

Response to Questions on the FY 2005 Advertised Budget Plan

Request By: Supervisor Hudgins

Question: What would the impact be if Fairfax County pursued a real estate tax 'Grant' program similar to the one proposed by the City of Alexandria?

Response: Staff estimates that a similar program in Fairfax County would cost between \$5.1 and \$6.4 million. Aside from the cost however, the legal authority to implement such a program in Fairfax County is highly suspect.

As proposed by the City Manager, Alexandria is considering a pilot program that would provide an annual grant of \$250 to homeowners who have annual household income below \$43,500 and who own residential property assessed at less than the average residential value. However, this is not a property tax relief program. Rather, it is being crafted by the City as a welfare grant program based on authority under their city charter.

There is no express authority under state law for Fairfax County to adopt this type of program. While the County might be able to adopt 'general relief' welfare grants out of DFS or the RHA, there would be a number of legal concerns. One key concern is the unlikelihood that a 'general relief' program could be limited to owners of certain residential property but not be applicable to other applicants.

Nonetheless, even if the legal hurdles can be overcome, the financial constraint from grants to the target population alone would be considerable. Based on real estate and census data, staff estimates there are almost 26,000 owner occupied properties assessed at or below \$357,506 and where the household income is at or below 50 percent of the County's median income (e.g., \$47,800). Multiplied by grants at either \$200 or \$250, the fiscal impact from these alone would range from \$5.1 to \$6.4 million.