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# COMMONWEALTH of VIRGINIA

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## DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

January 16, 2026

### **Memorandum**

**To:** Senator Adam Ebbin, Chair, Senate Committee on General Laws and Technology  
Delegate Paul Krizek, Chair, House Committee on General Laws

**From:** Department of Housing and Community Development (DHCD)

**RE:** Findings and Recommendations of the Longtime Owner Occupancy Program (LOOP) Workgroup

### **Background**

Item 102.X of Chapter 725 of the 2025 Acts of Assembly (2025 Budget Bill) directed the Department of Housing and Community Development (DHCD) to identify programs designed to keep long-term residents in their primary homes as real property taxes increase and to make recommendations for eligibility criteria for long-term occupant real property tax relief in Virginia (*Appendix 1*). In forming these recommendations, the Budget Bill directed DHCD to convene a group of tax and housing experts to provide assistance, referred to as the Longtime Owner Occupancy Program (LOOP) Workgroup. With the support of the LOOP Workgroup, the Department of Taxation, and the Commission on Local Government, DHCD developed this report to (i) identify real property tax relief programs currently offered in Virginia and other states, (ii) highlight the issues faced by long-term residents as property values and taxes rapidly increase, and (iii) make findings and recommendations regarding real property tax relief eligibility criteria that may be considered to keep long-term residents in their primary homes. The LOOP Workgroup met once, and a summary of the meeting is included in the Appendix (*Appendix 2*).

### **Real Property Tax Relief Programs in Virginia**

Under current Virginia law, local governments may offer real estate tax exemptions or deferrals to residents who are 65 or older or permanently and totally disabled, provided they own and occupy the home (Code of Virginia §§ 58.1-3210., 58.1-3211.1.). Many Virginia localities take advantage of this local option and offer real property tax relief to homeowners aged 65 and older or those with disabilities. Localities may set income and net worth limitations, and eligible



properties must be the homeowner's primary residence. For example, the City of Richmond exempts a certain percentage of real property tax if an elderly homeowner makes less than \$70,000 per year and has a net worth under \$450,000. Richmond's program also allows for a real property tax freeze for homeowners aged 65 and older making up to \$125,000 per year with less than \$750,000 in net worth. Homeowners must apply for real estate tax relief by the annual deadline and localities generally engage in public marketing campaigns (mailers, news ads, etc.) to make residents aware of their opportunities to apply for real property tax exemptions or deferrals.

Different localities provide varying levels of real property tax relief to elderly individuals. Additionally, eligibility criteria varies across localities based on the area's income levels and the capacity of localities to forgo tax revenue. The goal of Virginia's older adults' real estate tax relief programs is to protect elderly residents on fixed incomes from overburdensome real property taxes as they age in place. Elderly individuals are especially vulnerable to rising real property costs and many retirement plans may not have anticipated such rapid increases in property values. By forgoing real property taxes on these properties, localities encourage housing stability and help elderly homeowners age-in-place.

A recent addition to Virginia's real property tax relief framework is for disabled veterans. Virginia mandates localities to provide real estate tax exemptions for certain veterans and their surviving spouses, as well as surviving spouses of service members who died in the line of duty. Veterans must have a 100% service-connected, permanent, and total disability as determined by the U.S. Department of Veterans Affairs to qualify. Surviving spouses of these veterans or fallen service members may also qualify, provided they do not remarry, and they can carry the exemption if they move within Virginia. The exemption covers the veteran's or surviving spouse's principal residence and up to one acre of land, with some localities allowing for more acreage. Applicants must file with their local Commissioner of the Revenue for approval. These provisions were added to the Virginia Constitution in 2010 and took effect in 2011, with subsequent updates allowing surviving spouses to transfer the exemption when moving.

During the LOOP Workgroup meeting, local stakeholders highlighted these various real property tax relief programs offered to Virginia residents. They noted the challenges associated with state-mandated real property tax relief programs and their effects on local budgets and other taxpayers within the locality. Stakeholders urged the state to consider real property tax relief programs already in place when evaluating any new eligibility criteria, especially regarding longtime owner occupants.

### **Longtime Owner Tax Relief Programs in Other States**

DHCD and stakeholders identified programs in other states designed to keep long-term residents in their primary home and, at the direction of Budget Item 102.X, focused specifically on the Longtime Owner Occupancy Program in Philadelphia, PA (*Appendix 3a*). The Longtime Owner Occupancy Program (LOOP) is a real property tax relief initiative by the City of Philadelphia aimed at assisting homeowners who have experienced significant increases in their real estate assessments. To qualify, applicants must meet specific criteria. The home's assessed



value must have increased by 50% or more from the previous year, or by 75% over the past five years. Applicants must have lived in their home for at least ten continuous years and the household income must fall below the program's specified limits, which vary based on family size. Lastly, real estate taxes must be current, or the resident should be enrolled in a payment agreement. Once enrolled, Philadelphia's LOOP locks in the home's assessment value, preventing future increases in real estate tax bills due to rising assessments. However, tax bills may still change if the city's tax rate increases. Enrollment remains active without the need for annual reapplication unless there's a change in real property ownership. The program operates under an annual cap of \$35 million; if this cap is exceeded, individual savings may be reduced.

DHCD and stakeholders identified additional programs in other states that provide real property tax relief based in some part on length of ownership, including the Longtime Homeowner Exemption in Cook County (Chicago), Illinois (*Appendix 3b*), the Senior Freeze Property Tax Reimbursement in New Jersey (*Appendix 3c*), the Homestead Property Tax Credit in Michigan (*Appendix 3d*), and the Real Property Tax Credit in New York (*Appendix 3e*).

### **Purpose of Longtime Owner Occupancy Programs**

While existing real estate tax relief programs in Virginia seek to ensure housing affordability and stability for aging-in-place seniors on fixed income, disabled residents, and disabled veterans and their families, LOOP programs aim to protect longtime homeowners in historically lower-income neighborhoods from financial pressures caused by rapid development and gentrification. LOOP specifically addresses the rising real property tax burdens that threaten to displace families who have lived in their homes for many years, not necessarily limited to elderly individuals and disabled residents/veterans. By limiting real estate tax assessment increases to a certain percentage, LOOP can effectively “lock in” tax rates, helping low-income residents remain in their communities despite significant increases in real property values. Advocates of LOOP say this approach supports affordable housing by enabling residents to stay in the homes they already own, preserving neighborhood stability and cultural identity while allowing development at its natural pace.

### **Local Option**

Similar to the real estate tax relief programs for elderly individuals and persons with disabilities, stakeholders stressed that any longtime owner occupancy tax relief program should be optional for localities, not a mandate. As a Dillion Rule state, Virginia localities can only exercise authority if specifically authorized by State Code. Any actions or powers not explicitly permitted are prohibited. While State Code allows localities to provide real property tax relief based on age and income, localities are not currently authorized to provide real property tax relief based on length of homeownership or based on the percentage increase in real estate tax assessments. State authorization granting localities the option to implement a real property tax relief program based on length of homeownership and/or percentage increase in real estate assessments would allow localities to decide whether to implement the relief based on their own budgets and revenue situations.



## Findings and Recommendations

DHCD, with the assistance of the Department of Taxation, the Commission on Local Government, and tax and housing experts participating in the LOOP Workgroup, made several findings and recommendations related to potential longtime owner real property tax relief in Virginia. These findings and recommendations were made through LOOP Workgroup discussion and background research, which was part of a fact-finding exercise that sought to review the various considerations related to a potential program for longtime owner real property tax relief in Virginia. DHCD presents these findings and recommendations as factors that should be considered when analyzing a longtime owner tax relief proposal. The categories of these findings and recommendations (*financial indications, feasibility and efficiency of administration, equity, and eligibility criteria*) are based on the Budget Bill language that authorized this report.

### *Financial Indicators*

When considering a proposal to authorize longtime owner real property tax relief in Virginia, certain financial indicators should be considered to determine if such a program would be beneficial and/or utilized by localities. Local financial indicators such as the number of real estate tax delinquencies, appeals, and the general real estate tax burden on longtime owners should be analyzed in areas where there is rapid development and increasing real estate assessments. Signs of a mass out-migration of elderly or financially disadvantaged homeowners in growing communities should also be considered.

### *Feasibility and Efficiency of Administration*

Any longtime owner real property tax relief program could create additional staff and administrative costs for localities. Localities opting or mandated to provide this relief would need resources to process applications, verify eligibility, and conduct annual or periodic reassessments to ensure the tax relief program provides adequate benefits while remaining fiscally responsible for local budgets. For these reasons, the LOOP Workgroup stressed that any longtime owner real property tax relief program should be a local option, not mandated. A one-size-fits-all statewide mandate could put significant burdens on local budgets and administrative functions. The feasibility of using state funding to reimburse localities for longtime owner real property tax relief may also be considered. Similar to programs in other states, a state fund could be considered to both limit the amount of tax relief provided and protect local revenues. This approach would obviously come with additional costs to the State. While longtime owner real property tax relief could increase housing stability, it must be balanced with the administrative and fiscal challenges of implementing such a program, including aspects of state fiscal support.

### *Equity*

In addition to considering the fiscal, economic, and behavioral effects of tax policy, Item 102.X. also directed DHCD to review equity, the principle that tax burdens and benefits should be distributed fairly among taxpayers. The LOOP Workgroup noted that real property tax relief based on length of ownership may place additional tax burdens on younger middleclass



homeowners and first-time homebuyers. In order to cover the cost of longtime owner real property tax relief, localities may have to increase real estate taxes on the other residents not receiving real property tax relief. The unintended consequences longtime owner real property tax relief may have on housing costs for other homeowners should be considered.

### *Eligibility Criteria*

Rather than endorsing a single statewide framework, eligibility for a longtime owner real property tax relief program should be grounded in multiple design approaches including ownership-based models, assessment caps, deferral options, or hybrids. Multiple approaches may give localities the flexibility to adapt relief to their specific housing markets and demographics. For example, assessment-freeze models could cap increases (e.g. limiting annual assessment growth and freezing it thereafter, similar to Philadelphia's LOOP approach). Additionally, deferral programs could postpone tax payments until sale or transfer of the real property, ensuring eventual collection of taxes by the locality but also promoting short-term taxpayer savings and housing stability. A hybrid model could combine length of ownership eligibility (e.g. ten or more years of ownership), limits on assessment increases, and household income or asset limits, again similar to Philadelphia's LOOP structure but with parameters adjustable by each locality. Adopting uniform statewide thresholds may lead to uneven outcomes, particularly where rural and urban areas face different pressures. Eligibility criteria based on core principles rather than specific thresholds should be considered.



## Appendix

1. Authorizing Budget Item (102.X of Chapter 725 of the 2025 Acts of Assembly)
2. Workgroup Meeting Summary – July 10, 2025
3. Property Tax Relief Programs
  - a) [Longtime Owner Occupants Program \(LOOP\), City of Philadelphia](#)
  - b) [Longtime Homeowner Exemption, Cook County Assessor's Office](#)
  - c) [NJ Division of Taxation - Senior Freeze \(Property Tax Reimbursement\)](#)
  - d) [Homestead Property Tax Credit, Michigan](#)
  - e) [Real property tax credit, New York](#)

## **Appendix 1**

Chapter 725 of the 2025 Acts of Assembly (2025 Budget Bill)

Item 102.X

X. The department shall identify programs designed to keep long-term residents in their primary homes as real property tax liabilities increase, including the Longtime Owner Occupancy Program (LOOP) as implemented in Philadelphia, Pennsylvania. The department shall review and provide recommendations for eligibility criteria based on financial indicators, financing options including voluntary locality contributions or offsets, and assess feasibility, equity, and efficiency of administration and implementation at the local, regional, or state level. The department shall convene a group of national, state, and local tax and housing experts to assist with developing recommendations, with the support of the Department of Taxation and the Commission on Local Government. The department shall submit their findings to the Chairs of House General Laws and Senate General Laws and Technology by September 1, 2025.

## Appendix 2

**Meeting Summary**  
**Longtime Owner Occupancy Program (LOOP) Workgroup**  
**July 10, 2025**  
**2:00 PM**  
**Virtual**

**Meeting Attendees:**

Bill Orndoff, Treasurer, Frederick County  
Chris Jones, Commissioner of the Revenue, Lee County  
Cindy Kong, Senior Project Development Manager, City of Richmond  
Cordell Hayes, Legislative Manager, City of Richmond  
Fred Parker, Treasurer, Washington County  
Henry Eickelberg, Treasurer, Loudoun County  
Jamie Timberlake, Commissioner of the Revenue, Powhatan County  
Joe Flores, Virginia Municipal League  
MC Anderson, Office of the Treasurer, Fauquier County  
Merrick Malone, Director of Housing and Community Development, City of Richmond  
Steve Klos, Department of Taxation  
Susan Perry, Director of Department of Housing and Community Development, City of Norfolk  
Tanya Wilcox, Treasurer, Fauquier County

**Department of Housing and Community Development staff attending for all or part of the meeting:**

Rachel Gardner, Senior Policy Analyst  
Andrew Malloy, Senior Policy Analyst  
Sulaiman Safi, Board Coordinator  
Chase Sawyer, Policy Manager

*Note: Please note the summary and notes included do not include a specific endorsement or opinion of the workgroup or any one workgroup member.*

**Key Takeaways**

- The Workgroup convened to evaluate the feasibility and structure of a potential program designed to keep long-term residents in their primary homes as real property tax liabilities increase.
- The Workgroup's discussion focused on eligibility criteria, addressing funding sources, and considering administrative implications.
- The Workgroup generally supported the concept of providing relief for longtime homeowners facing rising property assessments but stressed that the program should be optional rather than mandated by the state.
- The Workgroup noted key concerns including the potential financial burden on localities, shifting tax burdens to other residents, and administrative challenges in implementing new tax relief systems.
- Several alternative approaches were discussed, including assessment freezes and deferrals that could balance revenue needs with longtime homeowner protection.

- Workgroup members also highlighted the need to respect local economic differences and avoid one-size-fits-all mandates.

### **Summary**

Department of Housing and Community Development (DHCD) staff provided an overview of the meeting's purpose and a summary of the legislation guiding the Workgroup, referred to as the Longtime Owner Occupancy Program (LOOP) Workgroup. Item 102.X of Chapter 725 of the 2025 Acts of Assembly (2025 Budget Bill) directed DHCD to “identify programs designed to keep long-term residents in their primary homes as real property taxes increase” and to make recommendations for eligibility criteria for long-term occupant property tax relief in Virginia. In forming these recommendations, the Budget Bill directed DHCD to convene a workgroup of tax and housing experts, including the Department of Taxation and the Commission on Local Government, to provide assistance.

The Workgroup discussed Virginia's current real property tax relief system, which offers real property tax relief based primarily on age, income, and net worth requirements. Several Workgroup members referenced existing relief programs, such as exemptions for elderly and disabled homeowners and veterans, noting that these programs already have significant fiscal impacts on local budgets. The Workgroup highlighted that the disabled veteran exemption is mandatory and funded locally, with no reimbursement from the state, leading to concerns about adding another program without financial support. It was noted that any additional relief criteria based solely on length of ownership would likely require a constitutional amendment, as the state's current tax relief framework is tightly defined. This raised questions about the timeline and complexity of implementing any statewide change.

Next, the Workgroup discussed real property tax relief programs in other states that include length of ownership/occupancy eligibility criteria. The Philadelphia LOOP model was highlighted as an example, where relief is provided to homeowners who have lived in their property for at least ten years and experience significant assessment increases (over a certain percent increase year over year), subject to income and asset limits.

Workgroup members shared local perspectives. Some localities reported significant recent real estate assessment increases, particularly in urban areas experiencing gentrification, leading to financial pressure on longtime homeowners. Other Workgroup members, particularly from rural areas, noted more modest growth but emphasized how even small increases can impact residents on fixed or limited incomes. There was acknowledgment among Workgroup members that rising property values are often viewed as positive (indicating economic growth and increased equity) but these increases can create hardship for those who wish to stay in their homes but lack the income to afford increasing taxes. Concerns were raised about how a longtime occupancy relief program might shift tax burdens onto other taxpayers, particularly younger, middle-class residents who may already feel stretched financially.

The Workgroup considered whether any new program should be mandatory or optional. There was strong consensus that any such program should be optional, allowing localities to decide if and how they would adopt it based on their unique fiscal capacity. Several Workgroup members

pointed out that localities already vary widely in their property tax structures, assessment cycles, and available relief programs. For example, some localities assess real property annually, while others reassess every four to six years, which can create sudden and significant increases in assessments. Applying uniform statewide thresholds could therefore have uneven effects and unintended consequences.

A related concern discussed by the Workgroup was the risk of unintended behavioral changes, such as homeowners moving into jurisdictions specifically to take advantage of relief programs, as has occurred with some current veteran tax exemptions. Examples were provided of people relocating to Virginia localities to take advantage of 100% property tax exemptions, demonstrating how certain policies can distort local housing markets.

The Workgroup discussed alternative approaches to provide relief to longtime residents, including:

- *Freezing assessments* after a set ownership period rather than granting outright exemptions. This would provide predictable tax bills for long-term residents while still ensuring tax revenue to provide local services.
- *Deferral programs*, which would allow real estate taxes to be postponed until a home is sold or transferred, ensuring the locality eventually collects the tax revenue. However, it was discussed that deferral programs may be unpopular with many homeowners because they may reduce inherited equity.
- *Hybrid eligibility criteria*, combining ownership length, assessment increase thresholds, and income limits, similar to Philadelphia's LOOP program, but with flexibility for localities to adjust specific numbers.

The Workgroup also considered administrative and technical challenges. The Workgroup discussed the challenge many localities face, especially smaller ones, when implementing new programs quickly with a lack of resources. Upgrading systems, training staff, and ensuring proper eligibility checks were highlighted as potential costs. Some Workgroup members suggested that if the state requires localities to adopt new programs, it should provide financial assistance or technical resources to ease implementation.

### **Next Steps**

The meeting concluded with a discussion of next steps. DHCD staff explained that they would draft a report outlining various program design options and summarizing input received during from the Workgroup. Workgroup members were invited to submit written comments or supplemental materials for inclusion in the report's appendices.