



Ordinance to Amend the Denver Property Tax Relief Program

Denver Human Services

Safety, Housing, Education, and Homelessness Committee | January 27, 2021

Background on the Program



- D.R.M.C Chapter 53, Article XI – Real Property Tax Assistance to Eligible Low-Income Property Owners or Tenants
- Created to provide a partial refund of property taxes, or the equivalent in rent, to older adults (age 65+) and individuals with disabilities on a fixed income who are impacted by rising property taxes and inflation.
- Previously administered by the Treasurer’s Office; transferred to Human Services in 2016.

Background on the Program



- Until 2019, only served older adults and individuals with disabilities (owners and renters)
- In January 2019, in partnership with City Council members, Denver Human Services pursued and City Council passed an ordinance to:
 - Expand program eligibility to homeowners with dependent minors in the home
 - Change the way income eligibility is calculated for homeowners, by utilizing Area Median Income (AMI)

Current Program

- Application year for the program is May 1 through April 30 annually
 - Current application year is May 1, 2020 through April 30, 2021.
- Refunds are provided for property tax/rent paid in prior year, and income eligibility is based on prior year income
 - Example: for applications received from May 1, 2020 to April 30, 2021, applicant's 2019 income and 2019 property tax/rent paid is considered
 - We refer to the "tax year"; current applications are for the "2019 tax year"



Current Program

Eligibility Criteria:

- Income limits:
 - Owners:
 - Older adults & individuals with disabilities: 35% AMI
 - Families with Dependent Minors: 40% AMI
 - Tenants/lessees
 - Older adults & individuals with disabilities:
 - Single applicant: \$16,654*
 - Married applicants (one application): \$24,364*

*current income levels; adjusted annually by the Social Security Administration cost of living adjustment

Current Program

Eligibility Criteria (continued)

- Must reside in Denver
- Must reside in residence not expressly exempted from taxation by law.
- Only one application (and one payment) per taxable residential property
- Fully paid all property taxes (for owners) or rent (for tenants)
- Resided in the same residence for the entire calendar year preceding the application year.

Benefit

- Payment amount is scaled to income
 - Minimum: \$372 (set in ordinance)
 - Maximum: \$744* (set in rule)

**For 2017-2020, beneficiaries receive an additional amount on top of their refund, for the wastewater affordability program; \$23 in 2017 & 2018 and \$50 in 2019 & 2020*

Program Metrics

2019 tax year
May 1, 2020 to April 30, 2021

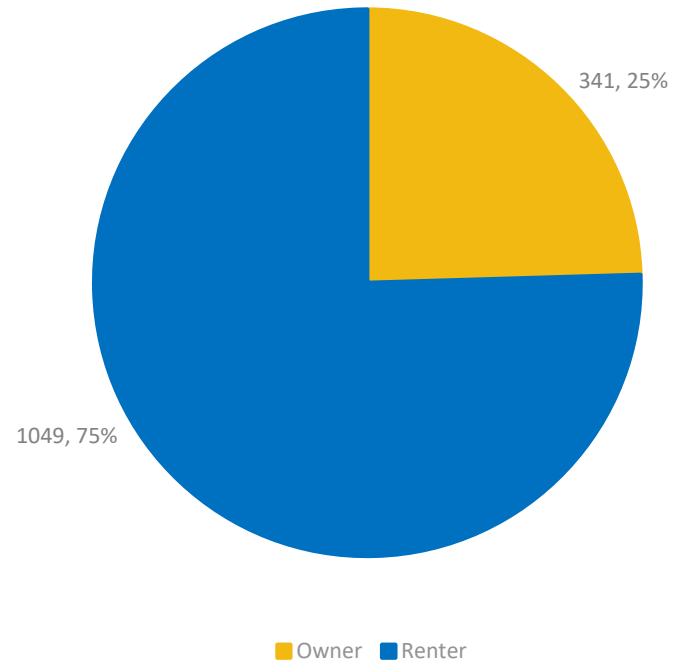
Benefit (as of 01/13/21):

- Total Benefits paid: \$918.9K
- Average payment: \$774

Utilization (as of 01/13/21):

- 2,622 applications received
- 1,390 applications processed
 - 75% Renters
 - 25% Owners
- 1,150 payments distributed
 - 76% Renters
 - 24% Owners

Owner versus Renter - Processed Applications



Program Marketing & Outreach



- February 2020 Door Knocking Campaign
- 3 Denver Public Schools townhalls/resource fairs
- 1 community resource event sponsored by Energy Outreach Colorado (EOC) at Union Station
- 2 community outreach events sponsored by city council members
- Mailed over 3,500 applications to prior year's applicants
- Dept. of Finance property tax mailer insert with program information to all homeowners
- Digital ad campaign reaching more than 250,000 residents through mobile in-app targeting.

Outreach Since COVID



- Virtual training with managers at Denver Housing Authority (DHA) senior housing properties and family housing properties, and with Housing & Urban Development (HUD) multifamily housing managers
- DHS team delivered applications and picked up completed applications at DHA properties, assisted living properties, and HUD properties
- Program information shared with community partners through DHS agency trainer

Recent Rule Changes

Rule Changes effective in current application year, and going forward (per public rules hearing November 2, 2020):

1. Social Security Administration benefits and dependent income no longer count towards income eligibility (or calculation of benefit amount, if eligible) for the purposes of this program.
2. Tenant income limit amounts for current application year and next application year are written into rule, as required by ordinance.
3. The department is now authorized to accept self-attestation forms from prior year benefit recipients, requiring only notification of any changes in status (i.e. residency or income).

Goals of Proposed Ordinance Amendments

1. Expand the population of eligible homeowners by increasing the income eligibility limits.
2. Simplify program eligibility, to be more easily understandable for the public and marketable by DHS.

All ordinance changes would be effective starting in the application year that begins May 1, 2021.

Proposed Ordinance Amendments

HOMEOWNERS



Set income eligibility at 60% Area Median Income

for all eligible homeowner groups (older adults age 65+, individuals with disabilities, & families with dependent minors).

TENANTS



Utilize Area Median Income for income eligibility

replacing the current income eligibility formula based on cost of living adjustments by the Social Security Administration. AMI levels based on income limits for applications in 2021-22

Single applicant tenants: 25% AMI

Married applicant tenants: 30% AMI

Proposed Ordinance Amendments

2020 Income Limits

% AMI	HOUSEHOLD SIZE					
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30%	\$21,000	\$24,000	\$27,000	\$30,000	\$32,400	\$35,160
50%	\$35,000	\$40,000	\$45,000	\$50,000	\$54,000	\$58,000
60%	\$42,000	\$48,000	\$54,000	\$60,000	\$64,800	\$69,600
80%	\$54,950	\$62,800	\$70,650	\$78,500	\$84,800	\$91,100
90%	\$63,000	\$72,000	\$81,000	\$90,000	\$97,200	\$104,400
95%	\$66,500	\$76,000	\$85,500	\$95,000	\$102,600	\$110,200
100%	\$70,000	\$80,000	\$90,000	\$100,000	\$108,000	\$116,000

Proposed Ordinance Amendments

ALL APPLICANTS



Allow applicants to have resided in more than one dwelling in the calendar year

as long as all dwelling units meet program requirements, i.e. no tax-exempt housing, must be located in Denver

ADMINISTRATIVE CHANGE



Remove requirement that DHS annually publish tenant income limits in rule

AMI chart is already included in the FAQs for the program

Projected Application Growth

Data for 2018 Tax Year



912 homeowner applicants



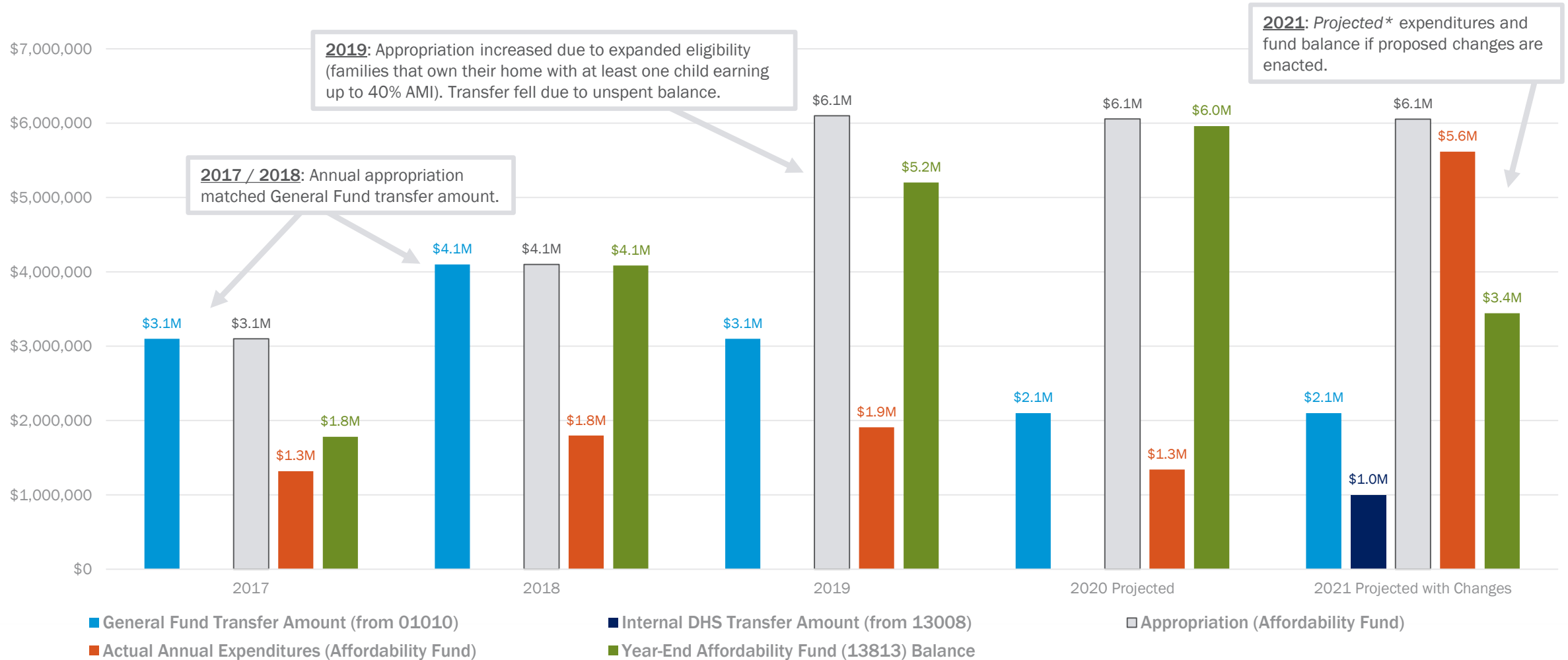
2,563 renter applicants

Anticipated Impact of Proposed Amendments

- Projected increase in homeowner applicants:
 - Range of estimates: 461 to 1,834 new applicants
 - Best estimate: **1,300 new applicants**
(based on current uptake among 0-30% AMI)
- Projected increase in renter applicants:
 - Do not anticipate substantive change in number of renter applicants

*****CAVEAT**: Given the lack of data linking (1.) income, (2.) housing tenure, and (3.) age/disability/family status all together for Denver residents, we are limited in our ability to project the number of new applicants and expenditures with a high degree of accuracy.***

Financial Summary & Projections



Note: All financial information above is on a City fiscal year, which aligns with the calendar year. The figures above include budget and expenditures associated with the Wastewater Affordability Program, which DHS has jointly administered with the Property Tax Relief Program.

*Fiscal projections are limited by data available in estimating potential increase in applications

Issues to be Addressed in Rule

- Remove tenant/lessee income limits – no longer necessary/accurate if AMI income limit is adopted
- Remove requirement to have lived in only one dwelling unit for the entire year
- Increase maximum benefit amount for homeowners

Rules will be adopted through a formal rule making process,
per DRMC Chapter 2, Article VI

Anticipated Timeline

- January 27th – Presentation to Safety committee
- February 2nd – Mayor-Council meeting
- February 8th – First reading
- February 16th – Second and final reading
- February/March – Rule-making process
- March/April – Update internal processes and documents/marketing material
- May 1st – Implementation of program changes



APPENDIX

Historic Program Metrics

2018 tax year

May 1, 2019 to April 30, 2020

Benefit:

- Total Benefits paid: \$1.54 million
- Average payment: \$554

Utilization:

- 3,565 applications received
 - 74% Renters
 - 26% Owners
- 2,783 payments distributed
 - 76% Renters
 - 24% Owners

2017 tax year

May 1, 2018 to April 30, 2019

Benefit:

- Total Benefits paid: \$1.33 million
- Average payment: \$468

Utilization:

- 3,418 applications received
 - 83% Renters
 - 17% Owners
- 2,837 payments distributed
 - 83% Renters
 - 17% Owners

Comparing Other Programs Nationwide

Littleton, CO Senior Refund Program	Cumberland, ME Senior Property Tax Assistance	Windham, ME Senior Property Tax Assistance	Virginia Beach, VA COVID-19 Real Estate and Personal Property Tax Relief Program	New Mexico Property Tax Rebate	Minnesota Homestead Credit Refund & Renter's Property Tax Refund
<p>Owners and renters 65 years of age or older and resided in Littleton the entire year</p> <p>No apparent income qualification</p> <p>Refund amounts range from \$10-\$100</p>	<p>Refund payments to older adults who homestead in the town</p> <p>70 years of age or older</p> <p>Must have resided in Cumberland for at least 10 years</p>	<p>Must be 65 years of age or older</p> <p>Must have resided in Windham for at least 10 years</p> <p>Income limit of up to \$50,450</p> <p>Refund of up to \$500</p>	<p>One-time relief for real estate tax and personal property tax burden</p> <p>Must have lost employment due to COVID</p> <p>Max. refund amount of \$750</p>	<p>Counties may institute a property tax rebate for low-income residents (Los Alamos & Santa Fe offer this)</p> <p>Income limit of \$24,000</p> <p>Rebate is a percentage of the property tax liability</p>	<p>Residents apply using state income tax return</p> <p>Renter income limit of \$62,960; Owner income limit of \$116,180</p> <p>Owners must have property classified as homestead</p>

Comparing Other Programs Nationwide

Tennessee Property Tax Relief Program	Pennsylvania Property Tax or Rent Rebate Program	Washington Property tax assistance for widow(er)s of veterans	Oklahoma Credit or Refund of Property Tax	South Dakota Sales & Property Tax Refund for Senior & Disabled Citizens	Wyoming Property Tax Refund
<p>Owners age 65 and older; people with disabilities; disabled veterans & widow(er)s of disabled veterans</p> <p>Income limit of \$30,700</p> <p>Relief amount based on property market value</p>	<p>Age 65 and older; widow(er)s age 50 and older; people with disabilities age 18 and older.</p> <p>Income limits: \$35,000 for owners, \$15,000 for renters</p> <p>Max. rebate: \$650</p>	<p>Owners age 62 or older or disabled, <u>and</u> a widow(er) of a veteran</p> <p>Income limit of \$40,000</p> <p>Relief amount based on property taxes (complex formula looking at exemptions on tax)</p>	<p>Residents apply using state income tax return</p> <p>Age 65 or older, or people with disabilities</p> <p>Income limit of \$12,000</p> <p>Max. refund: \$200</p>	<p>Age 66 or older, or people with disabilities</p> <p>Income limit for single-member household is \$12,760; for multi-member household is \$17,240</p>	<p>Owners who have resided in state for the past 5 years</p> <p>Income is equal to or less than 3/4th of median household income in county where applicant resides, or of the state (whichever is greater)</p>