

Senior & Disabled Property Tax Deferral Program



Oregon is known for its leadership in helping seniors age in place and the Senior & Disabled Property Tax Deferral Program is one critical tool in that effort. With home values and property tax bills increasing throughout the state, the legislature should modify the eligibility requirements around this important deferral program to help seniors stay in their homes.

Background

The deferral program allows seniors to age in place by delaying local property taxes for eligible participants. A revolving fund pays the property tax bill for participants – keeping taxing districts whole – then recoups its loan when a participant's property is sold or changes ownership. Loans accrue interest at 6 percent annually.

The deferral account earned \$78.7 million for the state's general fund between 1995 and 2005. However, concerns about the solvency of the fund during the Great Recession led to a number of changes to the program, causing confusion among seniors and leading to eligibility requirements that at one time cut as many as half of the over 10,500 seniors from the program.

While subsequent changes brought many of those elders back into the program, many worthy seniors remain unable to use this important tool.

Solution

The legislature should modify certain eligibility requirements to better reflect the goals of the program and the risk of certain properties not being able to repay their loans. **Among the needed solutions:**

- waiving the five-year residency requirement for those previously enrolled in the program but who downsize their homes;
- purchasing fire and other casualty insurance for properties without such insurance and adding that expense to the deferred loan amount;
- adjusting the real market value limitations to better reflect the rapid increases in values that have occurred in certain communities;
- more accurately determining if a reverse mortgage imperils the ability of the state to recoup its loan; and
- increasing the current annual limit on new participants.



QUESTIONS?

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