

City of Taunton
Municipal Council
February 7, 2023

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2023 FEB -9 P 12: 54

TAUNTON, MA

CITY CLERK

The Committee on Finance and Salaries

The meeting was held at Taunton City Hall, 15 Summer Street, Taunton, MA 02780 in the Chester R. Martin Municipal Council Chambers.

Present were Councilor Phillip Duarte, Chairman and Councilors Pottier and McCaul.

The meeting was called to order at 6:03 PM.

1. Meet to review the weekly vouchers and payroll for City departments.

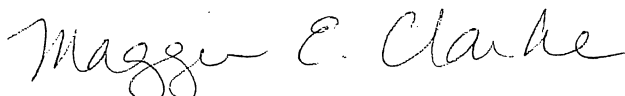
MOTION: *Approve the payroll warrant in the amount of \$3,815,170.05. So voted.*

MOTION: *Approve the accounts payable warrant in the amount of \$9,915,526.64. So voted.*

The meeting was adjourned at 6:04 PM.

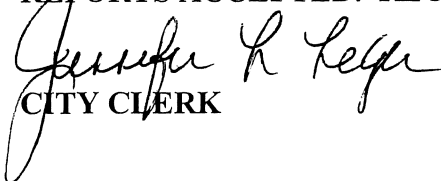
CITY OF TAUNTON
FEB 07 2023
IN MUNICIPAL COUNCIL

Respectfully submitted,



Maggie E. Clarke
Clerk of Council Committees

REPORTS ACCEPTED. RECOMMENDATIONS ADOPTED.


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TAUNTON, MA

The Committee of the Council as a Whole

CITY CLERK

The meeting was held at Taunton City Hall, 15 Summer Street, Taunton, MA 02780 in the Chester R. Martin Municipal Council Chambers.

Present were Council President Kelly Dooner and Councilors Duarte, Borges, McCaul, Pottier, Coute, Sanders, Quintal, and Postell. Patrick Dello Russo, CFO, Richard Conti, Lisa LaBelle, and Renee Brabant of the Assessor's Office, and City Solicitor Matt Costa were also present.

The meeting was called to order at 6:15 PM.

1. Meet to discuss the proposed expansion of the Tax Deferral Program.

CFO Patrick Dello Russo explained the program and how the Tax Deferral and Recovery Program would be expanded. First, he explained, that the poverty threshold would be increased from the current \$20,000 to \$35,341 and less than \$54,563 in assets if married and \$29,014 with less than \$50,926 in assets if an individual. He explained that this is in line with the senior exemption program. Secondly, the hope would be to reduce the interest rate paid on the tax deferral from 8% to 4% which he explained is less than a current mortgage rate for a home and will hopefully make the program more desirable. Mr. Dello Russo shared a chart which showed the potential impact. Third, he indicated that the allowable age would be decreased from 65 to 60 which would potentially impact 700 residents. He further explained that this is a zero loss program.

Richard Conti, Chairman, Board of Assessors, explained that he has been through this program in Attleboro and that, in Attleboro, four people take advantage of the program. His experience is that this program is for people who have reached desperation and is designed to allow seniors to age in place.

Councilor Duarte questioned if this program is in the City's Ordinances and Mr. Dello Russo explained that this is State Law Chapter 59, Section 5 so no change is required to the Ordinances. Mr. Duarte further questioned the methodology used for lowering the interest rate and Mr. Dello Russo explained that it is 50% of what is currently charged and is below current mortgage rates. Mr. Duarte asked about the steps needed to lower the age from 65 to 60 and Mr. Dello Russo explained that it would be via a home rule petition. He asked when this would take effect, if passed, and Ms. LaBelle indicated it would be in effect for FY24.

Councilor Borges indicated that other communities have lower interest rates and Mr. Conti confirmed that Attleboro is at 2 1/2%. Ms. Borges stressed that this is a deferral program and that this is not free money.

Councilor McCaul questioned the downside of such a program and Mr. Dello Russo stressed that this is situational based and that the interest rate is lower than taking a second mortgage. Mr. Conti suggested that most commonly people will stay in the program and, at their passing, could leave their heirs with the debt. He explained that the deferred tax cannot exceed 50% of the value of the home. Mr. Conti further emphasized that the 4% was set by the Board of Assessors and was not done lightly.

Councilor Coute pointed out that the City will benefit from the interest collected. Ms. LaBelle indicated that in her 15 years only 2 people have applied for the current program. Mr. Coute stressed the importance of establishing a strategy to get the word out. He questioned if this can be used if there is a mortgage on the property and Ms. LaBelle indicated that the financial institution would need to sign off.

Councilor Pottier asked if they were compounding interest and Mr. Conti indicated that it does not show compounding on the spreadsheet that was shared but, yes, interest would be compounded. Mr. Pottier stressed that this is an option and seems like a better option than a reverse mortgage.

Councilor Sanders asked how this program differs from a reverse mortgage and Mr. Dello Russo indicated that in this case, people will be dealing with the City vs. banks who sometimes take advantage of people and this is strictly for taxes. Councilor Pottier stressed that this is a lower rate than a reverse mortgage. Councilor Sanders pointed out that while the amount owed is an asset to the City, it is not a liquid asset and Mr. Dello Russo explained that, while true, the amount is not significant.

Councilor Quintal wondered if the City would end up with abandoned houses and Mr. Dello Russo explained that there is an 18-24 month process for the City to obtain title to the property and then it can be sold. Mr. Conti reiterated the 50% limit. He suggested that there could be some unintended consequences if there was ever a severe downturn in the market.

Councilor Dooner stressed that this is just an option. Councilor Borges reiterated.

Councilor Sanders suggested there could be scenarios where adults are living in their parents' homes and hope or expect to inherit the property and questioned, in this scenario, how the City would recoup the deferred revenue. Mr. Dello Russo indicated that the title transfer from parent to child would not happen until the lien was satisfied and suggested this program may not be suitable for this type of situation. However, he stressed that the City would not be able to give financial advice to individuals. Councilor Sanders suggested that the City provide a frequently asked questions document and Councilor Borges indicated that Lexington has a nice model with a checklist and FAQ.

Councilor Coute pointed out that currently, those who are delinquent on taxes pay somewhere around 14-16% and may end up losing their house.

MOTION: *The Municipal Council vote to increase the poverty threshold inside the City of Taunton's tax deferral and recovery program from \$20,000 in annual income to an amount not to exceed \$35,341 in annual income less than \$54,563 in assets, if married, and not to exceed \$29,014 annually in income, if single, and have less than \$50,926 dollars in assets. On a roll call, Councilors Duarte, Borges, McCaul, Pottier, Coute, Sanders, Quintal, Postell, and Dooner voted yes. The motion passes 9-0.*

MOTION: *The Municipal Council vote to reduce the interest accrued inside the City of Taunton's tax deferral and recovery agreement from 8% to 4%. On a roll call, Councilors Postell, Quintal, Sanders, Coute, Pottier, McCaul, Borges, Duarte, and Dooner voted yes. The motion passes 9-0.*

MOTION: *The Municipal Council vote to decrease the allowable age to enter into a tax deferral and recovery program from 65 to 60 years of age by way of a home rule petition to be sent to the State legislature for passage. On a roll call, Councilors Duarte, Borges, McCaul, Pottier, Coute, Sanders, Quintal, Postell, and Dooner voted yes. The motion passes 9-0.*

2. Meet to discuss 456 Tremont Street and the City's right of first refusal.

Council President Kelly Dooner read a letter from the Law Department regarding 456 Tremont Street.

MOTION: *Make the letter part of the record. So voted.*

City Solicitor Matt Costa explained that 456 Tremont Street is a 47 acre parcel that had been assessed as agricultural and, under Chapter 61A is taxed at a reduced rate until the owner gives notice of intent to sell for a new use. The owners are looking to sell the property and have a purchase and sale agreement. The City has the right of first refusal to purchase at the \$650,000 price point as in their existing purchase and sale. He pointed out that currently there is no appropriation available if this was desired.

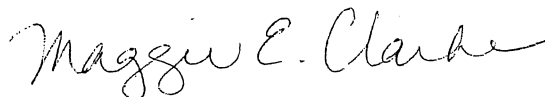
Councilor Sanders asked if purchasing this would be impossible since there is no appropriation and Attorney Costa indicated that if the Council wished to purchase, they would have to go to the Finance team and the Mayor's office would also need to be involved. Mr. Sanders surmised that since this is 47 acres of agricultural/forested land it likely would be houses, condos, or the like. Attorney Costa passed out a map that showed the property and pointed out the wetlands and a stream that bisects the property. He also stressed that there are zoning constraints and this property is zoned as rural residential. Mr. Sanders asked if the City were to exercise its right if the property would it need to be preserved and Mr. Costa indicated that it could be preserved but that is not required. Mr. Sanders expressed his opinion that the City has a responsibility to preserve open space. He asked if the neighbors were notified and Attorney Costa said that they were not.

MOTION: *Not accept the right of first refusal for 456 Tremont Street. So voted. (Councilor Sanders voted no.)*

The meeting adjourned at 7:13 PM.

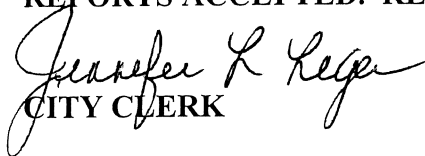
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