

**REAL ESTATE TAX RELIEF WORKING GROUP**  
**2100 Washington Blvd., Lower Level Auditorium**  
**Meeting Minutes**  
**January 30, 2017**

**REAL ESTATE TAX RELIEF WORKING GROUP MEMBERS PRESENT:** Paul Holland, Bill Staderman, Patty Sullivan, Pat Findikoglu, Pam Juhl, Evelyn Gee, Carolyn Day, Jill Herndon, Edith Gravely, Kathryn Scruggs, Peggy Jones

**REAL ESTATE TAX RELIEF WORKING GROUP MEMBERS EXCUSED:** Prentiss de Jesus

**STAFF:** Anita Friedman (Director, Department of Human Services), Jeanne Booth (Chief, Economic Independence Division), Caitlin Hutchison (Assistant Director, Department of Human Services), Kim Rucker (Chief Deputy Treasurer, Treasurer’s Office), Kasey Liedtke (Management and Budget Specialist, Department of Community Planning, Housing, and Development), David Remick (Alexandria/Arlington Regional Workforce Council Executive Director), Aaron McCready (Management Analyst, Community Assistance Bureau)

**I. Call to Order at 6:10 p.m.**

The meeting of the Real Estate Tax Relief (RETR) Working Group was called to order by Mr. Holland, Working Group Chair.

**II. Introductions**

Attendees introduced themselves.

**III. Approval of January 9, 2017 Meeting Minutes**

- a. Ms. Juhl requested one change to the January 9 minutes on page 2, section V.b.i.1: revise “other programs... that should be promoted to RETR applicants” to read “other programs... that should be considered for implementation by the Board.”
- b. Ms. Sullivan moved to approve the January 9, 2017 revised meeting minutes, and Ms. Day seconded the motion.
- c. The January 9, 2017 revised meeting minutes were unanimously approved by the Working Group.

**IV. Outstanding Recommendations**

- a. The Working Group discussed compromise versions of the outstanding recommendations (see Attachment 1), and invited written dissenting arguments (to be sent to Mr. Holland, Ms. Sullivan, and Ms. Hutchison via email) if necessary. The items that were discussed included:
  - i. Asset and Income Exclusions – Recommendation 4 was accepted with modifications.

1. Asset Exclusions: The majority of the Working Group agreed that in the event that an applicant is over the asset limit, their assets should be adjusted by deducting the following:
    - a. medical bills not covered by insurance and reported on Schedule A of the 1040 if participant itemizes
    - b. emergency home repairs that exceed \$1,000
    - c. condo special assessment fees that exceed 2 x regular annual condo fees
    - d. outstanding state and federal taxes owed
  2. Income Exclusions: The majority of the Working Group agreed that the following items should be excluded from income:
    - a. all disability income for either owner and/or spouse
    - b. up to \$10,000 of income for each non-owner/non-spouse relative living in the home
- ii. Income Limits – Recommendation 12 was accepted. The majority of the Working Group agreed to the following:
1. Tie income limits to Area Median Income so the income limits adjust automatically each year
  2. Add a 75 percent exemption level
  3. Use one income limit for each exemption level
  4. Use the following income limits:
    - \$0-\$45,000 = 100 percent
    - \$45,001-\$55,000 = 75 percent
    - \$55,001-\$65,000 = 50 percent
    - \$65,001-\$80,000 = 25 percent
- iii. Asset Limits – Recommendation 13 was accepted. The majority of the Working Group agreed to the following:
1. Set asset limit to \$400,000 for both exemptions and deferrals
  2. Link the asset limit to an annual CPI adjustment
  3. Keep deferrals as an option for homeowners who do not qualify for a 100 percent exemption
- iv. Home Value – Recommendation 14 was voted on, but the group could not agree on one recommendation. There was discussion to limit the amount of home value eligible for an exemption to \$800,000, unless the applicant purchased the home prior to 1/1/2000, and to limit the amount of home value eligible for an exemption to Arlington’s median home value. The Working Group could not come to consensus on whether Arlington should limit the amount of home value that is eligible for an exemption, and ultimately decided to present all three options in the Program Recommendations Report.
- v. Retroactivity – Recommendation 16 was accepted. Ms. Sullivan motioned to recommend allowing for the provision of retroactive real estate tax relief up to 5 years, Ms. Scruggs seconded, and the Working Group unanimously approved.
- vi. Program Management – Recommendation 17 was voted on, but the group could not agree on one recommendation. There was discussion to create a “No

Wrong Door” system of administration so that the resources and skills of both the Department of Human Services and the Commissioner of the Revenue could be used to support the program, to keep the program in the Department of Human Services, and to move the program to the Commissioner of the Revenue. The Working Group could not come to consensus on which Arlington County office should oversee the RETR program, and ultimately decided to present all three options in the Program Recommendations Report.

**V. Next Steps and Timeline**

- a. Ms. Hutchison will prepare a draft Program Recommendations Report and circulate amongst Working Group members for feedback. The final draft Program Recommendations Report will be posted online for public comment no later than February 15, 2017.
- b. The Working Group will meet again on Monday, February 27, 2017 to prepare for the Community Meeting.
- c. The Community Meeting will be held at Arlington Mill Community Center from 7-9 pm on Monday, March 6, 2017.
- d. The final Program Recommendations Report will incorporate feedback received February 15 – early March, and will be presented to the County Manager and County Board in late March.

**VI. Adjournment**

The meeting concluded at 8:15 p.m.

Attachment 1 - RETR Proposed Agreements/Outstanding Items for Discussion 1/20/17

Topic	Draft Proposal	Comments
<b>SHORT TERM Recommendations</b>		
1) Application Materials	<ul style="list-style-type: none"> <li>• Adopt the recommendations proposed by the AO and EC subcommittees</li> <li>• Add RETR Appeal Process to the application materials</li> <li>• Explore other programs that could promote the program</li> </ul>	agreed
2) Application Timeline	<ul style="list-style-type: none"> <li>• All application deadlines shall be extended to Nov. 15th</li> <li>• Codify in County Code the ability of the County Manager to review hardship cases up until Jan 31 of the tax year following the year when the hardship was experienced</li> </ul>	agreed
3) Outreach	<ul style="list-style-type: none"> <li>• Target recommended organizations and events to promote the program including PTA's</li> <li>• Establish and train a group of volunteers to conduct outreach</li> <li>• Perform deliberate outreach to native English speaking residents</li> <li>• Emphasize that RETR participants do not need to be DHS clients to participate in the program</li> <li>• Provide office hours and workshops at Senior Centers, libraries, AARP Tax prep clinics, and other outreach locations to help applications with application preparation</li> </ul>	agreed
4) Liabilities/Income /exclusions	<ul style="list-style-type: none"> <li>• Assets should be adjusted by deducting the following liabilities/debts: <ul style="list-style-type: none"> <li>-medical bills not covered by insurance and reported on Schedule A of the 1040 if participant itemizes.</li> <li>-emergency home repairs that exceed 3 x a regular mortgage payment</li> <li>-condo special assessment fees that exceed 2 x regular annual condo fees</li> <li>-outstanding state and federal taxes</li> <li>-other substantial debts that are incurred at no fault of the homeowner (subject to approval by the administering agency)</li> </ul> </li> <li>• Allow for 100% deduction for disability income</li> </ul>	

Topic	Draft Proposal	Comments
	<ul style="list-style-type: none"> <li>Allow for exclusion of \$10,000 for each non-owner/non-spouse relative living in the home</li> </ul>	
5) Program Oversight	<ul style="list-style-type: none"> <li>County Manager shall appoint a Citizens Advisory Group to review the RETR, investigate problems and make recommendations</li> </ul>	agreed
6) Program Management and Administration	<ul style="list-style-type: none"> <li>Establish a comprehensive report and reporting mechanism to provide information on all aspect of the program (see AO)</li> <li>Make data about the program publicly available</li> <li>Include the RETR program in the Resident Satisfaction Survey, and/or some other countywide feedback mechanism</li> </ul>	agreed
7) <i>Extension (Moved to Application Timeline #2)</i>	<ul style="list-style-type: none"> <li><i>Codify in County Code the ability of the County Manager to review hardship cases up until Jan 31 of the tax year following the year when the hardship was experienced</i></li> </ul>	agreed
8) <i>Technical Assistance (Moved to Outreach #3)</i>	<ul style="list-style-type: none"> <li><i>Provide office hours and workshops at Senior Centers, libraries, AARP Tax prep clinics, and other outreach locations to help applications with application preparation</i></li> </ul>	agreed
9) Deferrals	<p>County staff will investigate how to address mortgage lenders' opposition to the deferral portion of the RETR program by working with various stakeholders, such as elected officials, other local governments, the American Bankers' Association, the Consumer Finance Protection Bureau, the Metropolitan Washington Council of Governments, and the National Association of Counties.</p> <p>(Note: This is federal and state law)</p>	agreed
10) Appeals Process (Move to other items)	<ul style="list-style-type: none"> <li><i>Include the RETR appeals process in the application (Item #1)</i></li> <li><i>Provide technical assistance with the appeals process (Item #3)</i></li> </ul>	agreed
11) Income Exclusions	<ul style="list-style-type: none"> <li>SEE COMBINED Recommendation #4</li> </ul>	

Topic	Draft Proposal	Comments
12) Income Limits	<ul style="list-style-type: none"> <li>• Tie RETR income limits to Area Median Income (AMI) so the income limits will adjust automatically</li> <li>• Use one income limit for each exemption level</li> <li>• Tie RETR income limits to Area Median Income (AMI) so the income limits will adjust automatically</li> <li>• Use one income limit for each exemption level</li> <li>• Set 4 income ranges for percentage of exemption: <ul style="list-style-type: none"> <li>\$0-\$45,000 = 100%</li> <li>\$45,000-\$55,000 = 75%</li> <li>\$55,000-\$65,000 = 50%</li> <li>\$65,000-\$80,000 = 25%</li> </ul> </li> </ul>	
13) Assets Limits	<ul style="list-style-type: none"> <li>• Set asset limit to \$400,000</li> <li>• Link asset limit annual CPI adjustment</li> </ul>	
14) Home Value	<ul style="list-style-type: none"> <li>• Limit the amount of the home value to \$800,000, unless the individual purchased the home prior to 1/1/ 2000</li> </ul>	
15) Designate revenue for affordable housing	<ul style="list-style-type: none"> <li>• Designate revenue received through the RETR program (deferral payments to support affordable housing opportunities with accessibility and supportive services for older residents and residents with disabilities)</li> </ul>	agreed
16) Retroactivity	<ul style="list-style-type: none"> <li>• Amend Arlington County Code Chapter 43 to allow for the provision of retroactive real estate tax relief up to 5 years if: <ol style="list-style-type: none"> <li>1. a physical or mental health issue, or extreme circumstances beyond the control of the applicant,</li> </ol> prevented the applicant from filing an application; or </li> </ul>	

Topic	Draft Proposal	Comments
17) "No Wrong Door" – DHS/OCR Operate Program jointly	<p>2. An applicant was retroactively determined to be permanently and totally disabled.</p> <ul style="list-style-type: none"> <li>"No Wrong Door" – DHS/OCR Operate Program jointly (see attached description)</li> </ul>	
<b>MID TERM Recommendations</b>		
1) Application Materials	<ul style="list-style-type: none"> <li>Build Application into website so applicants can apply online (AO)</li> </ul>	agreed
2) Other programs	<ul style="list-style-type: none"> <li>Country staff will review options related to the U.S. Department of Health and Human Services reverse mortgage product called the Home Equity Conversation</li> <li>Mortgage and provide homeowners with complete, accurate and unbiased information so that it is a safe and viable option for all who are interested and may qualify</li> </ul>	agreed
<b>LONG TERM Recommendations</b>		
1) Deferrals	<ul style="list-style-type: none"> <li>Add language to state (and federal code) to recognize the deferral program</li> </ul>	agreed
2) Other Programs	<ul style="list-style-type: none"> <li>Conduct an extensive review and reevaluation of the RETR program</li> <li>Explore ways to enable seniors to age in the community in affordable multi-age multi-unit developments with accessibility and supportive services</li> </ul>	agreed
3) Separate Tax Class	<ul style="list-style-type: none"> <li>Explore the feasibility, cost and benefits of establishing separate real estate tax classes specifically for older homeowners or homeowners with disabilities similar to the system of tax classes used for business taxes</li> </ul>	agreed