

# Policy Briefing Summary

## City Council



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<b>Regarding:</b>	<b>Offer in Compromise for Taxes Due (1603 6th Street SE)</b>
<b>Staff Contact(s):</b>	Jason Vandever, City Treasurer
<b>Presenter:</b>	<b>Jason Vandever, City Treasurer</b>
<b>Date of Proposed Action:</b>	July 7, 2025

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### Issue

The City Treasurer is requesting consent of City Council to accept an Offer in Compromise from the owner of 1603 6<sup>th</sup> Street SE for past due real estate taxes due to the City that were levied prior to the current owner inheriting the property.

### Background / Rule

Virginia Code § 58.1-3994(B) allows the City Treasurer to compromise and settle an amount due for local taxes, with the consent of the governing body, when collection of the entire amount due “is in substantial doubt and the best interest of the locality will be served by such a compromise.” On May 13, 2025, the City Treasurer received and accepted an Offer in Compromise from Legal Aid Justice Center, working on behalf of the property owner.

### Analysis

The property’s owner is on a limited fixed income, which places the collectability of the overdue taxes incurred from the prior owner in substantial doubt. The prior owner incurred the debt through a series of unfortunate medical circumstances that prevented her from applying for real estate tax relief. The City is unable to retroactively apply real estate tax relief benefits to a property, even when it is evident the applicant would have qualified had an application been filed.

Normally, the City collects overdue taxes when a *bona fide* sale occurs, but in this case the property was inherited by the current owner. It is the City Treasurer’s belief, based on the facts included in this Offer in Compromise, that the result of the City pursuing collection actions against the current owner for past due taxes would result in the loss of the home through judicial sale. By accepting this Offer in Compromise, the City can alleviate these financial obstacles, keep the current owner in the home she has inherited, and eliminate her risk of displacement. Going forward, the current owner has been able to qualify for one hundred percent (100%) tax relief.

### Financial Impact

Accepting the Offer in Compromise would reduce the real estate tax receivable account by \$9,248.39, and the stormwater utility fee receivable account by \$262.66. As mentioned previously, this amount would have been expensed in prior fiscal years to the Real Estate Relief Program, if the former owner had applied.

### Recommendation

The City Treasurer has accepted this Offer in Compromise and recommends City Council consent to settle the entire amount payable to the City.

### Recommended Motion (if Applicable)

*"I move that City Council consent to settling the entire past due real estate tax and stormwater utility fee balance due for tax years 2021-2024 for the property located at 1603 6<sup>th</sup> St SE."*

**Attachments**

None