

When to Apply the Property Transfer Tax and the Clean Water Surcharge

Type of Property	Value Taxed	0.5% Property Transfer Tax	1.25% Property Transfer Tax	0.2% Clean Water Surcharge
Not Principal Residence	All		X	X
Principal Residence	\$0-\$100,000	X		
	Marginal Value > \$100,000		X	X
Principal Residence purchased w/ VHFA, VCTF, or USDA Assistance	\$0-\$110,000			
	\$110,000 - \$200,000		X	
	Marginal Value > \$200,000		X	X

Current Law (FY17)	Proposal (FY18 and FY19)	Proposal FY20 thru July 1, 2039 (FY40)
Property Transfer Tax = \$39.4 million Clean Water Surcharge = \$4.9 million	PTT = \$41.9 (FY19) CWS = \$5.0 million (FY19) (\$1 million to Housing Bond)	PTT = \$46.0 CWS Rate drops from 0.2% to 0.04% (1/5th) \$1 million revenue for housing bond

Current Law Principal Residence

First \$100K is taxed at 0.5%

If you were to increase it to \$200K you reduce the tax base by 57%

The rate would need to increase significantly

Affordable Housing Capacity

Currently VHCB has about \$6 million per year for affordable housing

This increases it to \$35 million – almost 5 times as much

They will use \$10-12 million for each of the next three years to build affordable housing

Existing and New Income Levels

- Allows them to serve the most vulnerable (50% of area median income)
- Expand the program to middle income affordable housing (25% between 80 and 120% of median income)