

**AN ORDINANCE TO AMEND CHAPTER 44 OF THE CITY CODE TO PROVIDE A PROPERTY TAX ABATEMENT FOR LOW-TO-MODERATE INCOME, LONG-TERM HOMEOWNERS FOLLOWING A 50 PERCENT OR MORE PROPERTY TAX INCREASE ON THEIR PRIMARY RESIDENCE**

**#4785**

**Sponsor:**

**Council  
President  
Shabazz**

**WHEREAS**, the U.S. Census Bureau reports that 27% of Wilmington residents earn an income at or below the United States poverty threshold of an annual income of \$25,000, and;

**WHEREAS**, almost 30% of homeowners in Wilmington live below the United States poverty threshold of the annual income of \$25,000, according to the U.S. Census Bureau, and;

**WHEREAS**, Wilmington's median income of homeowners in 2017 was \$61,890 and those below 80% of that median income, at \$49,512, are considered low-income. Therefore, approximately 42% of Wilmington homeowners are low-income, and;

**WHEREAS**, on average, the U.S. Census Bureau finds that more than two-thirds of homes in the city of Wilmington are unaffordable for those earning 80% of the area's median income, and;

**WHEREAS**, in all of Wilmington's 12 distinct neighborhoods, strategies for future development are being created and implemented, therefore the home values are expected to increase which will in turn increase property taxes, and;

**WHEREAS**, the median value of a home in the city of Wilmington increased by \$237 from 2009 to 2018, and the average property tax rose by \$228, and;

**WHEREAS**, specifically the lower-income neighborhoods of Westside, Eastside, Riverside, and Baynard Boulevard have had home values increase from 2009 to 2018, according to PolicyMap data. Beginning in 2019, new housing and commercial development has been planned and/or initiated in Westside, Eastside, Riverside/Northeast and Southbridge. Therefore, there is an expected increase in property values in those aforementioned low-to-

moderate income neighborhoods. In addition, all of the previously mentioned neighborhoods, along with Browntown-Hedgeville, Southwest Wilmington, Central-Midtown, and Delaware Avenue/Bancroft Parkways, have had property tax increases from 2009 to 2018, according to data from PolicyMap, and;

**WHEREAS**, long-term homeowners in the City of Wilmington’s low to moderate income neighborhoods who wish to continue living in their neighborhoods should not be at risk of having to leave their homes due to rising property taxes resulting from increased development, and;

**WHEREAS**, cities and states throughout the nation, including the neighboring city of Philadelphia and cities in the nearby state of New Jersey, have implemented property tax relief programs to protect their long-term, low-to-moderate income property owners, and;

**WHEREAS**, the City of Wilmington strives to assist and protect low-to-moderate income homeowners in this city.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF WILMINGTON  
HEREBY ORDAINS:**

**SECTION 1.** Chapter 44 of the City Code is hereby amended by the addition of Section 44-57 to read as follows:

**Sec. 44-57 Long-term homeowner partial property tax abatement**

- a) Partial property tax abatement program. There is hereby authorized a voluntary partial real property tax abatement program for long-term, low-to-moderate income property homeowners within the City of Wilmington. This program would freeze current property taxes of long-term, low-to-moderate income property owners if their property taxes increase by 50% or more after one year.

- b) Definitions. The following words, terms, and phrases shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:
- 1) Primary property owner(s) means the person or persons whose name(s) is listed on the property deed.
  - 2) Primary place of residence means the property in which a person or persons reside in for at least 6 months out of the year.
- c) Eligibility. Property owners are eligible to apply for the partial property tax abatement program if they meet all of the following conditions:
- 1) The property must be located in the city limits of the City of Wilmington, Delaware.
  - 2) The primary property owner(s) must have owned the property for a minimum of 10 years prior to applying for the program.
  - 3) The property must have been the primary place of residence for the property owner(s) for a minimum of 10 years prior to applying for the program.
  - 4) The property taxes due for the year, exclusive of interest and penalties, increased by 50% or more from the previous year's assessment.
  - 5) The primary property owner(s)'s annual income is equal to or less than 80% of Wilmington's annual median income of homeowners based on the most recent or current U.S. Census Decennial and/or American Survey data.
- d) Procedures: property owners that meet the required conditions as described above may submit an application form provided by the Wilmington Department of Finance to choose to take part in this program. This application must be submitted online on the Wilmington Department of Finance website, or a hardcopy of the application must be

sent via the U.S. Postal Service to the Wilmington Department of Finance.

- 1) If conditions for eligibility are met, the primary property owner(s) must complete and submit an application no later than 5 months after their increased property taxes have been paid as required under Sec.44-32 of this code. Once the application has been approved, the property owner(s) will receive a reimbursement in the amount of the increase from the previous year's property tax to offset the property tax increase.
- 2) During the subsequent years following the property owner(s) acceptance into the partial property tax abatement program, the amount of property tax due will be equal to the amount charged the year prior to the property tax increase. Property owner(s) who choose to continue to participate in this program must complete and submit a form provided by the Wilmington Department of Finance to said Department no later than two months before property taxes must be paid. This form is to ensure property owner(s) who receive benefits still comply with the conditions in subsection (c) of this section.

The director of finance may promulgate rules and regulations deemed necessary to administer the provisions of this subsection, subject to approval by the administrative board.

**SECTION 2.** This Ordinance shall be effective upon its passage by City Council and approval by the Mayor.

First Reading .....March 19, 2020  
Second Reading .....March 19, 2020  
Third Reading .....

Passed by City Council,

\_\_\_\_\_  
President of City Council

ATTEST: \_\_\_\_\_  
City Clerk

Approved this \_\_\_\_ day of \_\_\_\_\_, 20XX.

\_\_\_\_\_  
Mayor

**SYNOPSIS:** This Ordinance is being presented by City Council for Council’s review and approval. This Ordinance provides a partial property tax abatement for low-to-moderate, long-term City homeowners who meet certain eligibility requirements. Eligible homeowners who have their property tax obligation increased by 50% or more following a property assessment may apply for a partial abatement of their tax obligation. The partial abatement would “freeze” their tax obligation at the pre-assessment amount as long as the property homeowner meets the eligibility requirements.

**FISCAL IMPACT STATEMENT:** Revenue Changes would only take place based on the results of the next Property Assessment conducted on the housing stock in the City of Wilmington that might cause an increase in property values in neighborhoods or areas throughout the City where new development has or will take place prior to the next Property Assessment. Any potential revenue changes would then be calculated by the Department of Finance to determine any substantial changes to expect from Property Tax Revenues relevant to increases in Property Values of the City’s Housing Stock and the impact of the Property Tax Abatement for Low-to-Moderate Income, Long-Term Homeowners in the City of Wilmington on such revenue when there is an increase of 50 percent or more Property Tax increase on their Primary Residence. Long-Term, Low-to-Moderate Income City Eligible Homeowners who apply would be approved for a Partial Abatement of their Tax Obligation that would “freeze” their Tax Obligation at the Pre-Assessment amount as long as the Property Homeowners meet their eligibility requirements.

**POLICY STATEMENT:** This proposed Ordinance would Amend Chapter 44 of the City Code to provide a Property Tax Abatement for Low-To-Moderate Income, Long-Term Homeowners in the City of Wilmington Following a 50 Percent or More Property Tax Increase on Their Primary Residence in Areas throughout the City where new development is scheduled

or has occurred that would possibly increase the value of property(s) in that area or neighborhood that could cause a 50 percent or more Property Tax Increase on their Primary Residence. Low-To-Moderate Income, Long-Term City Homeowners would be eligible for a Partial Property Tax Abatement following such an increase in their tax obligation on their Primary Residence. The City of Wilmington seeks to assist and protect Low-To-Moderate Income, Long-Term Homeowners in this City to not be at risk of having to leave their homes due to rising property taxes resulting from increased development.