The State of Oregon Property Tax Deferral Program was an excellent idea to help Oregon seniors of modest means stay in their homes rather than be displaced due to an inability to pay property taxes. Due to factors including gentrification, urban renewal and house “flipping”, however, the tax deferral program is increasingly out-of-reach for long-time, fixed-income seniors who purchased the most modest of houses.

Current requirements to participate in the property tax deferral program are: annual household income under $42,000; 62 years of age or older (under 62 if disabled); no reverse mortgage; current homeowner’s insurance; assets under $500,000 (not including home); own and live in home for minimum of 5 years; and property market rate value (RMV) equal or less than the median in the county of residence.

Senate Bill 60 and House Bill 2083 currently seek to remove the prohibition against reverse mortgages, provide for the Department of Revenue to purchase insurance for the participating homeowner, and slightly modify the 5-year-ownership requirement. These changes sound good but completely fail to address what’s preventing the most vulnerable in our society from participating in the program.

The deferral program only allows an average 5% increase in value for every year of ownership – only doubling in value after 25 years. And yet, in one neighborhood I studied, the county-assigned “real market value” has increased ten-fold in 20 years.

REAL-LIFE EXAMPLES: According to Multnomah County, a house in Portland’s King Neighborhood with an RMV of $36,000 in 1995 is worth $381,930 in 2014 – well above the $340,613 maximum permitted for the 11-year homeowner. A home purchased in 2000, when Multnomah County assigned an RMV to the property of $131,140 is now valued at $495,950 -- $130,000 above the $366,814 limit for the 14-year homeowners. The home bought just 10 years ago for $32,700 the County now claims is worth $307,230 – and in another year will no longer be eligible for participation in the tax deferral program due solely to the ever-increasing RMV which Multnomah County ascribes to properties in the neighborhood.

Using median real market value to determine eligibility for the tax program ignores the modest amounts that long-time home-owners paid for their homes, and instead assigns value based upon what CURRENT BUYERS are paying for THEIR properties. Short-term ownership drives up RMV even faster. Some real examples: a home purchased for $35,500 in 1991 is sold for $292,000 in 2005 and sold again for $365,000 in 2010 – and now Multnomah County values the RMV at $429,420 because of what other properties sold for in 2014; another home, purchased for $119,000 in 1998, is sold for $364,900 in 2006 and sold yet again for $418,700 in 2013 – and valued by Multnomah County at $489,980 in 2014.

After years of contributing to our society, senior home-owners shouldn’t be driven from their long-time homes simply because factors completely outside their control deny them access to the tax assistance Oregon established years ago. By taking into account and adjusting for skyrocketing property values for houses purchased for modest amounts, ALL of our seniors of limited means can benefit from the Oregon Property Tax Deferral Program.

Actual RMVs from King Neighborhood Homes:

1995 RMV	2112 RMV	2114 RMV
$36,300	$289,150	$381,930
$33,400	$231,000	$307,230
$37,600	$285,220	$377,570
$59,200	$376,480	$495,950
$78,400	$648,950	$858,800
$35,800	$246,780	$327,710
$47,200	$265,550	$352,050
$59,300	$297,810	$385,450
$31,300	$225,750	$300,450
$34,500	$376,310	$495,740
$47,600	$271,240	$359,430
$35,700	$264,790	$351,060