

NEST Commission

Tax Assistance Recommendation

HOUSING, SAFETY & COMMUNITY COMMITTEE

JANUARY 3, 2023

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Work Stream Work Plan – 1.

Policy & Program Improvements Work Stream

- ◀ Gather data on County's Tax relief Programs and City's Pilot Aging in Place Program.
- ◀ Examine other municipality programs, including tax freeze programs.
- ◀ Recommend codifying previous pilot of Aging in Place Tax Relief Program or comparable program.

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NC Tax Relief Programs

North Carolina G.S. 105-277

Name	Type	Benefit	Eligibility Requirements	Income Limit
Homestead - Elderly/Disabled	Exclusion	The taxable value of residence up to either \$25,000 or 50% , whichever is greater	<ul style="list-style-type: none">Name on deed/titlePrimary residenceAt least 65 or totally and permanently disabled	\$31,900
Homestead - Disabled Veterans	Exclusion	First \$45,000 of assessed value	<ul style="list-style-type: none">Name on deed/titlePrimary residenceHonorably discharged and certified as service-connected total and permanent disability	No age or income requirements
Circuit Breaker	Deferral	Taxes limited to a percentage of the Owner's income	<ul style="list-style-type: none">Meet requirements of Homestead ExclusionPermanent legal residence for 5 years	\$47,850 (150% of Homestead limit)

How This Works in Practice



Example

◀ **Property Valuation: \$300,000**

◀ **Tax Rates**

- County: 0.6169
- City: 0.3481
- Combined: 0.9650

	No Tax Relief	Homestead Exclusion (50% of value)	Circuit Breaker (4% of income)	Circuit Breaker (5% of income)
Taxed Value	\$300,000	\$150,000	\$300,000	\$300,000
County	\$1,850.70	\$925.35	\$1,850.70	\$1,850.70
City	\$1,044.30	\$522.15	\$1,044.30	\$1,044.30
Total Tax Due	\$2,895.00	\$1,447.50	\$1,276.00	\$2,392.50
Tax Deferred	n/a	n/a	\$1,619.00	\$502.50

Current Tax Assistance (2022)

- ◀ Approximately 6,000 out of 18,000 potentially eligible households currently receiving tax assistance in Mecklenburg County
- ◀ Only 27 total households participated in Circuit Breaker program in past 5 years

Program	# of Households	Value of Tax Relief	Tax Bill
Homestead Exemption: Elderly/Disabled	4,620	\$5.29 M	\$4.46 M
Homestead Exemption: Veteran	1,412	\$833,000	\$2.66 M
TOTAL	6,040	\$6.12 M	\$7.16 M

NC Tax Relief Programs

North Carolina G.S. 105-277

◀ Barriers and Challenges:

- Lack of awareness
- Limited eligibility
- Have to re-apply every year
- Heirs property
- Concern that deferrals burden heirs
- Failure to qualify, e.g.:
 - *Undocumented immigration status*
 - *Owe delinquent taxes > 2 years*



Best Practices

◀Taxpayer Assistance

- Nonprofit partners (e.g., Habitat for Humanity, DreamKey Partners)
- Emergency assistance fund (e.g., Crisis Assistance Ministry)
- Loan program

◀Community-Based Outreach & Enrollment

- Canvassing and technology

◀Community Land Trust Model

◀Financial Counseling & Legal Assistance

◀Process Improvements

- E.A.S.T.

◀Advocate for Legislative Actions

- Expand Circuit Breaker Exclusion

Household and Cost Estimates

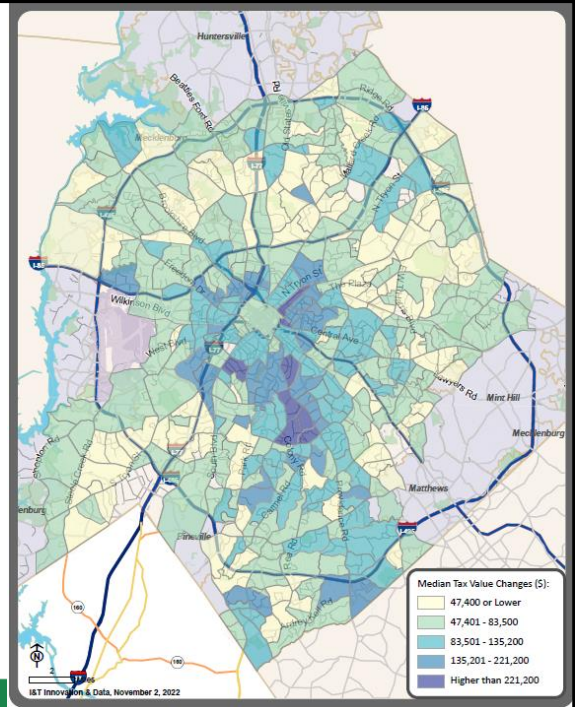
Owners 55+ Eligibility (not eligible for state programs)		Annual Estimated Cost for Full Participation				
AMI	Estimated Households	\$100	\$200	\$300	\$400	\$500
Up to 60%	8,529	\$852,900	\$1,705,800	\$2,558,700	\$3,411,600	\$4,264,500
Up to 80%	17,753	\$1,775,300	\$3,550,600	\$5,325,900	\$7,101,200	\$8,876,500

◀2019 Revaluation

- Median annual tax increase for homes valued at \$300,000 and under was \$254
- 70% of homes valued under median had value increases

Where have we seen greatest changes in value since 2019?

- Analysis includes changes in tax value (due to renovation/construction) and sales value over tax value




Tax Assistance Recommendation

NEST Commission

- Provide tax assistance grants for households age 55+ with income up to 80% AMI
 - Estimated ~17,700 eligible households in Charlotte (not eligible for state programs)
- Make it easy and accessible
 - Deploy in coordination with Mecklenburg County HOMES program
 - Communications and outreach to increase uptake of currently eligible households
 - Broaden door-to-door outreach and canvassing in neighborhoods vulnerable to displacement
 - Ensure ability to enroll in both city and county programs on-the-spot
 - Support the development of resident-facing app to pre-qualify for programs and automatically re-enroll
- Other considerations
 - Partner with organizations that provide financial counseling and community health resources in combination with tax assistance grants
 - Set aside funds for loan program for deferred taxes to encourage enrollment in state Circuit Breaker program
 - Consider state-level advocacy to expand eligibility for Homestead Exemption

Discussion

 CITY of CHARLOTTE

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