

Real Estate Tax Relief Working Group Draft Recommendations

On March 20, 2017, after reviewing public feedback received online, via e-mail, by phone, in writing, and at the Community Meeting held on March 6, the Real Estate Tax Relief (RETR) Working Group met to finalize their recommendations. A comparison of the draft recommendations and the final recommendations can be seen in the chart below (with edits in red):

	Draft Recommendation	Revised Recommendation
1.	<p>Revise the RETR application materials to be more user-friendly.</p> <ul style="list-style-type: none"> • Edit the RETR application materials using simple language that is easily understood. • Increase the font size on the RETR application materials. • Reduce the number of columns on the RETR application. • Edit the RETR review application to reduce confusion around deadlines. • Develop supplementary materials to be included with the RETR application materials, such as <i>program guidelines</i>, an <i>overview of the appeals process</i>, <i>line-by-line instructions</i>, a <i>preparation checklist</i> identifying all items needed to complete the application materials, and a <i>documentation submission checklist</i> indicating which items must accompany the completed application materials. • Create fillable electronic forms for the RETR application materials. • Promote programs through the RETR application materials that provide assistance to older homeowners and homeowners with disabilities (e.g., utility assistance, back door trash pick-up). 	<p>Revise the RETR application materials to be more user-friendly.</p> <ul style="list-style-type: none"> • Edit the RETR application materials using simple language that is easily understood. • Increase the font size and enlarge the boxes on the RETR application materials. • Reduce the number of columns on the RETR application. • Edit the RETR review application to reduce confusion around deadlines. • Develop supplementary materials to be included with the RETR application materials, such as <i>program guidelines for use by both applicants and staff</i>, an <i>overview of the appeals process</i>, <i>line-by-line instructions</i>, a <i>preparation checklist</i> identifying all items needed to complete the application materials, and a <i>documentation submission checklist</i> indicating which items must accompany the completed application materials. • Create fillable electronic forms for the RETR application materials. • Include a one-page flyer with the RETR application materials about other programs that provide assistance to older homeowners and homeowners with disabilities (e.g., utility assistance, back door trash pick-up, Rebuilding Together, Meals on Wheels, Arlington Neighborhood Village, and other Aging and Disability Services programs). • Include questions on the RETR application asking whether an applicant has a reverse mortgage and/or a monthly mortgage payment (and if so, the amount).

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2.	<p>Extend the RETR application timeline.</p> <ul style="list-style-type: none"> Change both the RETR application deadline and the RETR review application deadline from August 15 to November 15. Amend Arlington County Code Chapter 43 to codify the existing RETR Extension Policy, which allows for extensions until January 31 in the event that a physical or mental health issue, or extreme circumstances beyond the control of the applicant, prevented the applicant from filing a timely application. Amend Arlington County Code Chapter 43 to allow for the provision of retroactive RETR of up to five (5) years if a physical or mental health issue, or extreme circumstances beyond the control of the applicant, prevented the applicant from filing a timely application, or if an applicant was retroactively determined to be permanently and totally disabled. 	<p>Extend the RETR application timeline.</p> <ul style="list-style-type: none"> Change both the RETR application deadline and the RETR review application deadline from August 15 to November 15. Amend Arlington County Code Chapter 43 to codify the existing RETR Extension Policy, which allows for extensions until January 31 in the event that a physical or mental health issue, or extreme circumstances beyond the control of the applicant, prevented the applicant from filing a timely application. As permitted under state code and in consultation with the Arlington County Attorney's Office, amend Arlington County Code Chapter 43 to allow for the provision of retroactive RETR of up to two (2) years if a physical or mental health issue, or extreme circumstances beyond the control of the applicant, prevented the applicant from filing a timely application, or if an applicant was retroactively determined to be permanently and totally disabled by the Social Security Administration, the Department of Veterans Affairs, or the Railroad Retirement Board.
3.	<p>Conduct additional outreach to the community to increase participation.</p> <ul style="list-style-type: none"> At a minimum, perform outreach to organizations, groups, businesses, and events identified in the Working Group's Outreach List. Perform targeted outreach to homeowners whose preferred language is not English. Provide assistance with applications and appeals at senior centers, libraries, tax preparation clinics, and other locations. Establish a group of trained volunteers to assist in performing outreach/technical assistance. Make clear that residents do not have to be traditional clients of DHS programs in order to participate in the RETR program. 	<p>No change.</p>
4.	<p>Establish a mechanism to provide oversight of the RETR program.</p> <ul style="list-style-type: none"> Create a County Manager-appointed Citizens Advisory Group to regularly review the RETR program, investigate issues as they arise (e.g., hardships, appeals), and make recommendations for changes as needed. 	<p>Establish a mechanism to provide periodic oversight of the RETR program.</p> <ul style="list-style-type: none"> Utilize existing Commissions or Citizen Groups (e.g., the Commission on Aging and the Disability Advisory Commission) to regularly review the RETR program and make recommendations for changes as needed.

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5.	<p>Establish a mechanism for sharing information and receiving regular resident feedback related to the RETR program.</p> <ul style="list-style-type: none"> • Create a comprehensive report and reporting schedule for the RETR program. • Include questions related to the RETR program in the Resident Satisfaction Survey and/or some other countywide feedback mechanism. 	No change.
6.	<p>Investigate mortgage lenders' opposition to the deferral portion of the RETR program.</p> <ul style="list-style-type: none"> • Conduct research related to mortgage lenders' opposition to the deferral portion of the RETR program. • Connect and collaborate with various stakeholders at the local, state, and federal levels, to include elected officials, other local governments, the American Bankers' Association, the Consumer Finance Protection Bureau, the Metropolitan Washington Council of Governments, and the Virginia Association of Counties. 	No change.
7.	<p>Revise the RETR program's method of calculating applicants' assets.</p> <ul style="list-style-type: none"> • Include only the assets of owners and owners' spouses. • If an applicant's asset total exceeds the asset limit, utilize the "adjusted asset" calculation method. In other words, deduct the following liabilities (if applicable) from the applicant's asset total: <ul style="list-style-type: none"> ○ Medical and dental expenses not covered by insurance, as reported on Schedule A (Form 1040); ○ Out-of-pocket emergency home repairs within the tax year not covered by insurance and exceeding \$1,000 per incident; ○ Condominium Association individual special assessments exceeding two times the annual condominium fee; and ○ State and federal income tax debts in arrears. 	<p>Revise the RETR program's method of calculating applicants' assets.</p> <ul style="list-style-type: none"> • Include only the assets of owners and owners' spouses. • If an applicant's asset total exceeds the asset limit, utilize the "adjusted asset" calculation method. In other words, subtract the following deductions (if applicable) from the applicant's asset total: <ul style="list-style-type: none"> ○ Medical and dental expenses not covered by insurance, as defined by the Internal Revenue Service Publication 502 and reported on Schedule A (Form 1040); and ○ Out-of-pocket emergency home repairs not covered by insurance and/or Condominium Association individual special assessments incurred within the tax year and exceeding \$1,000 per incident/assessment.
8.	<p>Revise the RETR program's asset limit.</p> <ul style="list-style-type: none"> • Change the asset limit to \$400,000 for both exemptions and deferrals. • Tie the asset limit to the Consumer Price Index (CPI) so the limit will automatically adjust each year. 	<p>Revise the RETR program's asset limit.</p> <ul style="list-style-type: none"> • Change the asset limit to \$400,000 for exemptions. • Maintain the current asset limit of \$540,000 for deferrals. • Tie the asset limits for both exemptions and deferrals to the Consumer Price Index (CPI) so the limits will automatically adjust each year.

	Draft Recommendation	Revised Recommendation
9.	<p>Revise the RETR program's method of calculating applicants' income.</p> <ul style="list-style-type: none"> Exclude all disability income for either owner and/or spouse. Exclude the first \$10,000 in income for each non-owner/non-spouse relative living in the home. 	No change.
10.	<p>Revise the RETR program's income limits and exemption levels.</p> <ul style="list-style-type: none"> Establish an additional exemption level providing a benefit of 75% real estate tax relief. Use one income range for each exemption level, regardless of household size. Use the following income ranges as the baseline income ranges for each exemption level: <ul style="list-style-type: none"> \$0 - \$45,000 = 100% exemption \$45,001 - \$55,000 = 75% exemption \$55,001 - \$65,000 = 50% exemption \$65,001 - \$80,000 = 25% exemption Tie the income ranges to the Area Median Income (AMI) so the ranges will automatically increase in proportion to annual percentage increases in the AMI (but hold households harmless in the event that the AMI decreases). Continue to permit and promote the deferral of any real estate taxes not eligible for exemption. 	<p>Revise the RETR program's income limits and exemption levels.</p> <ul style="list-style-type: none"> Establish an additional exemption level providing a benefit of 75% real estate tax relief. Use one income range for each exemption level, regardless of household size. Use the following income ranges as the baseline income ranges for each exemption level: <ul style="list-style-type: none"> \$0 - \$45,000 = 100% exemption \$45,001 - \$55,000 = 75% exemption \$55,001 - \$65,000 = 50% exemption \$65,001 - \$80,000 = 25% exemption \$80,001 - \$99,472 = Deferral only Tie the income ranges to the Area Median Income (AMI) so the ranges will automatically increase in proportion to annual percentage increases in the AMI (but hold households harmless in the event that the AMI decreases). Continue to permit and promote the deferral of any real estate taxes not eligible for exemption.
11.	<p>Designate revenue received through the RETR program (i.e., deferral repayments) to support affordable housing opportunities with accessibility and supportive services for older residents and residents with disabilities.</p>	No change.
12.	<p>Build the RETR application materials into the Arlington County website.</p>	No change.
13.	<p>Explore options to increase funding for the development of, and services associated with, housing for older residents and residents with disabilities.</p>	No change.
14.	<p>Provide homeowners with complete, accurate, and unbiased information regarding the Home Equity Conversion Mortgage (HUD's reverse mortgage product) so that it is a safe and viable option for all residents who are interested and may qualify.</p>	No change.

	Draft Recommendation	Revised Recommendation
15.	Explore options to provide real estate tax credits to owners of rental dwellings that provide reduced rent to older renters and renters with disabilities.	No change.
16.	Consider implementing additional programs that could provide financial relief to older residents and residents with disabilities (e.g., personal property tax relief, vehicle registration fee relief, solid waste fee relief).	No change.
17.	Conduct an extensive review and reevaluation of the Arlington County RETR program.	No change.
18.	Advocate for the amendment of state code in order to provide Virginia homeowners with protection from lenders that refuse to recognize participation in deferral programs.	No change.
19.	Explore the feasibility, cost, and benefits of establishing separate real estate tax classes specifically for older homeowners and homeowners with disabilities in lieu of the RETR program.	No change.
20.	Explore ways to enable older residents to age in the community in affordable multi-age multi-unit developments with accessibility and supportive services.	No change.

Additional Recommendations Discussed

- On March 20, the RETR Working Group chose to not revisit the issue of limiting the amount of home value that is eligible for an exemption. Currently, home value is not considered in eligibility determinations. In previous discussions, there were three possible recommendations discussed (but consensus could not be reached):
 - Keep the program as-is; do not limit the amount of home value that is eligible for exemption.
 - Limit the amount of home value that is eligible for exemption to the median assessed home value, and allow for the deferral of any remaining taxes not eligible for exemption.
 - Limit the amount of home value that is eligible for exemption to \$800,000 (unless the applicant purchased the home prior to January 1, 2000), and allow for the deferral of any remaining taxes not eligible for exemption.
- On March 20, the RETR Working Group chose to not revisit the issue of which Arlington County office should oversee the RETR program. In previous discussions, there were three possible recommendations discussed (but consensus could not be reached):
 - Keep the RETR program in the Department of Human Services.
 - Move the RETR program to the Commissioner of the Revenue.
 - Utilize a “No Wrong Door” model in which the Department of Human Services and the Commissioner of the Revenue operate the program jointly.