, with Disability the second highest category.

Breakdown by Program Rules



Application Demographics



Background

Budget & Admin in recent years:

	Budget	Estimated Expenditures	FTE
2019	\$6,025,000	\$2,505,000	4.0
2020	\$6,056,170	\$2,586,000	4.0
2021	\$6,053,465	\$2,952,000	4.0
2022	\$6,053,465	\$3,194,000	4.0
2023	\$5,713,612	--	4.0
2024	\$5,006,912	--	4.0

Annual program expenditure numbers were requested but not provided

Background

Existing Challenges:

- Application is done on paper
- Processing can take up to 6 months
- The high cost of housing relative to the AMI eligibility ceiling for owners
- 57% of participants are renters
- Awareness about the program is low and conducting outreach can be difficult

Background

Existing State Property Tax Relief Programs:

- Property Tax Exemption for Senior Citizens (65+)
 - 50 percent of the first \$200,000 of actual value of the qualified applicant's primary residence is exempted
 - Property must be owner-occupied for 10 consecutive years
- Property Tax Deferral Program
 - Allows senior citizens, active military, and those who exceed the 4% tax growth cap to access an interest-bearing loan to defer partial payment of property tax so long as they keep enrolling and remain eligible

** These are separate programs run by the state, but residents can apply for any or all*

Peer City/County Research

Philadelphia, PA

- \$500 tax credit
- One time
- Only homeowners
- Property tax bills must have increased by at least 50% in past two years
- Household income at or below 80% AMI

Mecklenburg County, NC

- Up to \$648 tax credit
- Up to \$1,017 if a resident of Charlotte, NC
- Annual application
- Only homeowners
- Household income at or below 80% AMI

Broomfield, CO

- Up to \$1,000 tax refund
- Annual application
- Only homeowners
- Household income at or below 80% AMI Changed from 60% AMI to 80% AMI in 2023

Atlanta, GA

- Credit for tax owed over the 2019 base year
- Annual application
- Only homeowners who resided in home since 2017
- Restricted to certain eligible neighborhoods
- Household income up to 100% AMI based on number of people

Potential Paths Forward

Broad Eligibility

- Lower age requirement from 65 to 62
- Increase eligible AMI from 60% to 80%
- Keep refund amount the same

Targeted Eligibility

- Shift the program to DEDO and align eligibility with NEST neighborhoods
- Increase refund amounts

Other Considerations

- Some combination of the above?
- Restrict to homeowners?
- Allow for younger spouses of recently deceased or life change?
- Increase admin budget for outreach?
- Align eligibility with other Denver relief programs?

Potential Paths Forward: Agency Recommendations

Why: We want to prevent people from being displaced from their homes

Who: Which populations do we want to serve to ensure we are meeting our “why”

Recommendations from DHS/DEDO:

- Transition program from DHS to DEDO
- Target transition of the program to occur in alignment with program year start date of May 1st
- Establish workgroup with DHS/DEDO to determine program model/service delivery:
 - Gain community input
 - Study best practices from other metro areas
 - Define the population we hope to impact (Example: Homeowners, renters, ages, families, etc.)
 - Determine eligible populations
 - Is property tax the best assistance we can offer to help with our “why”?
 - Align eligibility with other local programs?

Future Funding Needs

- Denver does not keep income data on residents
- Best comparison for projecting future funding needs is Trash Rebate
 - Household income at 60% AMI

**Current Number of Households
Receiving Trash Rebate**

4,801



**Average Property
Tax Rebate**

\$1,000



Projected Cost

\$4,801,000

** These are separate programs run by the state, but residents can apply for any or all*

Next Steps

- **Consider Councilmember feedback and recommendations**
- **Agency & Stakeholder Outreach**
- **Draft Ordinance**
- **Council Process**

Questions & Discussion