

Promoting Neighborhood Stabilization and
Housing Affordability—
*Longtime Low-Income Homeowner Property Tax
Assistance Grants
(and other options)*

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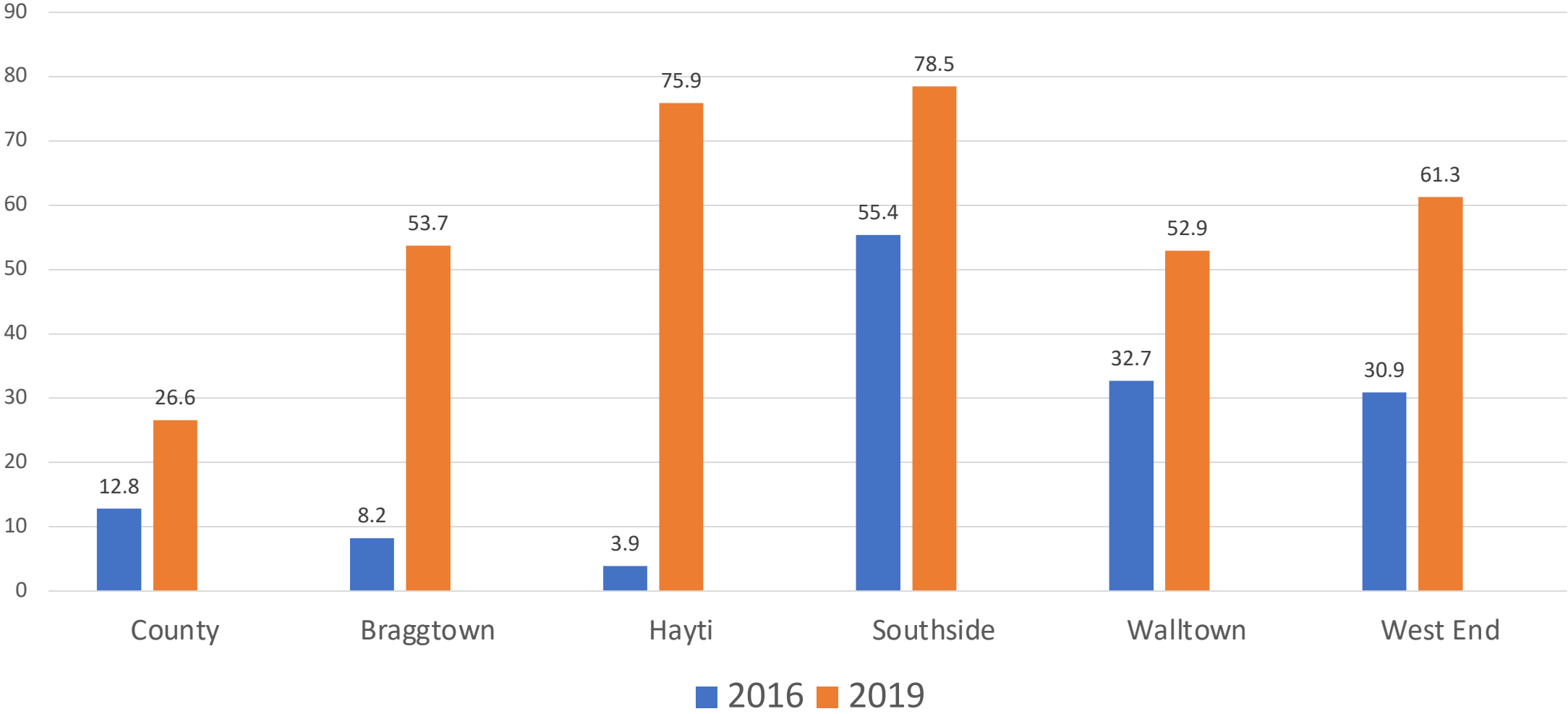
Coalition for Affordable Housing and Transit

Relieving the increasing tax burden

- Home tax values and property taxes in Durham keep rising but incomes do not for many families.
- These conditions can lead to additional displacement of longtime homeowners and destabilization of their neighborhoods. Need to preserve affordable housing and promote stability.
- A crucial tool for helping these homeowners is assisting low-income families in handling their increasing tax burden.
- What's been happening with property values? --
Gentrification

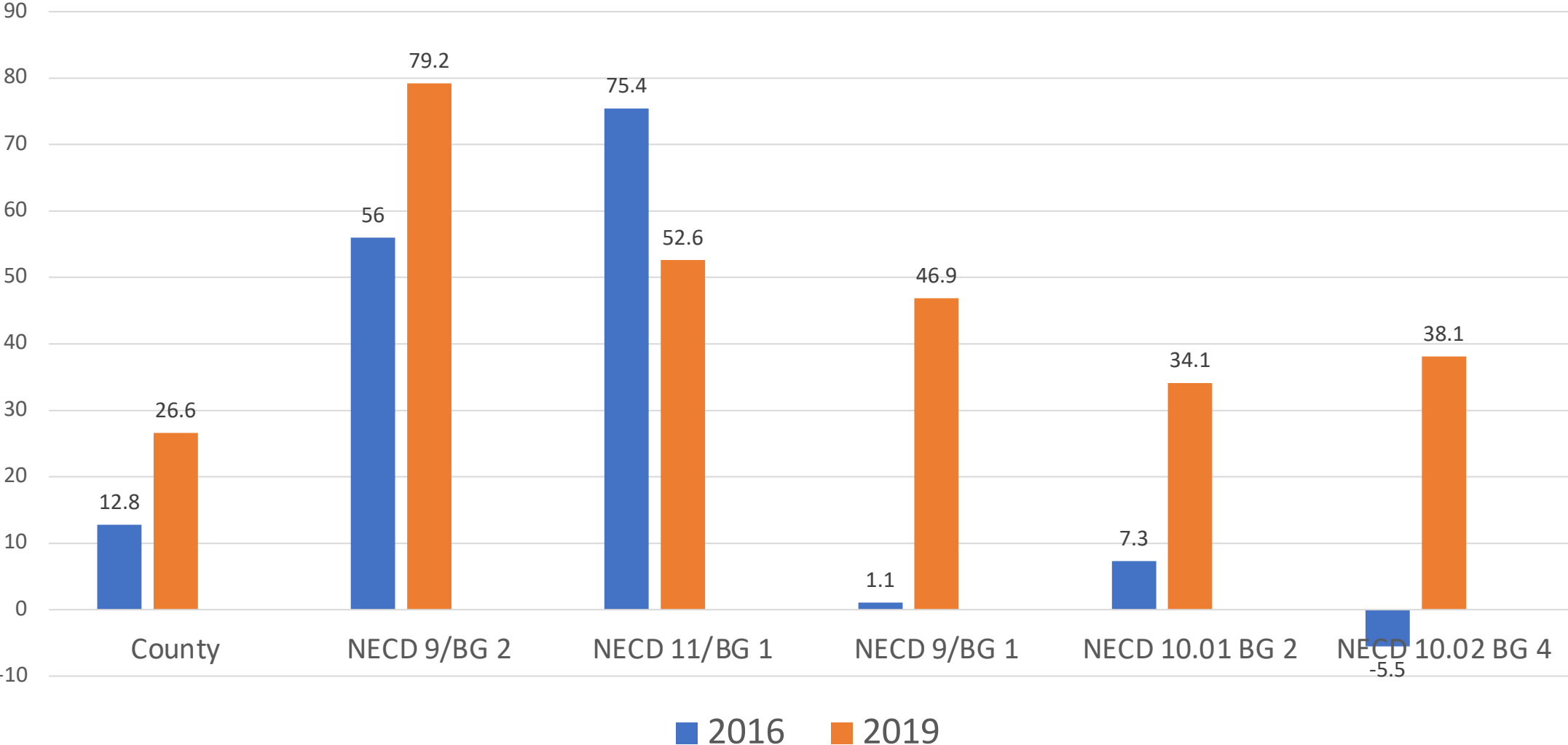
Changing Neighborhood Property Values-1

Reappraisals in Durham in 2016 and 2019--Information from Dataworks-NC



Changing Neighborhood Property Values-2

Information from Dataworks-NC (Northeast Central Durham-NECD)



Impact on Property Tax

- House appraised at \$70,000 in 2008
- 40% increase in 2016 increases appraised value to \$100,800
- 40% increase in 2019 increases appraised value to \$141,120
- At current tax rates in Durham, the tax bill in 2020 is \$1764.
- For two-person household with income of \$20,370—30% of AMI—, this tax bill is 9% of their income for property tax alone.

Current sources of state tax relief

- State Homestead Exemption for *seniors and handicapped* with income no more than \$31,000. Reduces appraised value of property by \$25,000 or 50%--whichever is greater.
- State Circuit Breaker for *seniors and handicapped*. Owners must have lived in the residence for at least 5 years. For income up to \$31,000, tax payment is limited to 4% of income. With income no more than \$46,500, tax payment is limited to 5% of income. The last three years of deferred taxes with interest must be repaid if the property is transferred.

Local Tax Assistance Programs

- Durham – Longtime Homeowners Grant Program paid increase in tax in 2016-2018 compared to the amount paid in 2015. Recently extended to cover the increase in taxes in 2019.
 - Eligibility up to 80% of AMI with no age limit.
 - Limited to community development target areas and houses located within 500 feet of a city investment.
 - Low level of participation in the program.
- Charlotte- Aging in Place Program. For longtime senior homeowners, grant covered increase in tax in 2019 compared to 2018.
 - Eligibility up to 80% of AMI.
 - Residence anywhere in Charlotte.
- Operation of these programs indicates that tax assistance programs are legal in NC.

Tax Assistant Grant Proposal

- For households with income at 30% AMI or less throughout the county. Census data indicate that there are approximately 4,055 owner-occupied households in Durham with income at 30% AMI or less.
- The applicant owns and has lived in the residence for at least ten (10) years.
- The heir of an owner occupant who qualified for assistance is eligible if the heir lives in the home AND the heir's household income is less than 30% of the Area Median Income.
- The amount of property tax paid would be limited to 1% of income. For the household with income of \$20,370 in a house valued at \$141,120, the tax bill would be \$204 rather than \$1764.

Strong Community Support

- Coalition for Affordable Housing and Transit
- Durham Committee on the Affairs of Black People Durham
- People's Alliance
- Durham Community Land Trustees
- Affordable Durham LLC
- SJ Adams Consulting
- Bike Durham
- Durham For All
- Durham Habitat for Humanity
- Neighborhood organizations-- Grant Street, Southside, Northeast Central Durham, Walltown

Governing Boards

- City Council signaled support
- Positive assessment of legality by the School of Government and experience in Durham city and Charlotte.
- Three of five County Commissioners unwilling to support because of opinion from County administration that assistance was not legal for local governments and commissioners would be liable to repay.
- Commission asked Tax Administrator to develop alternative approaches.
- Deferred payment program developed, supported by Commission, and reluctantly endorsed by Council.

Long-Term Payment Plan Deferral Program

- Limited to 30% AMI and ten years residence
- Homeowner allowed to pay 4% of their household income in property taxes for this year's tax bill. For example, the two-person household with an income of \$20,370 would pay \$815 of the tax bill of \$1764. The remainder of \$949 would be deferred.
- If the house is sold, the full amount of deferred payments and interest at 9% would have to be repaid
- If the owners remain in their home, they would have to repay the deferred amount plus interest one year at a time starting in ten years.
 - For example, the homeowner would be required in 2030 to pay the deferred tax plus interest for 2020 plus 4% of their income for the 2030 taxes.
 - The county is asking other property owners in their property tax bill to make contributions to cover interest for deferred payments.

Future steps

- Seek support from two new Commissioners taking office in December to support the Tax Assistance Grant for next year.
- Get the state legislature to provide new legal authority
 - Give local government the option of removing the age requirement for the Circuit Breaker Program that limits repayment of deferred taxes to the last three years before ownership changes.
 - Clarify the authority of local governments to provide tax assistance grants
- Broaden coverage to include income up to 60% of AMI and remove residency requirement for owners of Habitat houses.
- Outreach - Now: mobilize the coalition that supported the grant program to inform residents about the new program and help them prepare applications for the current program.