North Carolina's Property Tax Relief Programs are Underutilized and Outdated

The Growing Housing Cost Burden and Underutilized Relief Programs

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Abstract

Current programs that provide property tax relief to low-income homeowners fall short in two ways. First, they are difficult to understand, access, and apply for. Second, one-size-fits-all eligibility requirements ignore local conditions like housing values and tax rates, excluding many low-income homeowners. This report describes these programs' shortcomings and recommends improvements that could bring relief to thousands of elderly and disabled households across the state.

Introduction to the Problem

North Carolina's housing landscape tracks the rest of the country in its trends of rising costs and increased unaffordability. Rising home values, accelerating property reassessments, population growth, and broader cost-of-living increases have substantially altered affordability across the state. Accessing affordable housing is a challenge for renters or prospective homebuyers, as is maintaining homeownership for many longtime homeowners—particularly older adults, people with disabilities, and households living on fixed or limited incomes. One consequential dimension of housing insecurity is rising property tax burdens on long-term homeowners, particularly older adults, disabled residents, and veterans living on fixed or limited incomes.

The cost of *remaining* in a home can increase even when the homeowner's income does not, and property taxes can be a key driver in this facet of maintaining affordable home ownership. Property tax rates have increased substantially more in recent years across North Carolina Counties due to rising cost of local service provision and cost-share shifts from federal and state governments. While not the exact same metric, the Tax Foundation found that from 2018 to 2023, statewide real property values rose an average of 12.26 percent.[1] Rising property taxes are caused by both rising tax values and increased tax rates, in revaluation years and beyond.

Recognizing these vulnerabilities, North Carolina has enacted several statutory property tax relief mechanisms intended to mitigate housing displacement and preserve affordability for qualifying homeowners. These include the Elderly or Disabled Exclusion under N.C. Gen. Stat. § 105-277.1, the Disabled Veteran Exclusion under N.C. Gen. Stat. § 105-277.1C, and the Circuit Breaker Tax Deferment Program under N.C. Gen. Stat. § 105-277.1B. Collectively, these programs are designed to reduce or defer property tax obligations for homeowners meeting certain requirements, which can include age, disability, veteran status, income, and occupancy. In theory, these programs operate as an important anti-displacement infrastructure that enables vulnerable residents to age in place and maintain long-term housing stability despite rising property values. Yet the existence of these statutory programs does not ensure that the households experiencing the greatest property tax burdens actually receive relief.

Our analysis indicates these programs are not providing relief to a majority of the state's cost-burdened households, driven by two distinct problems that limit the effectiveness of North Carolina's current system: first, a consistent pattern of under-enrollment; second, statutory eligibility and program criteria that are outdated, too limited,

[1] https://taxfoundation.org/blog/north-carolina-property-tax-reform/

or do not correspond to housing-cost burden. The impact of a cost burden on a fixed income homeowner is particularly acute, given the continued possibility of increased property tax but without corresponding increased earning potential.

The existing relief programs are vastly underutilized. One would assume that a majority of qualifying elderly homeowners would take advantage of the Elderly or Disabled Exclusion (the Homestead Exemption), the most popular of the relief programs, which cuts the taxable value for qualifying properties in half and does not require renewal applications. Yet in counties with readily available data, **just over a third of qualifying** elderly homeowners appear to be enrolled in this program. Meanwhile, the "Circuit Breaker" program, which should be one of the state's most powerful tools for limiting the property taxes of cost-burdened households, is not used by a single household in more than seventy of North Carolina's 100 counties.[2]

Like many older North Carolinians, people with disabilities experience elevated rates of poverty, employment barriers, and dependence on fixed public benefits, making them especially vulnerable to property tax increases and housing displacement pressures.[3] Property tax values that substantially outpace income growth risk displacing those individuals who can least afford to move.

There are a range of reasons for these enrollment gaps, and this paper both expands on previous analysis and highlights several potential factors. One challenge in identifying these gaps is a lack of data. North Carolina does not maintain a centralized public reporting system showing how many potentially eligible homeowners apply for, receive, or are denied each form of property tax relief. Applications are administered locally, and most counties publish application forms and basic program descriptions but provide little publicly accessible information regarding how many eligible households actually receive relief.[4] This absence of transparency significantly limits the ability of policymakers, researchers, and local governments to evaluate whether existing programs are functioning effectively. The available evidence nevertheless points toward a consistent pattern of under-enrollment.

This under-enrollment stems in part from the expectation that homeowners can navigate the complex program rules themselves, and from the absence of adequate homeowner education about the programs. The state's own application materials require

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[2] https://webservices.ncleg.gov/ViewDocSiteFile/104694. *See also,* https://www.cbpp.org/research/state-budget-and-tax/toward-fairer-more-equitable *and* https://www.lincolninst.edu/publications/policy-focus-reports/property-tax-relief.

[3] https://disabilityrightsnc.org/resources/property-tax-relief-homeowners

[4] https://tax.claync.us/relief

homeowners to select among multiple programs and provide supporting documentation, while county tax offices are responsible for implementation and outreach.[5] The result is a system in which relief can depend not only on statutory eligibility, but also on whether a homeowner knows the program exists, understands which program applies, and can successfully complete the application process.[6] Moreover, because program administration occurs largely at the county level, outreach efforts, accessibility standards, and procedural implementation vary considerably across jurisdictions.

To the second substantial barrier: the programs' income eligibility requirements do not adequately correspond to housing cost burden**, resulting in programs that do not reach a majority of low-income elderly households statewide even if they were fully enrolled.** The 2026 income threshold for the Homestead Exclusion is $38,800— far below the median household income of $74,000, much less the statewide low-income threshold of $59,200.[7] Furthermore, the threshold doesn't adjust for household size or provide a smaller exemption for folks just outside of the eligibility range. A program with the same cutoff across North Carolina's 100 counties with dramatically different housing markets, property values, and household costs is inadequate.

New county-level analysis supplied for this paper indicates that nearly half of elderly homeowners in some lower-cost counties fall below the Homestead threshold, while only about 20 percent do so in some higher-cost counties.

This fixed threshold has also not been adjusted adequately to reflect the considerable changes in North Carolina's housing market in recent years. The North Carolina Department of Commerce reports that homeownership affordability declined in all 15 of the state's metropolitan areas between January 2019 and January 2025.[8] In 2019, 12 of those 15 metropolitan areas had Home Ownership Affordability Monitor (HOAM) scores above 100, indicating that a median-income household could afford a median-priced home. By January 2025, only Rocky Mount remained above the affordability threshold. The HOAM measure incorporates not only home prices and mortgage payments, but also property taxes, homeowners' insurance, and private mortgage insurance.

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[5] Note here, that counties receive no state support for these programs, and may in fact be disincentivized to widely publicize the availability of these programs as uptake directly reduces their county's taxable value (without state reimbursement).

[6] A problem admittedly shared across benefit or relief programs, though to varying degrees.

[7] The precise median income is $73,958. U.S. Census Bureau. "Income in the Past 12 Months (in 2024 Inflation-Adjusted Dollars)." *American Community Survey, ACS 1-Year Estimates Subject Tables, Table S1901*, https://data.census.gov/table/ACSST1Y2024.S1901?g=040XX00US37. Last accessed on 14 Oct 2026.

[8] https://www.commerce.nc.gov/news/the-lead-feed/nc-homeownership-affordability

The decline in homeownership affordability across the state's metropolitan areas since 2019 reflects the sustained increase in housing prices across North Carolina: median home list prices increased by approximately 30 percent statewide between 2019 and 2024.[9] The statewide housing picture nevertheless masks substantial geographic variation. North Carolina Commerce reports that some counties contain large concentrations of high-value homes, including Mecklenburg, Orange, and Wake, while other counties have much lower home values. In Robeson, Bertie, and Scotland Counties, for example, more than two-thirds of owner-occupied homes are valued below $150,000.[10]

The median home value in North Carolina reached approximately $288,900 in 2024, while several high-growth counties substantially exceeded the statewide median: median home values reached approximately $461,300 in Wake County, $459,500 in Orange County, and $446,200 in Chatham County. [11] The increase was widespread, with eighty-two counties experiencing increases in median home list prices and thirteen counties recording increases exceeding one hundred percent during the five-year period.[12] By contrast, many rural counties remained below $115,000, highlighting the significant geographic variation in housing markets throughout the state.[13] That variation is critical when evaluating a statewide property-tax relief program, as these trends demonstrate why income and housing costs must be considered together. A dollar of income does not have the same purchasing power in every North Carolina county.

Home valuation increases also have significant implications for housing affordability. Community forums from counties such as Guilford describe the impact of reassessment increases: “I have had to move twice out of homes because of tax increases, I am so tired of fixing my new home then taxes raise, I have to sell just to afford to live again…”[14] Residents from Guilford County describe the impact of their local revaluations as

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[9] North Carolina Association of County Commissioners, North Carolina Counties: Median Home List Price (June 2024), https://www.ncacc.org/wp-content/uploads/2024/06/06_2024_MedianListPrice.pdf.
[10] https://www.commerce.nc.gov/index.php/news/the-lead-feed/nc-housing-values-and-affordability
[11] U.S. Census Bureau, American Community Survey 2020–2024 Five-Year Estimates, summarized in North Carolina Home Prices 2024—Median, Average and County Breakdown, USInsights (2026), https://usinsights.ie/housing/north-carolina-home-prices-2024.
[12] North Carolina Association of County Commissioners, North Carolina Counties: Median Home List Price (June 2024), https://www.ncacc.org/wp-content/uploads/2024/06/06_2024_MedianListPrice.pdf.
[13] Id.
[14] u/novirtue_stream, Comment on R/TrueCarolina, Background on the Property Tax Increases, Reddit, February 2026, https://www.reddit.com/r/TrueCarolina/comments/1rpdyhc/background_on_the_property_tax_increases/, last accessed May 31, 2026. *See also*, u/aenbrnood, r/gso On Guilford County's Real Estate Revaluation Taking from the Middle and Bottom Value Homes to Pay for the Tax Cuts of Mansions and Commercial Properties at the Top (March 2026), https://www.reddit.com/r/gso/comments/1sihwie/on_guilford_countys_real_estate_revaluation/.

ranging from thirty percent to more than one hundred percent in some neighborhoods following countywide revaluations.[15] Residents in multiple counties have reported property tax increases that significantly outpace household income growth, particularly among retired homeowners dependent on Social Security or fixed pensions.[16]

These pressures coincide with significant demographic change and resulting need: North Carolina's population age sixty-five and older continues to grow rapidly, driven by both aging residents and migration into retirement-oriented communities. Older homeowners are disproportionately likely to rely on fixed incomes such as Social Security, pensions, or retirement savings that do not adjust adequately to rising housing-related expenses. As a result, even moderate increases in annual property tax obligations may create acute financial instability for these households. For homeowners or veterans living with disability, these risks may be compounded by elevated healthcare costs, employment barriers, and decreased access to public benefits programs.

The financial pressure associated with property taxation has intensified alongside rapid appreciation in residential real estate markets throughout North Carolina. In high-growth counties such as Wake, Durham, and Mecklenburg, property revaluations have produced substantial increases in assessed home values that frequently outpace household income growth, especially among retirees and disabled homeowners. Among elderly homeowners who are themselves housing cost burdened, approximately 70 percent reportedly do not qualify for a property tax exemption in Wake, Moore, Currituck, New Hanover, and Mecklenburg Counties. Similarly, Mecklenburg County reported average residential valuation increases of approximately fifty-one percent during its 2023 countywide revaluation.[17] These increases came on the heels of the County's 2019 revaluation where more than 23,000 property owners suddenly had to pay at least an extra $1,200 more a year.[18] County officials attributed these increases to rapid growth in regional housing prices and strong residential market demand.[19]

At the same time, many rural counties with aging populations face a different but equally serious challenge: lower household incomes combined with increasing tax liabilities and limited economic mobility. Across these contexts, while property taxes

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[15] *See, e.g.,* R/TrueCarolina, Background on the Property Tax Increases, Reddit, February 2026, https://www.reddit.com/r/TrueCarolina/comments/1rpdyhc/background_on_the_property_tax_increases/, last accessed May 31, 2026.
[16] https://www.reddit.com/r/NorthCarolina/comments/1eu78eg/property_tax_skyrocketed/
[17] https://ncbudget.org/nc-can-choose-good-property-tax-policies-that-support-affordable-housing/. *See also,* Mecklenburg County Assessor's Office, Revaluation, https://cao.mecknc.gov/Revaluation.
[18] https://ncbudget.org/nc-can-choose-good-property-tax-policies-that-support-affordable-housing/
[19] WCNC, Mecklenburg County Property Tax Revaluation to be Released (Mar. 16, 2023), https://www.youtube.com/watch?v=LhtRScO36T4.

functions as a critical revenue mechanism for local government, it is becoming a determinant of whether vulnerable homeowners can remain in their homes and communities.

Collectively, these challenges present two separate policy problems:

1. Whether homeowners who qualify under existing law actually receive the relief for which they are eligible.
2. Whether eligibility requirements exclude many of the cost-burdened households they are intended to support.

This paper argues that North Carolina should address **both problems simultaneously**. Improving outreach, strengthening administration, and developing statewide participation data would help eligible homeowners obtain relief that already exists, yet administrative improvements alone will not solve the statutory eligibility problem. The state should also consider replacing or supplementing the current statewide Elderly Exclusion income threshold[20] with a geographically responsive measure, such as county-level Area Median Income (AMI), so that eligibility better reflects differences in housing costs and household economic circumstances. Policy solutions should target property tax relief to correspond to the households for whom property taxes pose the greatest threat to housing stability.

The same geographic differences affect the meaning of a fixed income threshold for property tax relief. For a homeowner in a lower-cost county, $38,800 may place the household below or near the income level of many older homeowners. In a high-cost county, however, a household earning slightly more than $38,800 may face substantial property tax and housing costs while receiving no Homestead relief whatsoever.

Current Property Tax Relief Programs in North Carolina

North Carolina has three statutory authorities that provide property tax relief to homeowners: the Elderly or Disabled Exclusion (often referred to as the Homestead Exemption),[21] Disabled Veteran Exclusion,[22] and the Circuit Breaker Tax Deferment

[20] The Circuit Breaker income threshold is tied to the Homestead threshold, so updating the Homestead would change both.
[21] N.C. Gen. Stat. § 105-277.1
[22] N.C. Gen. Stat. § 105-277.1C

Program.[23] Counties throughout the state describe these programs as mechanisms intended to reduce housing cost burdens for qualifying residents.[24]

The property tax Homestead Exemption provides relief to qualifying homeowners who are at least sixty-five years old or totally and permanently disabled. These eligible homeowners may exclude the greater of $25,000 or fifty percent of the appraised value of their permanent residence from taxation, so long as they make under an income limit (in 2026 eligibility was limited to those homeowners who made less than $38,800 a year).[25] The Circuit Breaker Program has a higher income limit than the Homestead Exemption and defers a portion of the property taxes on the appraised value of a permanent residence, instead limiting a qualifying homeowners' tax liability to a percentage of household income.[26] For the 2026 tax year, homeowners who earn $38,800 or less only have to pay their property tax bill up to 4% of their income while homeowners who earn more than $38,800 but not more than $58,200, only pay 5% of their income for their property tax bill.[27] The Disabled Veteran Exclusion permits exclusion of a statutorily defined portion of appraised value for veterans with permanent and total service-connected disabilities. This paper's analysis will focus mostly on the utilization and approval of the Homestead Exemption, with some discussion more broadly of the barriers to utilizing the Circuit Breaker Exclusion and the Disabled Veteran Exclusion.

The Policy Shortcomings of Existing Property Tax Relief

North Carolina's current system has shortcomings on two dimensions, both of which must be addressed to preserve home ownership.

While the Homestead Exemption provides relief to qualifying homeowners who are at least sixty-five years old or totally and permanently disabled, the law creates two separate issues: first, a homeowner must apply and establish eligibility; second, the homeowner must fall below a single statewide income threshold. This threshold remains the same regardless of whether the home is located in a relatively inexpensive rural county or a high-cost metropolitan or coastal county, or whether the homeowner lives alone or has a spouse and dependents.

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[23] N.C. Gen. Stat. § 105-277.1B.
[24] *See, e.g.*, https://tax.claync.us/relief
[25] N.C. Gen. Stat. § 105-277.1(a2) *and* https://www.co.davidson.nc.us/717/Homestead-Property-Exclusion-Exemption
[26] https://www.orangecountync.gov/1795/Elderly-and-Permanently-Disabled-Assista
[27] https://www.orangecountync.gov/1795/Elderly-and-Permanently-Disabled-Assista

The Circuit Breaker program targets homeowners who are cost-burdened, as it provides relief to those with incomes above $38,800 but no more than $58,200 and limits their property taxes to 5 percent of income. However, the excess tax liability is *deferred* rather than eliminated and applicants are told that up to three qualifying years of exemptions may become due, with interest, following a disqualifying event.[28] For homeowners who are reluctant to leave a tax obligation to their heirs or do not fully understand the consequences of deferral or the potential for a disqualifying event, that structure may discourage participation.

If a property has multiple owners, all of them must qualify for the Circuit Breaker to receive the deferment. Among other requirements, the program generally requires all owners to have occupied the residence for the preceding five years, creating a significant barrier for heir-property owners.[29] The Circuit Breaker therefore can provide protection against a property-tax bill that consumes a large share of household income—but because of the future tax liability it is not a simple alternative to the Homestead Exclusion. Finally, homeowners utilizing the Circuit Breaker relief must re-apply every year.

Problem One: Underutilization of Existing Property Tax Relief

The first problem is administrative: some homeowners who qualify for relief do not appear to be receiving it. Consider our analysis from fourteen North Carolina counties to estimate the impact and scale of lost opportunity for the most popular of the programs, the Homestead Exemption, across the state:[30]

[28] "The deferred taxes become a lien on the residence and the most recent three years of deferred taxes preceding a disqualifying event become due with interest upon…" a disqualifying event. https://www.cumberlandcountync.gov/docs/default-source/tax-documents/listing-forms/2026-tax-relief-brochure.pdf *and* https://www.rockinghamcountync.gov/55290/circuit-breaker-program.
[29] https://www.johnstonnc.gov/tax2/tcontent.cfm
[30] Estimated qualifying households are based on survey data from county tax assessors (2024) and household age, tenure, and income criteria using 2024 ACS 5-Year IPUMS Microdata.

Table 1- Estimated Homestead Exemption Enrollment Gap

County	Estimated qualifying households	Enrolled in 2024	Estimated qualifying households not enrolled	Enrollment rate
Buncombe	6,566	3,548	3,018	54%
Catawba	5,500	2,291	3,209	42%
Cumberland	6,909	2,763	4,146	40%
Davidson	7,130	3,085	4,045	43%
Durham	5,230	1,680	3,550	32%
Forsyth	10,097	3,659	6,438	36%
Gaston	6,821	3,526	3,295	52%
Guilford	12,126	5,152	6,974	42%
Harnett	3,478	1,248	2,230	36%
Mecklenburg	15,676	5,935	9,741	38%
Pitt	3,055	1,577	1,478	52%
Rowan	4,851	2,830	2,021	58%
Wake	13,404	4,191	9,213	31%
Wayne	2,935	1,311	1,624	45%
Total	**103,778**	**42,796**	**60,982**	**43%**

Our estimations likely overstate enrollment because the enrollment data include households qualifying through disability, while the qualifying-household estimates are based on age qualifications only. In total, we estimate that the average enrollment rate across North Carolina is 43 percent, while the median enrollment rate is 42 percent.

As previously discussed, policymakers and researchers lack comprehensive statewide information regarding whether eligible older adults, disabled homeowners, and veterans are successfully accessing available tax relief. The absence of participation data itself is a policy problem that makes it difficult to readily distinguish among three possibilities: few homeowners qualify; many homeowners qualify but do not apply; or homeowners apply but encounter administrative barriers or are denied. What is clear is that many residents who qualify for relief are not receiving it. This may be caused or exacerbated by multiple elements, which may vary across counties.

Although North Carolina's property tax framework applies across the state, its impact seems to depend heavily on each county's administration and outreach as well as how aware residents are of the program. As it stands, low-income elders are losing potentially millions in tax relief each year.

The Application Process Requires Homeowners to Navigate Multiple Programs

In addition to being administered on a county level with no centralized outcome tracking, there are other components of the existing property tax relief schema that may cause administrative barriers and implementation inequities.

First, the single application form for all three property tax relief programs (AV-9) may be intimidating to some, as it includes calculations and assessments that may not be intuitive to applicants.[31] Consider: an older homeowner encountering the programs for the first time may not understand the distinction between an exclusion and a deferment, much less the consequences of selecting one rather than another. Alternatively, it may be difficult to distinguish that one option on the form results in a deferment but not another.

Though all three forms of property tax relief are available via the same state form, applicants may only apply for *one* form of relief.[32] Confusingly, the form allows applicants to request consideration for multiple programs, but indicates that they will be denied and must respond to the denial letter with indicating *which* program they wish to participate in if they do:

> If the letter indicates that you do not qualify or if you disagree with any decision in the letter, you may appeal. You must respond to the option letter within the specified time period or it will be assumed that you do not wish to participate in any of the property tax relief programs. In that case, you will be so notified and you will have the chance to appeal.

This "denial letter" may contribute to a lower uptake, if eligible applicants mis-perceive it as indicating there are ineligible for all three programs. For a homeowner who already understands the system, these distinctions or differences may be manageable. But the standard AV-9 still puts much of the pressure to understand the complex system on the homeowner.

Documentation Requirements Can Create Additional Burdens

Disability advocacy organizations, county outreach materials, and community discussions repeatedly indicate that many eligible homeowners remain unaware of

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[31] https://dconc.gov/Tax-Administration1/Documents/2026-AV-9-Secured.pdf ("Short Description: This program excludes the greater of the first $25,000 or 50% of the appraised value of the permanent residence of a qualifying owner. A qualifying owner must either be at least 65 years of age or be totally and permanently disabled. The owner cannot have an income amount for the previous year that exceeds the income eligibility limit for the current year, which for the 2026 tax year is $38,800. See G.S. 105-277.1 for the full text of the statute.")

[32] https://dconc.gov/Tax-Administration1/Documents/2026-AV-9-Secured.pdf

available relief or encounter procedural obstacles during the application process.[33] Counties routinely require paper applications, income verification documentation, disability certifications, and annual or periodic compliance reporting.[34] These administrative requirements may disproportionately burden elderly homeowners, disabled residents, and individuals with limited internet access, reduced mobility, or limited legal and financial literacy.

Program documentation requirements also place undue burden on a homeowner applicant. As a minimum threshold, applicants must provide proof of income, which could include federal tax returns, Social Security statements, pension or retirement distributions, and other income records.[35] Applicants living with a disability must obtain and attach an additional form to certify their disability.[36] The form must be completed by a licensed North Carolina physician or by a governmental agency authorized to determine qualification for disability benefits,[37] and the form indicates that "Evidence that someone receives disability payments is not evidence of total and permanent disability."[38]

These requirements are administrative burdens, which limit individuals from acting in their own best interests.[39] The relevant policy question on underutilization here is whether the current verification process is designed to minimize unnecessary burden while ensuring that eligible homeowners receive the benefit.

County-Level Variability and Difficulties in Measurement

Finally, as the system is administered locally, the individual implementation of and education about this relief may exacerbate limited uptake. Some counties actively conduct outreach to residents or create their own forms, while others primarily make forms available through tax offices and websites.

In interviewing elderly homeowners, these barriers show up in their individual stories and experiences of not accessing property tax relief. Community legal advocates

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[33] https://disabilityrightsnc.org/resources/property-tax-relief-homeowners/
[34] https://dconc.gov/Tax-Administration/Property-Tax-Relief-Programs/Property-Tax-Relief-for-Homeowners
[35] https://co.davidson.nc.us/DocumentCenter/View/423/Elderly--Disabled-Exemption-Application-PDF
[36] https://dconc.gov/Tax-Administration1/Documents/2026-AV-9-Secured.pdf
[37] Id.
[38] Id.
[39] The Distributive Effects of Administrative Burdens on Decision-Making. (2023). *Journal of Behavioral Public Administration*, *6*(1). https://doi.org/10.30636/jbpa.61.315. *See also*, The Distributive Effects of Administrative Burdens on Decision-Making. (2023). Journal of Behavioral Public Administration, 6(1). https://doi.org/10.30636/jbpa.61.315 and Jaeyeong Nam, Pamela Herd, Sebastian Jilke, Donald Moynihan, How the experience of administrative burdens affects clients' psychological well-being: the role of negativity bias*, Journal of Public Administration Research and Theory*, Volume 36, Issue 2, April 2026, Pages 234–249, https://doi.org/10.1093/jopart/muag004.

have flagged their experiences working with homeowners who have never heard about the programs before or who checked that they were applying for the Homestead exemption and they qualified for the Circuit Breaker but were denied because they checked Homestead. Other homeowners with low incomes appealed their revaluations because they said they couldn't afford their taxes and their appeals were denied but then they were not given any information about tax relief programs

For example, one Durham County resident submitted a hardship appeal based on her property tax revaluation. She did not apply for any of the tax relief programs, though she had some vague awareness of their existence: "I received the application form but I didn't quite qualify but as soon as I stop working to supplement my Social Security I will make less than $18,000 and qualify."[40] Many North Carolina counties do not advertise the programs when they send property tax bills. A homeowner cannot benefit from a program that the homeowner does not know exists.

Problem Two: Current Eligibility Criteria are Inadequate to Provide Necessary Relief

While the local utilization estimates suggest an access problem, a homeowner can know about the Homestead Exclusion, complete the application correctly, and still be ineligible despite experiencing significant housing cost burden.[41] Because the Homestead Exclusion is available only to qualifying homeowners whose prior-year income is below $38,800, eligibility does not account for the cost of housing in the county where the homeowner lives or the size of their household.[42] Though the threshold is adjusted over time based on Social Security cost-of-living adjustments, the baseline amount hasn't been updated in decades, so the current threshold sits a full 50% below the statewide low-income threshold. It also does not account for those homeowners who are cost-burdened by their property taxes in higher cost counties.

[40] Quote from a June 2026 interview with a 72 year-old Durham County resident, who has owned her current home since 1988.
[41] Here, we define households paying more than 30% of annual income to housing costs. Analysis provided by NC Housing Coalition's analysis of survey data from the tax assessors of 60 counties and 2024 census data to identify gaps.
[42] https://nc-yadkincounty.civicplus.com/DocumentCenter/View/6548/2026-Homestead-Income-Eligibility-Limits-Memo

County-Level Data Show the Mismatch Between Eligibility and Cost-Burden

In higher cost-of-living counties, a large majority of cost-burdened homeowners above the age of 65 are not receiving the Homestead Exemption. Take these seven counties as an example:

*Table 2- Percent of 65+ Year Old Homeowners **Not** Served by the Homestead Exemption*

County	Percent of Cost-burdened 65+ Homeowners Not Currently Served by the Homestead
Chatham	61%
Wake	74%
Durham	69%
Moore	63%
New Hanover	60%
Currituck	65%
Mecklenburg	64%

While a substantial portion of this gap is due to under-enrollment, it does not account for the difference. Even if 100% of qualifying households were enrolled, thousands of households in these higher-cost counties would remain unserved.

Meanwhile in those counties deemed economically distressed by the state of North Carolina, the number of 65+ homeowners that qualify for the Homestead matches or exceeds the number of cost-burdened 65+ homeowners. In other words, in lower-cost counties, the Homestead income limits align well with cost-burden, but in higher-cost counties, the $38,800 threshold is insufficient to reach cost-burdened 65+ homeowners.

Eligibility Criteria and Substantial Differences in Programs Result in Cost-Burdened Homeowners Missing out on Relief

Consider for example these real North Carolina homeowners: a retired couple in their late 80's in one of North Carolina's college towns. The couple has lived in the same 1,200 square foot brick home since they were married 55 years ago. With their combined retirement and social security, they make $40,000 a year, just above the threshold for the Homestead Exemption. Meanwhile, their property taxes rose in 2026 to $8,000, or 20% of their fixed income. Their town is growing and has one of the highest costs of living in the state. Their next-door neighbor, who lives alone, makes $37,000 a year and gets half off on her property taxes. Because the Homestead Exemption's income limit is too low and

doesn't account for household size, the couple doesn't qualify for *any* Homestead relief.[43] This is an acute problem in North Carolina where the housing market is not economically uniform: a statewide property-tax threshold treats $38,800 as the same economic benchmark in every county.

The Circuit Breaker program is conceptually better aligned with housing affordability than a simple income exclusion because it limits property taxes to a percentage of household income. The existence of the program tacitly recognizes the relationship between taxes and income. But the Circuit Breaker is a tax *deferral* program, not a tax *elimination* program. Deferred taxes remain as a lien and may become due with interest following specified disqualifying events.[44] This may also present an intimidating prospect to cash-strapped populations who want to protect their most valuable asset. The program also contains ownership and occupancy requirements that can create problems for homeowners with complicated family or heir-property arrangements. The Circuit Breaker program is so significantly underutilized that 74 NC Counties have zero enrollees, and Wake County, which has an estimated 10,000 elderly homeowners who would qualify for the program,[45] have just 159 enrollees as of 2024. This vast unenrollment is likely the result of these deferral and ownership barriers combined with the same enrollment barriers that lead to the under-enrollment of the Homestead Exemption.

Policy Discussion and Recommendations

While this paper explores the scope and potential causes of the property tax affordability problem in North Carolina, we do suggest some possible solutions. There are several steps state lawmakers and local government officials can take to improve existing property tax relief programs and therefore create significant savings for taxpayers.

Immediately, counties can turn their attention to improving access and enrollment. This would be best facilitated through automatic enrollment mechanisms based on data exchange between the county and state. Moreover, if counties could execute data-sharing with state agencies, like the Department of Revenue, which administers state tax laws, or the Department of Health and Human Services, which administers Medicaid and disability

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[43] This couple's story is collected and shared courtesy of North Carolina Housing Coalition.

[44] "Disqualifying events include death of the owner or transfer of the property where the owner's share is not passed to another qualifying owner, and failure to use the property as the owner's permanent residence." https://www.wake.gov/departments-government/tax-administration/tax-bill-help/need-help-paying-your-property-tax-bill

[45] This estimate is only for the potential elderly homeowner headed households who would qualify for the program who exceed the income qualifications for the Homestead, since the vast majority of families choose the Homestead who qualify for both programs.

programs, they could further refine enrollment and eligibility data. They could also more precisely measure their share of cost-burdened residents who own their own homes.

Short of automatic enrollment, counties can relieve administrative burden through simplified applications and renewals: allowing for households to apply for multiple programs in case they are on the cusp of eligibility without resulting in an automatic denial; clarifying the language of denial letters; or better integrating hardship appeals with referrals to these programs.

Although not as impactful as structural policy changes, counties can also provide education and outreach to homeowners. This requires clearer ways to describe the program benefits, understand eligibility, and—for the Circuit Breaker relief in particular—provide the program description in plain language. It could also include community outreach through trusted partners or having county employees at free tax filing locations to capture and screen potential beneficiaries. Counties or advocacy groups could also expand awareness through outreach to senior services, disability networks, and veterans' services infrastructure.

To protect elder homeowners, low-income homeowners, or homeowners living with a disability, these property tax exemptions require modernization of relief thresholds. Statutory changes that better adjust income thresholds for inflation and housing costs or that accommodate local affordability adjustments will better protect homeowners across the state. The Homestead income limit should be updated to reflect local housing costs and cost of living. In particular: updating Homestead's income threshold to a percent threshold or benchmarking it to the state averages could allow for variability across North Carolina county property values and average incomes. All relief programs would benefit by accounting for household size or at least only requiring eligibility by one owner-occupant for relief.

State reimbursement to local government for exemptions would also incentivize counties to promote the programs and enroll homeowners without risking critical local revenue.[46] North Carolina could add capacity to counties by taking an active role in implementation, either providing easily verifiable data to counties or taking on some part of the application process.

State lawmakers could also transparency to facilitate accountability and data-backed solutions. This policy solution would rely on a centralized reporting system that measures county participation. If this reporting system were public facing, which it should

[46] North Carolina reimbursed counties for portions of the exemptions for the first twenty years of the program. *See* https://webservices.ncleg.gov/ViewDocSiteFile/104694, slide 69 (NC Dept of Revenue).

be, that could allow for the creation of a statewide public dashboard. The dashboard could reveal demographic utilization, surface county discrepancies between similarly situated localities, and help surface a more precise statutory or administrative solution to support cost-burdened homeowners.

Finally, the need for these changes underscores the state's need to strengthen aging-in-place policies. These would expand beyond tax breaks to integrate housing affordability into aging policy planning and providing economic incentives for the care economy.

Though this paper focused the bulk of its analysis on the Homestead exemption and the need to raise the eligibility threshold, the problems discussed also point to potential reforms to Circuit Breaker relief, including: removing the deferral requirement or lien placement; allowing an applicant homeowner's own residency to satisfy the relevant occupancy requirement in heir-property situations; or implementing an eligibility standard that's tied to the county's financial realities, such as area median income. These proposals merit separate fiscal and legal analysis but share the common principle that property-tax relief should be designed around the actual burden imposed on the homeowner, rather than relying exclusively on categorical assumptions about income, age, ownership, or geography.

Conclusion

North Carolina's property-tax relief system does not consistently align eligibility, access, and housing-cost burden.

First, the existing relief is underutilized by potentially eligible homeowners. The programs place substantial administrative burden on potential applicants and local administration seems to introduce place-based variability in the program's reach. Finding the exact scope of the problem is further complicated by a lack of statewide information about participation and effectiveness. The available evidence suggests that many homeowners who may qualify do not receive relief.

The second problem is inadequate eligibility thresholds in high-cost counties. Because North Carolina's housing costs, property values, and household incomes vary substantially by county, the $38,800 income limit for eligibility excludes many cost-burdened homeowners in high-cost counties. This may be a causal component of the finding that the current Homestead threshold reaches a much larger share of elderly homeowners in lower-cost counties than in several high-cost counties.

North Carolina therefore needs a two-part approach that 1) makes existing property-tax relief easier to find, understand, apply for, and receive; and 2) modernize Homestead eligibility so that it reflects geographic differences in housing costs and the actual economic burden faced by elderly and disabled homeowners. Outreach, simplification, data collection, and administrative coordination can help *more* eligible homeowners obtain relief that already exists. However, administrative fixes are likely to have little impact when the statutory income threshold is so low.

Without improved enrollment, transparency, and modernization, rising property tax burdens may increasingly displace older adults and vulnerable homeowners from communities where they have lived for decades.