Selectmen’s Senior Tax Committee
Room 111, Town Hall
July 12, 2017

Members of the Committee in Attendance: Ben Franco, Neil Gordon, Harold Petersen, Susan Granoff, 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), Jeana Franconi (Town of Brookline Finance Director), Chip Coveney (Eastern Bank), Tom McBreen (Brookline Bank), and Adam Bokon (Brookline Bank)

At 6:30 PM Selectman Ben Franco, serving as chair, called the meeting to order. He asked for a volunteer to serve as secretary for the meeting and Mr. Petersen agreed to do so.

Selectman Franco welcomed our guests for the meeting: Jeana Franconi for her input on possible changes to the Tax Deferral Program, and Mr. Coveney, Mr. McBreen, and Mr. Bokon, for their input on how local banks might be of assistance to seniors who have equity in their homes but are having difficulty paying their taxes.

The minutes of the meeting of May 3, 2017, were approved with minor amendments, and the minutes of the meeting of June 7, 2017, were approved as submitted.

The first item on the agenda was our conversation with our guest bankers. Jeff Kushner explained that our committee is charged with finding ways to assist seniors who are asset rich (with their homes) but are income poor and are having difficulty paying their taxes. He noted that we are focused on the Tax Deferral Program but we would like to know what might be done through the private sector as well, most particularly through our local banks.

The committee spent a bit of time explaining how the Tax Deferral Program works, including that the Town does have a first lien on the property for the amount of any deferred taxes plus interest.

Susan Granoff asked specifically, 1) if a person has a mortgage and now wants a deferral, will the mortgage owner sign off on the deferral, and 2) if a person has a deferral and now wants a mortgage or a home equity loan, would this be feasible?

The bankers pointed out that the mortgage market has changed dramatically in that now virtually all mortgages are sold in the secondary market, many of them to Fannie Mae or Freddie Mac. The local banks have no control over whether the current owners of the mortgage, if they can be found, will sign off on a deferral. If a person has a deferral and now wants a bank loan, a conventional mortgage would probably not work. A home equity loan might be possible. The bankers urged that any senior homeowner needing financing talk to them. They will do all they can to help people work something out.

A person with a deferral could take out a reverse mortgage provided all deferred taxes are paid off as part of the process. It was pointed out that reverse mortgages involve high fees up front
but might well be a good solution for some homeowners. In like manner, if someone were willing to become current (roll over existing debt into the new loan), they would not have a problem taking out a conventional mortgage or a home equity line of credit, provided they meet income guidelines. The bankers conceded that people with low income would have a problem, even if they had substantial equity. They urged again that any interested homeowner talk to them, and they indicated that as bankers with a strong interest in the community they would be as receptive as they can.

The bankers indicated that they had little previous understanding of the Tax Deferral Program but they appreciated the difficulties people are having in paying their taxes. They expressed their willingness to work with the town on a program that might be helpful.

At this point in the meeting, Mr. Franco thanked Mr. Coveney, Mr. McBreen, and Mr. Bokon, who then departed, and the committee turned its attention to Finance Director Jeana Franconi for her input on the Tax Deferral Program. Ms. Franconi indicated she was certainly amenable to reducing the interest rate and could work with a program under which it might change on an annual basis as tied to an index. She was also supportive of an increase in the income limit at which the homeowner is eligible for a deferral.

On motion made and seconded it was unanimously voted to propose a warrant article in which the interest rate for tax deferrals for any fiscal year beginning on July 1 would be set so as to be equal to the average yield on the 10-year U.S. Treasury Note over the prior calendar year. It was noted that this rate was slightly below the town’s borrowing rate and that we might expect this to continue to be the case.

It was further moved and seconded that we propose a warrant article to seek approval from the state to set the income limit for a Tax Deferral to the level for “married filing jointly” rather than that for “single” as established under G.L.c.62, section 6(k) for the circuit breaker tax credit. The motion was passed unanimously. The difference for the most recent fiscal year would be $86,000 rather than $57,000 and would increase with any future increase in the circuit breaker income limit.

The committee then turned to the possibility of establishing an Elderly and Disabled with Low Income Tax Assistance Fund, as permitted under Ch. 60, Section 3D of the General Laws of Massachusetts. The law permits cities and towns to add a checkoff on tax bills for voluntary contributions to such a fund. Ms. Franconi noted that Newton has adopted the program and she circulated a copy of a sample tax bill showing the checkoff.

On motion duly made and seconded it was unanimously voted to propose a warrant article to adopt the Elderly and Disabled of Low Income assistance program as permitted under Ch. 60, Section 3D and to establish an assistance committee as required by the statute.

It was agreed that Mr. Franco would finalize the language of the three warrant articles in consultation with town counsel. It was further agreed that Mr. Gordon would write the explanations of the three warrant articles.
Susan Granoff asked whether we might wish to have a fourth warrant article to authorize an increase in the number of slots for the Senior Work-Off program and also increase the income limit for eligibility for the program. It was pointed out that this was within the jurisdiction of the Selectmen and thus would not need Town Meeting approval. Budgetary implications would of course require Town Meeting approval.

On motion made and seconded and passed unanimously “The committee recommends that the town, in consultation with the Council on Aging, consider an increase in the number of slots for the Senior Work-Off program, and possibly the income limit, contingent on being able to administer a larger number of slots and on the ability to place people.”

The committee then discussed the need for better information, education, and counselling with respect to the Tax Deferral program. Mr. Petersen suggested that this might begin with a conversation between a member of the Board of Assessors and a member of the Council of Aging.

The committee also agreed to further explore a conversation with local banks concerning aid to people with assets but with limited income.

The next meeting of the committee was scheduled for August 23 at 6:30 p.m.

The meeting adjourned at 9:35 p.m.