



MEMORANDUM

TO: Select Board
CC: Kate Fitzpatrick, Town Manager; Katie King, Deputy Town Manager; David Davison, Deputy Town Manager/Director of Finance; Tim McDonald, Director of Health and Human Services; Tatiana Swanson, Director of Human Resources; LaTanya Steele, Director of Aging Services; Cecilia Simchak, Deputy Director of Finance; Christopher Heep, Town Counsel
FROM: Myles Tucker, Support Services Manager
SUBJECT: Proposed Senior and Veteran Property Tax Work-Off Program
DATE: March 11, 2025

Background

The May 2014 Annual Town Meeting adopted MGL Chapter 59, Section 5N (Section 5N) allowing the Town to implement a program that allows certain eligible veterans to work off a portion of their property tax bill through service to the Town.

The Town currently operates a work-off program for eligible older residents, the Senior Corps. This program is independently managed by the Town. MGL Chapter 59, Section 5K (Section 5K) provides an alternative framework for like-programs.

The Select Board adopted a FY2025-26 goal to implement the Valor Act. Staff have met over the course of 2024 and 2025 to meet this goal and to explore options to streamline/integrate the existing Senior Corps program into the implemented Valor Act program.

These programs are separate from, and in addition to, [other property tax relief programs](#) the Town offers.

Discussion

Program Descriptions:

MGL Chapter 59, Section 5K and Section 5N both provide avenues for property tax relief for an eligible population (residents over 60 and veterans, respectively) who provide community service hours to the Town. Both programs require this community service to be additive (i.e. not work normally assigned to paid staff) and allows Town Meeting to set local criteria for program administration. Such criteria may include income caps – a current aspect of Needham's Senior Corps program.

The current Senior Corps operates in a manner very similar to Section 5K. Through Town Meeting action, Section 5K can be adopted by the Town and administered in a manner consistent with other communities with minimal disruption to current program participants or administrators. Town Counsel has opined that the Town is able to continue with its current practice of setting in place income caps and minimum residency requirements on program participation.

The current Senior Corps program had six participants in FY2024.

Local Options Available for Sections 5K and 5N

Since adopting Section 5N in 2014, the statute has changed to allow for municipalities to opt into the following provisions:

1. Permit qualifying veterans unable to complete the work-off hours themselves to designate another individual to do the work in their stead. This change will increase the opportunity for disabled veterans to access the program's benefits.
2. Cap the annual benefit at either a fixed dollar amount (\$1,500) or a fixed amount of hours (125 hours compensated at the existing minimum wage).

Per Town Counsel, these new aspects are not automatically applicable to Needham and require additional Town Meeting action.

Funding

If adopted, the consolidated program will be funded by the Overlay under the same provisions as abatements and exemptions. The Town's FICA obligation will be funded under Townwide Expenses.

Employment Status

Sections 5K and 5N specify the employment status and pay requirements for participants in either program. Participants will not be considered employees for the purposes of state taxes and workers' compensation, though they will be subject to federal taxation and eligible for unemployment. Participants will also be bound by state ethics laws and the Town is required to indemnify them in the conduct of their authorized activities.

Program Restrictions

The Town is permitted to apply restrictions to programs administered in accordance with Sections 5K and 5N.

The Town may choose to administer the program with participation limits based on (but not limited to):

- income
- available funding;
- available work across Town departments; and
- outstanding taxes owed by potential participants.

The current Senior Corps program requires participants to meet an income threshold (\$45,000 and \$60,000 annual income for one- and two-person households, respectively). Many other Needham housing-related programs tie participation to an applicant's income being at or below 80% of area median income (AMI). If used, this will create an evergreen participation metric.

Administrative restrictions may be changed without action by Town Meeting and are subsequently simpler to adjust as required.

Administration

The current process for administering the Senior Corps will be used to implement both Sections 5K and 5N as a consolidated program.

- Aging Services:
 - Develop, distribute, and manage the intake of applications.

- For Section 5N applicants, send applications to West Suburban Veterans District for eligibility verification.
- Coordinate with Human Resources to onboard participants and ensure completion of tax documents.
- Solicit and vet work assignments from departments and assign participants to department supervisors.
- Collect work certification (to include total hours worked in the program year – November 1 through October 31) from department supervisors on an annual basis.
- Submit work certification to Accounting Division in November.
- West Suburban Veterans District
 - Verify eligibility for Section 5N applicants.
- Human Resources Department
 - Assign the applicant to the correct employment status.
 - Includes processing W4 and other required Federal tax forms.
- Accounting Division
 - Receive certified hours from Aging Services.
 - Calculate gross abatement, net abatement, tax withholding, and Town FICA contribution.
 - Transmit gross and net abatements tax and withholding amounts to Assessing Division.
 - Once approved by Board of Assessors, generate and transmit abatement checks to Treasurer's Office.
 - Produce and provide participant tax forms.
- Assessing Division
 - Present gross and net abatements for program on an annual basis to the Board of Assessors.
 - Transmit approved abatements to Accounting Division.
- Treasurer's Office
 - Receive checks from Assessing Division and apply abatement to fourth quarter tax bill.

Proposal

Staff propose that the Town:

1. Adopt Section 5K (Seniors) with both the delegated work-off and fixed hour (vs. fixed dollar) options;
2. Modify previously adopted Section 5N (Veterans) to accept the delegated work-off and fixed hour (vs. fixed dollar) options ; and
3. Establish and administer the two programs in a consolidated manner.

The adoption of 5K and modification of 5N require action by Town Meeting, which can be accomplished at the May 12, 2025 Special Town Meeting. If adopted, the program will be administered jointly as described.

Appendix

Comparison of Senior Corps, Approved 5N Program (2014 ATM Approved), Proposed Joint 5K/5N Program

Program Details	Needham Senior Corps (Current)	M.G.L. c.59, Section 5K - persons over age 60 (not adopted)	M.G.L. c.59, Section 5N – Veterans (as adopted in 2014)	Joint Section 5K & 5N Program (Proposed)	Notes
<u>Veteran Status</u>	None	None	Veteran or Spouse of Served - Connected Disabled or Deceased Veteran	Same as 5N for those not Eligible for Age-Restricted Program	Non-discretionary
<u>Max # of hours</u>	100	May be Capped	May be Capped	125	Discretionary
<u>Income Cap</u>	Yes - income does not exceed \$45K for 1 person or \$60K for 2 people	May be Capped	May be Capped	80% AMI (based on household size)	Discretionary
<u>Pay</u>	Minimum wage	Minimum Wage	Minimum Wage	Minimum Wage	Non-discretionary
<u>Maximum Relief</u>	100 Hours of Volunteer Service Paid at Minimum Wage	Default: \$2,000 per tax year Town Meeting may vote to “allow the maximum reduction of real property tax bill to be based on 125 volunteer service hours in a given tax year, rather than \$1500”.	\$1,500 per tax year	125 Hours of Volunteer Service Paid at Minimum Wage (\$1,875 annually for 2025)	Discretionary
<u>Funding Source</u>	Warrant Article	Discretionary	Discretionary	Overlay	Discretionary

<u>Residency Requirement</u>	Current Needham Resident of Five Years	May be Set	May be Set	Current Needham Resident Who Lives in Property	Discretionary
<u>Property Owner Status</u>	Yes or spouse of homeowner; One person per household	Program Eligible for Property Owners	Program Eligible for Property Owners	Program Eligible for Property Owners	Non-discretionary
<u>Other Criteria</u>	Applicant must directly pay their own property tax bill, not indirectly through another organization or entity (condo association)	Not Specified. "...towns shall have the power to create local rules and procedures for implementing this section in any way consistent with the intent of this section."	Not Specified. "...towns shall have the power to create local rules and procedures for implementing this section in any way consistent with the intent of this section."	Participants must be current on local taxes.	Discretionary
<u>Taxable Income</u>	Not Specified	Yes Federal, No State	Yes Federal, No State	Yes Federal, No State	Non-discretionary
<u>Age Requirement</u>	Over 60 or Disabled	Over 60	None	Same as 5K for those not Eligible for Veterans Program	Non-discretionary
<u>Delegated Workload</u>	No	Town Meeting may vote to "allow an approved representative, for persons physically unable to provide such services to the city or town"	Town Meeting may vote to "allow an approved representative, for persons physically unable to provide such services to the city or town"	Yes	Discretionary