CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA

Agenda Date:	March 18, 2024
Action Required:	Public Hearing
Presenter:	Samuel Sanders, Jr., City Manager
Staff Contacts:	Krisy Hammill, Director of Budget
Title:	**Real Estate Tax Rate for the City Manager's Proposed FY 2025 Budget**

Background

Pursuant to Section 5 of the Charter of the City of Charlottesville, and Virginia Code Title 15.2, Chapter 25, a proposed budget was prepared by the City Manager and presented to City Council for consideration. After public notice given in accordance with law, public hearings are conducted by City Council on the City Manager's proposed budget, on the proposed equalized tax rate, and on the other tax rates to be adopted in order to levy taxes in support of the adopted budget, Council is required to vote on these matters.

Discussion

The total assessed value of real property, excluding additional assessments due to new construction or improvements to property, exceeds last year's total assessed value of real property by 5.00 percent. The tax rate which would levy the same amount of real estate tax as last year, when multiplied by the new total assessed value of real estate with the exclusions mentioned above, would be $0.9178 per $100 of assessed value. This rate will be known as the "lowered tax rate." The City Manager's FY 2025 Proposed Budget proposes to adopt a real estate tax rate of $0.98 per $100 of assessed value, which represents a $0.02 tax increase. Once a tax rate is advertised as part of a public hearing notice, Council may consider a lower rate than what was advertised,but it may not consider a rate higher than the advertised rate. To provide Council with the most flexibility, a tax rate increase of $0.03 was advertised and could be considered as part of the adopted budget.

Alignment with City Council's Vision and Strategic Plan

The new revenue supports several initiatives that are included in the City's Strategic Plan including strong emphasis on affordable housing, education, transportation and supporting our employees.

Community Engagement

There are several opportunities for the community to provide input into the budget with several public hearings on the budget and a few minutes reserved at the end of each budget work session for public comment and input, along with the Community Budget Forum. In addition, this ordinance change requires a separate public hearing, which was advertised via a legal ad, in the Daily Progress with information on this public hearing and the tax rate change, on March 11, 2024.

Budgetary Impact
Staff estimates that the $0.02 rate change will generate an additional $2,213,040 in FY 2025 revenue and is included in the City Manager's FY 2025 Proposed Budget. Each $0.01 to the tax rate is estimated to generate an additional $1,106,250 in revenue.

Recommendation
N/A

Alternatives
Council could elect not to raise the real estate tax rate at this time, or approve a different rate increase. If that's the case, staff will have to identify additional revenue or expenditure reductions in order to balance the budget.

Attachments
None