Selectmen’s Senior Tax Committee
Room 111, Town Hall
March 1, 2017

Members of the Committee in Attendance: Ben Franco, Harold Peterson, Susan Granoff, Neil Gordon, Sandy Spector, Jeff Kushner, Frank Caro
Members of the Committee Absent: None
Others Present: Gary McCabe (Chief Assessor and Chairman of the Board of Assessors)

At 6:30 PM Selectman Ben Franco, serving as chair, called the meeting to order.

Selectman Franco called for a vote on the draft minutes which he circulated to the membership prior to the meeting. Several members proposed slight edits to the minutes. The edits were accepted. The minutes were accepted unanimously.

Selectmen Franco briefly discussed what was on the agenda for the meeting and his goal of determining the number of seniors living in Brookline, the number of low and moderate income seniors, and the number of eligible seniors who are or are not taking advantage of currently available tax reduction opportunities.

Selectman Franco called upon Susan Granoff to make a brief presentation about U.S. Census data she brought to the meeting for consideration by the group.

Susan Granoff stated that she investigated the question of how many seniors live in Brookline and what means they have, by looking at U.S. Census data (more specifically, decennial census and American Community Survey data). According to the data, as of 2015 there are 8,915 seniors living in Brookline (people 65+) i.e., 15% of Brookline’s population. The median age is 72.5 years old. There are more female seniors than male, and 50% of seniors live alone. Senior households that have earned income earn a mean amount of $107,538. Nearly 80% of senior households received social security income (a mean amount of $20,845). Senior households’ total unearned income was a mean amount of $31,661. A small percentage of senior households received both Social Security Supplemental Income and public assistance. One of the limitations of the data is that we don’t know how much senior households are making in total, or what the mean total household income of seniors is.

Ms. Granoff continued that she was also able to find some information about the housing situations of Brookline seniors in U.S. Census and American Community Census data. There are 5,635 estimated senior households in Brookline. Two-thirds of these households are owner occupied. Within the one-third of senior housing units that are rental are 425 Brookline Housing Authority units. The senior population that lives in the BHA is not of concern from a policy perspective because their rent is tied to their income already. The data also includes information about how much seniors are spending on housing each month. The information indicates that roughly one-third of seniors that own and occupy their homes paid more than 30% of their incomes for housing (insurance, mortgage, condo fees, utilities). Across all Brookline households (regardless of age), 16.5% had household incomes of less than $50,000 (about 2,081 people). Not specific to the 65+ population, there are roughly 377 people that have incomes less
than $10,000. Because of various lending rules and lifestyle factors, it is likely that these owner-occupied housing units mostly belong to seniors.

Jeff Kushner commented that looking at the income information for owner-occupants is dubious because there are a lot of legal ways to be affluent but look as though you have no assets. For example, living off of interest income or putting your home in a trust. The group agreed the numbers Ms. Granoff presented include people who both need and do not need assistance with their taxes.

Neil Gordon suggested that the group does not need to be exact about the number of people who need assistance. If its 3,500 vs. 2,500 people who need relief the group is not going to do anything differently in terms of approach.

Sandy Spector presented the results of conversations she had with Ruthann Dobek, the Director of Council on Ageing. The conversations centered mostly around the BETS (Brookline Elder Taxi Service) program – a means tested subsidized taxi ride program. According to Ruthann, 10% of the Town’s senior population is struggling. To qualify for BETS, income is restricted to $51,000 a year for a single person or $58,000 for a couple. The program has 1,000 qualified users, 200 active users, and 100 of the users also use HELP and SNAP (indicating extreme economic distress). There is no information available about whether these 100 seniors are owners or renters.

Ms. Granoff commented that eligibility for SNAP this year is approximately $21,000. This makes eligibility for the SNAP program an excellent proxy for in need seniors.

The group had a conversation about a previously authorized loan program that allowed homeowners to perform maintenance and repairs on their homes. The program existed between 10 and 20 years ago, and has ceased to exist. There was general agreement that the program, while interesting and appealing, was outside of the committee core charge of examining tax relief for in need seniors.

Ms. Spector commented that Ruthann suggested the best way to help struggling seniors would be to:

1) Freeze property tax for struggling seniors
2) Decrease the interest changed through the tax deferral program
3) Make the tax deferral program opt out, so people do not need to proactively apply each year
4) Create a system to notify a family member or friend of a senior if there is a problem with their tax bill or payment of their bill

Gary McCabe presented information about the number senior homeowners that qualify for tax exemptions and have lived in their residence for at least five years. According to the Assessor’s Office’s research, 3,164 are receiving a statutory exemption using this criteria. If the five year residency requirement were removed, 3,750 senior would be eligible. Of these 3,164 units that are receiving an exemption: 1,292 are single family homes, 1,441, condos, 407 two and three family homes, there are some special cases that make up the balance (two homes on a single tax
lot, for example). There are 43 seniors out of the 3,164 that are eligible receive some sort of tax break. The eligible seniors live in homes of varying values and have tax bills of varying sizes. The group observed that the numbers that the Assessor’s Office came up with matches the data from the census department.

The group talked about what relief is available to people who experience extreme unforeseen hardship. Mr. McCabe told the Committee that a program does exist, based on age and hardship experienced, to provide relief of up to 100% of a tax bill in a given year. The program is reserved for use in the case of extreme hardship. In the 10 years Mr. McCabe has been in Brookline no one has received the relief available through the Ch, 59, Sec. 5 Clause 18 program. Anecdotally, this program is not something that has been invoked in Brookline in the past 25 years. The program is not widely known. The group concluded that there are programs, other than the so-called “Section 18” program, which could be used to provide relief to taxpayers.

Frank Caro presented information from the UMass Boston Gerontology Institute regarding what a realistic amount of money people can live on is in Massachusetts – the thought is that the federal answer to this questions is not a reasonable estimate. The information is not trying to define poverty, it is coming up with a realistic amount people can live on. The data looks at a reasonable budget for homeowners and for renters. Real estate taxes are not specifically called out as a line item in the information. The committee spent time talking about how to break out what a realistic tax payment might be based on the budget that was presented.

Neil Gordon asked what tools the committee has to provide relief to seniors who are in need. The committee is able to estimate the number of seniors eligible for the existing tax reduction programs, and knows what utilization is today. That begs the question of why eligible people are not taking advantage of the existing programs.

Susan Granoff brought up the Circuit Breaker program and asked who utilizes it. Over the past several years, utilization of the Circuit Breaker program has decreased in Brookline (presumably because people no longer qualify). Other towns have implemented innovative programs to provide the benefits of the Circuit Breaker to resident who don’t qualify for it. Ms. Granoff believes the committee should look at these innovative programs and decide if one would be right for Brookline.

Harold Peterson presented information about the interplay between the increase in value of property in Brookline and other economic measures. Taxable property value has gone up by at 7.55% every year recently, but tax bills have gone up by only about 5% each year because of decreases in the tax rate. That 5% increase year-over-year is larger than income growth; this means every year people on limited income need to come up with additional dollars to devote to paying property tax. Dr. Peterson also looked at the impact that taxes have on rents in Brookline. The findings of the analysis indicate that the increase in taxes is directly reflected in rent increases. Separately, the available data shows that the number of senior homeowners went up at a substantial rate and the number of senior renters went down at a substantial rate. Add to this the fact that the number of senior renters who pay more than 30% of their income toward rent is lower than it is amongst the renting population as a whole. According to Dr. Peterson this could indicate that there are fewer vulnerable seniors in town than we might expect, and fewer than are
present among all renters. This could indicate that low income seniors have already been displaced, leaving only relatively affluent seniors.

Jeff Kushner commented that it is important to acknowledge that while the percentage increase in rent might be lower than the increases in value for condos and single family homes, in real dollar terms the increase in the annual outlay renters need to make is more.

Susan Granoff pointed out that 22% of the rental stock in Town are in Brookline Housing Authority buildings. This has an impact on the data Dr. Peterson presented.

Gary McCabe commented that, anecdotally, landlords pass on any tax increase to their tenants.

Harold Peterson observed that based on the data he presented, the committee needs to be careful about shifting tax burden onto apartment owners and residents. It is true that the increase in value of condos and single family homes did make people ineligible for the Circuit Breaker, but that’s only because their equity also increased. The loss of a $1,000 income tax credit is more than made up for if people wanted to tap into their home equity.

Susan Granoff agreed, but observed that one needs an income to take advantage of the equity in a home. Ms. Granoff also observed that the quality of the schools underlay the property value of homes in Brookline and if the quality of the schools goes down so too will the value of homes.

Neil Gordon observed that the output of conversations about senior tax relief needs to reflect the interests of all taxpayers. If a proposal is contested it is a sign that one group is getting unfairly preferred over another and too much of the burden is being shifted. Instead of focusing on seniors vs. everyone else, the group should focus on those who are in need. As a policy matter the committee can’t express a preference for one group over all others.

Susan Granoff stated she thinks there are 500 seniors in Town that need increased relief from what is available today.

Frank Caro expressed a desire to look at the circuit breaker program and other innovative tax relief programs.

Sandy Spector commented that the Senior Circuit Breaker program is not widely known by the public.

Ben Franco said he was amenable to talking about the Circuit Breaker and innovative senior tax relief programs at the next meeting.

There was general agreement amongst the committee that there is a stigma about taking advantage of tax relief programs when people are in need. This could partly explain why those who might need the relief provided by the Circuit Breaker do not take advantage of it.

Harold Peterson asked what population is the subject of the Committee work – people who are asset rich and income poor? If that is the population the group is talking about, then the
committee might want to think about ways to encourage people to transfer assets into cash flow rather than seeking to preserve an estate for their heirs.

Jeff Kushner observed that this is, in effect, what the tax deferral program does.

Harold Peterson observed that not forcing asset rich but income poor residents to transfer equity into cash flow to pay their taxes means, in effect, the Town is subsidizing residents’ heirs.

The group generally agreed that there is work that needs to be done to make sure people are availing themselves of the existing programs. Also, the culture of maximizing the amount that is passed onto heirs needs to be addressed if some people are ever going to take advantage of their assets as a means of paying their tax bill.

Selectman Franco suggested that at the group’s next meeting the circuit breaker program, and the Sudbury program be investigated and discussed.

Selectman Franco closed the meeting at 8:35 PM.

Materials Reviewed:

Various data handouts