Ordinance to Expand Denver’s Property Tax Rebate Program for Qualifying Low-income Households

Denver Human Services
Safety, Housing, Education, and Homelessness Committee | December 19, 2018
Background on Current Program

- Article XI - Refund Payments to Elderly or Disabled Persons, in DRMC Chapter 53 Taxation and Miscellaneous Revenue.
- Purpose: To provide relief to older adults and persons with disabilities on a fixed income who are impacted by rising property taxes and inflation.
- Previously administered by the Treasurer’s Office; transferred to Human Services in 2016.
Current Program

Eligibility Criteria:
- Renter or owner-occupant,
- Over age 65 or totally disabled, and
- Under income threshold:
  - Single applicant: $15,900*
  - Double applicant: $23,200*

*2017 income levels; annually adjusted
Current Program

**Benefit:**
- Payment amount is scaled to income
  - Minimum: $372
  - Maximum: $778
  - Average payment (2017): $418

**Utilization:**
- 2,964 payments distributed (2017)
  - 83% Renters
  - 17% Owners
Why Change the Program

Underutilization of the program, particularly by homeowners

• Proposal:
  o Expand to income-eligible homeowner families with children
  o Increase the income limit for homeowner older adults and persons with disabilities
• Rationale:
  o Increase utilization of the program by homeowners
  o Promote housing and educational stability for income-eligible families with children
• Approved 2019 program budget increase to $3.1 million
Proposed Changes

Eligibility:

- Renters – no change
- Homeowners – Income Limits:
  - Tie to Area Median Income
  - Older adults or persons with disabilities: At or below 35% AMI
  - Households with at least one child under age 18: At or below 40% AMI

<table>
<thead>
<tr>
<th>% Area Median Income (2017)</th>
<th>Household Size</th>
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<tbody>
<tr>
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<td>1</td>
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<tr>
<td>30% AMI</td>
<td>$17,640</td>
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<tr>
<td>35% AMI</td>
<td>$20,580</td>
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<td>40% AMI</td>
<td>$23,520</td>
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<td>60% AMI</td>
<td>$35,280</td>
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<td>80% AMI</td>
<td>$47,040</td>
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<tr>
<td>100% AMI</td>
<td>$58,800</td>
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Current Program (*2017 income levels):

Single applicant: $15,900* = 27% AMI for 1-person household
Double applicant: $23,200* = 34% AMI for 2-person household
Proposed Changes

Rebate:
• Inversely proportional to income – the lower the income, the higher the rebate amounts. Anticipate range of average rebate to stay between $400-$500

Increased outreach:
• Property tax bill insert
• Denver Human Services marketing and outreach

Controls:
• Subject to available appropriation clause
• DHS given rule-making authority
Issues to be Addressed in Rule

- Procedures for review and verification of applications and determination of eligibility
- Definitions of household composition and countable income
- Rules for distributing refunds based on available appropriation
- Records retention policy
- Grievance procedure

Rules will be adopted through a formal rule making process, per DRMC Chapter 2, Article VI
Process

- Collaboration of Council members, Mayor’s Office, DHS, Finance, and OED through working group
  - Discussions on ordinance changes & rule changes
- October 31: proposed changes presented to City Council Housing & Homelessness Working Group
- November 30: proposed changes presented to Policy Review Committee
- Ordinance change request process, followed by rule-making
- Expanded program targeted to begin May 1, 2019
Anticipated Ordinance Timeline

- December 19, 2018 – Present to SAFEHOUSE committee
- December 25, 2018 – Mayor-Council (on consent due to holiday)
- January 2, 2019 – First reading
- January 7, 2019 – Second and final reading
- Spring 2019 – Rule-making process
- May 1, 2019 – Implementation of expanded program