



**CITY OF SAN ANTONIO  
OFFICE OF THE CITY COUNCIL  
COUNCIL CONSIDERATION REQUEST**

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2022 APR 27 PM 04:54:53

TO: Mayor and City Council

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FROM: Councilmember Teri Castillo

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COPIES TO: Erik Walsh, City Manager; Debbie Racca-Sittre, City Clerk; Andy Segovia, City Attorney; John Peterek, Assistant to the City Manager; Emily McGinn Assistant to City Council

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SUBJECT: Creation of the San Antonio Volunteer Exemption for Seniors Program

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DATE: April 26, 2022

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**Issue Proposed for Consideration**

I ask for your support for the inclusion of the following item on the agenda of the earliest available meeting of the Governance Committee:

Concurrence in directing the City Manager and his staff to use City funds to establish a local property tax break and senior isolation reduction pilot program to be called The San Antonio Volunteer Exemption for Seniors (SAVES) Program for senior homeowners who perform volunteer activities for or on behalf of the City of San Antonio as allowed per Section 31.035 of the Texas Tax Code.

**Brief Background**

The purpose of this policy is to create a pilot program which provides local property tax relief to San Antonio senior homeowners while connecting them to low-impact, safe volunteer and socialization opportunities with appropriate City of San Antonio departments and the public.

This policy request recognizes:

- 1) that seniors have made outstanding social, cultural, and financial contributions to San Antonio and deserve to age in place without needing to accumulate debt, and;
- 2) that the citywide average assessed value for single family homes increased 29% (from \$135,594 to \$174,872) between 2015 and 2019. In the same time span, the estimated taxes on average value of single-family properties went from \$3,600 to \$4,900 – an average increase of \$260 per year<sup>1</sup>, and;
- 3) that there are currently over 3,200 residents over 65 who are delinquent at least two or more years on their property taxes<sup>2</sup>, and;
- 4) the COVID-19 pandemic has only exacerbated health, social, and financial pressures faced by low-income homeowners, particularly senior homeowners who may be retired, living alone, acting as legal guardians for their grandchildren, and/or on a fixed income, and;

<sup>1</sup>2015-2019 data from Bexar County Appraisal District (BCAD),

<sup>2</sup>Information provided by the Bexar County Tax Assessor Collector's Office



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5) Section 31.035 of the Texas Tax Code<sup>3</sup> allows for the creation of a program like SAVES:

*“The governing body of a taxing unit by order or resolution may permit an individual who is at least 65 years of age to perform service for the taxing unit in lieu of paying taxes imposed by the taxing unit on property owned by the individual and occupied as the individual's residence homestead...*

*For each hour of service performed for the taxing unit, the property owner receives a credit against the taxes owed in an amount equal to the amount that would be earned by working one hour at the federal hourly minimum wage rate.”*

Through this request, the City would create a volunteer program for senior homeowners who perform a range of City-related volunteer activities. In return, senior volunteers would receive a record of their work which is also sent to the local assessor in order to reduce the volunteer's City property tax bill.

For example, a homeowner with a \$3,000 tax bill pays about \$600 in taxes to the City of San Antonio (COSA). A SAVES participant who volunteers 42 hours with COSA over the course of the year would be able to reduce their taxes owed to the City of San Antonio by approximately \$300. The value of the work is not considered to be wages and therefore is not taxable.

While seniors have the option of deferring their property taxes, this cannot be mistaken with an exemption or property tax discount. Deferrals carry a rate of 5% in interest per year until the amount owed is paid off making it difficult for low-income senior homeowners to pass their homes along to their next of kin who might also be low-income.

**Timeline & Direction to City Manager:**

The City Manager and his staff should work to develop a recommendation for the SAVES pilot in time to be discussed as part of the FY23 Budget process which may also coincide with the spending plan related to the \$5 million American Rescue Plan Act (ARPA) funding set aside for seniors.

As part of the pilot program, the City Manager and staff should, at a minimum:

- Create a proposal for a pilot program
- Determine the amount of start-up funding this pilot program will need
- Determine the maximum number of participants and the maximum property tax reduction participants can receive so as not to adversely impact COSA operations
- Provide the types of eligible volunteer activities (Examples provided in Appendix A)

<sup>3</sup><https://statutes.capitol.texas.gov/Docs/TX/htm/TX.31.htm#:~:text=31.035..ON%20HOMESTEAD%20OF%20ELDERLY%20PERSON.>



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- Suggest performance measures for the SAVES pilot program (Examples provided in Appendix A)
- Determine which department(s) will administer the program and which departments will participate in providing volunteer opportunities
- Use data from the Equity Atlas can to recommend ways this program can target seniors high-equity score neighborhoods - especially those who have fallen behind on paying their property tax payments or live in rapidly-developing areas
- Incorporate the S.A. Volunteers program if feasible
- Calculate the cost-benefit to COSA, which includes the time volunteers could save City employees
- Include examples of similar successful programs
- Determine how to best connect senior participants who may be experiencing food, utility, or medical insecurity to wraparound services
- Include input from the City/County Joint Commission on Elderly Affairs, the Disability Access Office, and Disability SA in order to develop accessible volunteer opportunities for participants who have a physical or cognitive limitation.
- Recommend an option for homebound seniors where an adult substitute can volunteer in the senior's place so the senior can still receive the reduction
- Provide guidance on how the Bexar County Appraisal District as well the Bexar Tax Assessor Collector's Office will be included to ensure accurate and efficient reporting

**Supporting Reports and Recommendations:**

The SAVES program would operationalize the following recommendation made pre-pandemic from the 2019 San Antonio Senior Service Assessment Report, "Senior Property Tax work off is a city partnership with senior services that allows older community residents to volunteer their services in exchange for property tax relief."

The City/County Joint Commission on the Elderly found that homeowners cannot afford to pay increasing property taxes. In response, the Successfully Aging and Living in San Antonio's (SALSA) Summary of Barriers and Solutions to Senior Housing recommended, "Reducing tax burdens by "Implementing tax and appraisal protection measures (tax exemptions, preservation districts, tax increment financing) for populations with greatest need, including long-term residents."



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SAVES is also consistent with goals and findings from the following City-adopted housing plans and studies:

- The Strategic Housing Implementation Plan<sup>4</sup>
- Housing Policy Task Force<sup>5</sup>
- For Everyone Home<sup>6</sup>

**Social Benefits:**

The positive health and social impact this program can have on seniors cannot be overlooked. Pre-pandemic, a 2020 report titled *Social Isolation and Loneliness in Older Adults* authored by Opportunities for the Health Care System found that nearly 25% of seniors were socially isolated. Cacioppo and Hawkley 2009 indicated, “that perceived social isolation (i.e. loneliness) is a risk factor for, and may contribute to, poorer overall cognitive performance, faster cognitive decline, poorer executive functioning, increased negativity and depressive cognition, heightened sensitivity to social threats, a confirmatory bias in social cognition that is self-protective and paradoxically self-defeating, heightened anthropomorphism and contagion that threatens social cohesion.”

A 2019 study in *The Journals of Gerontology* found that older adults who interacted with people beyond their usual social circle of family and close friends were more likely to have higher levels of physical activity, greater positive moods, and fewer negative feelings.<sup>7</sup>

In terms of the \$5 million in ARPA funding set aside for seniors, the following concepts were provided through community and council input and presented to City Council as part of the March 21, 2022 ARPA discussion:

- Programs to mitigate isolation
- Social and emotional assistance programs

<sup>4</sup> One of the goals of the Strategic Housing Implementation Plan is to “determine methods to meaningfully decrease property tax burden for owner -occupied households,” which can be accomplished by “exploring tax rebates in rapidly changing areas.”

<sup>5</sup> “Throughout this process, the community voiced a mandate that the City address this issue. This means identifying mechanisms such as property tax relief, preservation districts, or the use of tax increment financing and targeting populations with the greatest need, such as longtime or low- and moderate-income households.” (Housing Policy Task Force)

<sup>6</sup> For Everyone Home, “The most common housing displacement experiences were eviction, loss of housing, and rapidly rising property taxes.” “Furthermore, property taxes often fall disproportionately on lower-valued properties. Texas tax code’s “equal and uniform” clause (Texas Property Tax Code Section 42.26) prevents properties from being appraised very far above the median for comparable properties in the neighborhood. This means that in neighborhoods with diverse property values- such as San Antonio’s Eastside – high-value properties may be assessed below their market value to maintain “equal and uniform” assessments across the neighborhood. When this happens, lower valued homes effectively pay taxes at a higher rate than the most expensive ones.”

<sup>7</sup> published Feb. 20, 2019, in *The Journals of Gerontology*, Series B: Psychological Sciences and Social Sciences, found



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- Meals and Nutrition
- Outdoor/physical activities
- Financial assistance


SAVES provides a compassionate and sensible opportunity to address each of these areas.

**Financial Impact & Conclusion:**

As part of the FY22 budget process, COSA staff projected the City would take in \$410.4 million in anticipated property tax revenues in FY22. The City's General Fund revenues performed well in the first quarter exceeding projections by \$26.2 million while the annual estimate indicated FY22 General Fund revenues could total over \$36 million more than initially projected.

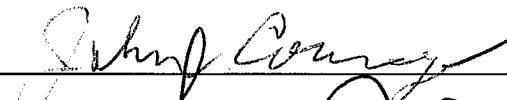
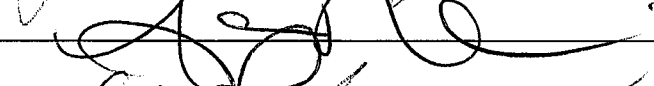

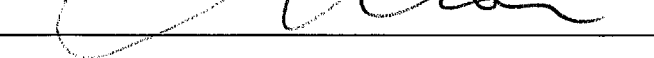
Even a SAVES program targeted towards vulnerable seniors citywide at a maximum discount of \$500 would have a minimal impact on the City's budget, yet, could be the difference between stability or displacement. The SAVES program not only has the opportunity to help seniors with rising property taxes – it also empowers them with invaluable opportunities to socialize and gain personal fulfillment.

Submitted for Council consideration by:

  
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Councilwoman Teri Castillo, District 5

Supporting Councilmembers' Signatures (4 only)

District

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2.		D11
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**Appendix A**

Examples of potential eligible volunteer activities:

- Arranging/organizing books in public libraries
- Reading to others
- Answering phones at local senior and community centers
- Low-impact public art displays
- Assisting with art and recreational classes/activities at senior and community centers
- Providing conversation, outreach, and education to other local seniors

Suggested Performance Measures for the SAVES pilot program should include but are not limited to:

- Number of senior homeowners who sign-up or indicate strong interest in the SAVES program
- Amount of money saved by senior homeowners through SAVES program tax reductions
- Number of hours volunteered by SAVES participants
- Amount of cost savings experienced by COSA in relation to the SAVES program
- Track social benefits the program may provide such as the number of conversations/socializations SAVES volunteer provide to community and experience themselves

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**Sec. 31.035.** PERFORMANCE OF SERVICE IN LIEU OF PAYMENT OF TAXES ON HOMESTEAD OF ELDERLY PERSON. (a) The governing body of a taxing unit by order or resolution may permit an individual who is at least 65 years of age to perform service for the taxing unit in lieu of paying taxes imposed by the taxing unit on property owned by the individual and occupied as the individual's residence homestead.

(b) The governing body of the taxing unit shall determine:

(1) the number of property owners who will be permitted to perform service for the taxing unit under this section; and

(2) the maximum number of hours of service that a property owner may perform for the taxing unit under this section.

(c) The governing body shall require that each property owner permitted to perform service for the taxing unit under this section execute a contract with the taxing unit. The contract must be executed before the delinquency date and must:

(1) specify:

(A) the nature of the service that the property owner will perform for the taxing unit;

(B) the facility or location where the service will be performed;

(C) the number of hours of service the property owner will perform; and

(D) when the property owner will perform the service; and

(2) set out or describe the provisions of Subsections (d), (e), and (f).



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(d) For each hour of service performed for the taxing unit, the property owner receives a credit against the taxes owed in an amount equal to the amount that would be earned by working one hour at the federal hourly minimum wage rate. The contract must require the property owner to perform the service not later than one year after the delinquency date for the taxes against which the property owner receives credit.

(e) Taxes for which the property owner is to receive credit under the contract do not become delinquent on the delinquency date otherwise provided by this chapter as long as the contract is in effect and are considered paid when the service is performed. If the property owner fails to perform the service, or if the taxing unit determines that the service of the property owner is unsatisfactory, the taxing unit shall terminate the contract and notify the property owner of the termination. The unpaid taxes for which the property owner was to receive credit under the contract for service not yet performed become delinquent and incur penalty and interest provided by Section 33.01 on the later of:

(1) the delinquency date otherwise provided by this chapter for the unpaid taxes; or

(2) the first day of the next calendar month that begins at least 21 days after the date the taxing unit delivers notice to the property owner that the contract has been terminated.

(f) While performing service for a taxing unit, the property owner:

(1) is not an employee of the taxing unit; and

(2) is not entitled to any benefit, including workers' compensation coverage, that the taxing unit provides to an employee of the taxing unit.





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(g) Property owners performing services for a taxing unit under this section may only supplement or complement the regular personnel of the taxing unit. A taxing unit may not reduce the number of persons the taxing unit employs or reduce the number of hours to be worked by employees of the taxing unit because the taxing unit permits property owners to perform services for the taxing unit under this section.

(h) A person performing service for a taxing unit under this section is not entitled to indemnification from the taxing unit for injury or property damage the person sustains or liability the person incurs in performing service under this section. The taxing unit is not liable for any damages arising from an act or omission of the person in performing service under this section.

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