CHIEF ADMINISTRATIVE OFFICE

MEMORANDUM

DATE: September 28, 2026

TO: Honorable Members of Richmond Finance and Economic Development Standing Committee

FROM: Odie Donald, Chief Administrative Officer

CC: Danny Avula, Mayor
Lawson Wijesooriya, Chief of Staff
Tanikia Jackson, DCAO Finance & Administration
Letitia Shelton, Director of Finance
Ken Martinez, Director of Revenue Administration
Laura Drewry, City Attorney

SUBJECT: **Real Estate Tax Sale Program + Delinquent Tax Process Update**

I. Purpose

The purpose of this memorandum is to update Council on the Administration's efforts to relaunch the Real Estate Tax Sale Program, a part of a broader effort to strengthen the City's tax enforcement.

II. Background

Before its suspension in January 2023, the Real Estate Tax Sale Program, jointly administered by the Department of Finance and the City Attorney's Office, served as the City's primary tool for collecting long-outstanding real estate taxes and returning vacant or blighted properties to productive use. Reducing this backlog has become a priority of the Avula Administration's *Look For It, Find It, Fix It* approach to continuous quality improvement in government.

Through expanded collection efforts, the Delinquent Collections Unit reduced outstanding delinquent real estate taxes from $27.4M to $14.2M as of June 30, 2026, a reduction of approximately $13.2M. Following the addition of newly delinquent FY2026 real estate taxes, the balance now stands at approximately $24.2M across 16,677 accounts as of August 31, 2026. Without the collections achieved over the past several months, the estimated balance is closer to $37.4M. This progress provides a strong foundation as the Administration relaunches the program to sustain long-term collections and address blighted properties citywide. Section VIII provides a full breakdown of current account status.

III. Why This Matters

Good governance in relation to municipal taxation means applying the City's tax laws consistently, transparently, and fairly to every property owner. It also means Council and the public should be able to trust that enforcement will take place, when it becomes necessary, following a clear and well-documented process. The relaunch of the Real Estate Tax Sale Program helps the City meet that standard. It now gives property owners multiple, clearly communicated opportunities to resolve what is considered delinquent before enforcement occurs, while ensuring the City is not indefinitely carrying uncollected revenue that could otherwise support core services. Reinstating the program reflects the Administration's continued commitment to sound fiscal stewardship and to Council's ongoing oversight of how delinquent taxes are managed on behalf of Richmond residents.

IV. Eligibility for Tax Sale
It is important to know and understand when a property is eligible for tax sale. A property becomes eligible for tax sale only when:

- Taxes have gone unpaid for two full calendar year-ends, and outreach and preventative measures have been exhausted, with all requirements under Virginia law met; or
- The property has been condemned, deemed a nuisance or derelict, or declared blighted — in which case it may become eligible after just one year of delinquency, under **Virginia State Code §58.1-3965**, reflecting the added urgency of returning those properties to productive use.

V. What's New: Enhanced Support
A review of past efforts provides that the original deployment of the program appears to have been functional prior to the initiated pause of calendar year 2023. To further improve the offering, the Administration has worked to pair this relaunch with a stronger set of supports that allows property owners every potential opportunity to resolve past due accounts prior to required enforcement. As part of the relaunch, the Office of Neighborhood Engagement (ONE) will reach out directly to affected households, helping owners understand their options and connect with available resources before a property reaches auction. This support will also extend to properties passed down within a family without a formal transfer of legal title, which represent approximately 60% of all properties currently identified as eligible for tax sale. As staff identifies more ways to provide support, ONE will continue serving as a resource for educating property owners and connecting them with the right programs and services.

On September 25, staff met with LISC Virginia, which operates the Richmond Heirs Property Network and offers estate planning education and legal aid referrals for heirs' property matters, to explore what additional resources may be available to affected property owners. Further discussion is needed to determine how a potential partnership could best support these households, and staff will continue those conversations in the coming months. Staff will keep Council informed as that work develops.

VI. Taxpayer Protections
As the program is reinstated, it is important to be clear: displacement of residents is not the goal of the program, and the City remains fully committed to keeping taxpayer protections in place. Beyond the eligibility criteria detailed above, unbuildable properties and properties in bankruptcy proceedings are excluded from tax sales entirely. Even after a property technically qualifies, it has been found that many accounts are resolved prior to reaching auction — through continued outreach, payment arrangements, or other coordinated collection efforts.

VII. Reinstatement Timeline
The Department of Finance is moving forward with a phased, deliberate approach to bringing the Real Estate Tax Sale Program back online, with a target relaunch date of November 2026. In the coming weeks, staff will complete an additional review of legacy accounts, validate which properties are eligible, update internal procedures and systems, and continue close coordination with the City Attorney's Office. The Administration expects this effort to be completed in approximately 60 days, with the City's first annual tax sale anticipated by June 2027.

VIII. Current Status
Here's what the current status looks like today: 85 properties are currently under review by the City Attorney's Office, and 7,626 delinquent accounts — representing approximately $5.4M — have passed the statutory two-year threshold and are now eligible for tax sale.

An additional $18.8M in delinquent taxes remains under internal review by the Delinquent Collections Unit and is not yet eligible for tax sale. This includes Fiscal Year 2025 accounts ($5.7M), which become eligible on December 31, 2026, and Fiscal Year 2026 accounts ($13.1M), which become eligible on December 31, 2027. These property owners have additional time to resolve their balances before reaching that threshold.

The City Attorney's Office is ready to support the relaunch, but current staffing will cap how many accounts can move through each month. Historically, the office handled about fifty accounts a month, which kept pace with newly eligible accounts. At today's staffing level of one attorney, that pace isn't sustainable, and a backlog will build without additional support. Since the City Attorney's Office reports directly to Council, it is important to flag this constraint on capacity. To resolve this issue, under the proactive leadership of the City attorney, the office has indicated being amenable to adding one additional staff person to substantially close the projected gap.

Conclusion: Appropriate Communications, Public Notice, Connecting with Council
Ahead of the relaunch, the Office of Strategic Communications (OSC) is planning a coordinated public communications effort — including a website update and direct media outreach — starting in late September to ensure residents are fully aware of these activities. Council offices may begin receiving constituent calls as that outreach reaches the public.

The purpose of this memorandum is to continuously keep Council in the loop as the program moves forward, although no formal action is needed at this time. Constituents with questions about delinquent real estate taxes can be directed to 311 or www.rva.gov/taxsales, where they can look up their account, explore payment arrangement options, and find answers to frequently asked questions. We expect additional updates and notifications as a part of our continued outreach in support of this effort. Council members are welcomed to also share these resources with constituents ahead of and after the relaunch, and staff are available and happy to answer any questions that may arise along the way.