

AN ORDINANCE TO AMEND CHAPTER 44 OF THE CITY CODE TO PROVIDE A PROPERTY TAX EXEMPTION FOR LOW-TO-MODERATE INCOME, LONG-TERM HOMEOWNERS FOLLOWING A 100 PERCENT OR MORE PROPERTY TAX INCREASE ON THEIR PRIMARY RESIDENCE

#0134

Sponsor:

**Council
Member
Harlee**

WHEREAS, the City of Wilmington’s (“Wilmington”) twelve, distinct neighborhoods are creating and implementing strategies for future development. The anticipated effects of these improvements are increased home values, with concomitant increased tax valuation for local homeowners; and

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

WHEREAS, pursuant to *Wilm. C. § 44-31*, the City adopts its assessment roll for municipal taxation of real property the assessments and supplementary assessments established by New Castle County; and

WHEREAS, New Castle County has not done a major reassessment of property values since 1983; and

WHEREAS, in 2018, the American Civil Liberties Union, among other groups, sued New Castle County for its inequitable property value assessment; and

WHEREAS, in 2020, the Court of Chancery found New Castle County’s property value assessment unconstitutional; and

WHEREAS, to settle the litigation, New Castle County agreed to reassess property values for the first time since 1983; and

WHEREAS, property value reassessments were implemented in 2025; and

WHEREAS, Tyler Technologies created wildly divergent property value reassessments;

WHEREAS, the reassessment revealed significant variations among comparable homes and neighborhoods across Wilmington; and

WHEREAS, on page 36 of a report published by Tyler Technologies on April 24, 2025, entitled "Mass Appraisal of Real Property 2025 Reassessment" identified Zone 3, which consists of properties in the City of Wilmington, was identified as incongruent with the IAAO's (International Association of Assessing Officers) standards of uniformity for property valuation models; and

WHEREAS, missing building permit and interior condition information contributed to uneven valuations that may have affected older properties more than newer or recently improved properties; and

WHEREAS, many of Wilmington's low-income neighborhoods have been disproportionately impacted by these inconsistencies; and

WHEREAS, these reassessments caused property values, and property taxes, to skyrocket; and

WHEREAS, Wilmington's estimated median household income for 2021 was \$49,354, which is substantially lower than New Castle County's estimated median income of \$73,854. Those below 80% of that median income are considered low-income. In 2021, more than one-fifth of Wilmington homeowners were classified as low-income; and

WHEREAS, the U.S. Census Bureau estimated that approximately 25% of Wilmington residents earned an income at or below \$25,000 annually in 2021; and

WHEREAS, cost burden has been identified by Wilmington's 2020-2024 Consolidated Plan and Annual Action Plan as the City's most significant housing issue. Approximately, 26 percent of homeowners pay greater than one-third of their income for

housing costs. According to the 2010 American Community Survey, more than 40% of Wilmington homeowners with a mortgage have selected monthly owner costs totaling at or above one-quarter of their household income; and

WHEREAS, public concern over fairness and transparency have been echoed by homeowners and elected officials across the state, underscoring the need for continued corrective action; and

WHEREAS, nearby cities and states, including Philadelphia, Pennsylvania, have implemented property tax relief programs to protect their long-term, low-income property owners; and

WHEREAS, in response to the inequities revealed by the reassessment, the City of Wilmington approved a \$500,000 budget amendment to fund a review and verification of the methodologies used by Tyler Technologies in the most impacted neighborhoods and assist low-income homeowners with property tax appeals; and

WHEREAS, the City has also implemented a temporary foreclosure moratorium, extended property tax payment deadlines, and adopted separate residential and commercial tax rates, while continuing to explore further measures to protect homeowners; and

WHEREAS, this amendment is part of the City's ongoing efforts to correct inequities from the reassessment process to ensure that future property valuations are implemented in a fair manner; and

WHEREAS, the Council of the City of Wilmington strives to assist and protect its low to moderate income long-term property owners; and

WHEREAS, Ordinance 23-015, *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, established a partial property tax abatement for long-term homeowners experiencing a 50% or greater increase from their previous year's municipal property tax obligations, exclusive of interest and penalties. This Ordinance establishes partial tax abatement for long-term homeowners experiencing an increase of 100% or greater in their municipal property tax obligations, excluding interest and penalties; and

WHEREAS, this Ordinance provides additional safeguards for long-term homeowners in the City of Wilmington who have experienced substantial increases in the value of their primary residences since the previous assessment and who are not eligible for existing exemptions.

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

SECTION 1. Chapter 44 of the City Code is hereby amended by deleting the stricken language and adding in the underlined language to read as follows:

Sec. 44-72. - 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 pause current municipal property taxes of long-term low-to-moderate income property owners if their municipal property taxes increase by ~~50%~~ 100% or more after one year.

- c) *Eligibility*. Primary property owners are eligible to apply for the partial property tax abatement program if they meet all the following conditions:

- d. The property taxes due for the year, exclusive of interest and penalties, increased by ~~50%~~ 100% or more from the previous year's assessment.
- e. The property is not in arrears on property taxes due.
- f. The property's combined household annual income is less than or equal to 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.
- g. The primary place of residence is not subject to any other City property tax exemption.

SECTION 2. This Ordinance shall be effective July 1, 2026 or following the completion of reassessment, upon its passage by City Council and approval by the Mayor.

First Reading.....November 6, 2025
Second Reading.....November 6, 2025
Third Reading.....

Passed by City Council,

President of City Council

ATTEST: _____
City Clerk

Approved this ____ day of _____, 2025.

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 100% or more following a property assessment may apply for a partial abatement of their tax obligation. The partial abatement would pause 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 100 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 pause their Tax Obligation at the Pre-Assessment amount as long as the Property Homeowners meet their eligibility requirements. 52 percent of housing in Wilmington is classified as “owner-occupied.” The American Community Survey estimates that less than 10,185 residents moved into their homes prior to 2012. Approximately one-fifth of these homeowners are considered low-income.

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 100 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 100 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.