

# Local Solutions to Protect Heirs Property Owners from Property Tax Foreclosure

Across the country, [property tax bills have increased significantly](#).

Older adults are disproportionately vulnerable to losing their homes because of tax debt. Often reliant on low or fixed incomes, they may struggle to cover the financial shock of an increased bill, leading to tax delinquency and foreclosure. Older Black and Hispanic households are most at risk of losing their homes in a tax foreclosure, experiencing a [10-13% higher property tax burden compared to white households](#), which amounts to [\\$6.5 billion more in property taxes](#) annually.

Among homeowners struggling to pay their property taxes, [heirs property](#) owners are at greatest risk of losing their homes. Without record title to the property, heirs often lack access to tax relief programs and may not receive notice of the tax sale foreclosure process, leading to devastating home loss. In some urban areas, [heirs properties account for over half of tax-foreclosed single-family residential homes](#).

Property tax foreclosures threaten heirs with financial as well as housing insecurity, particularly in an already high-cost housing environment. With heirs properties collectively [worth billions of dollars](#), the loss of this home equity to tax foreclosure deals an enormous blow to intergenerational wealth. Foreclosure of these homes puts neighborhoods at risk, potentially accelerating blight or gentrification.

State and local governments can implement the following reforms to protect heir-homeowners from tax foreclosure and home loss, without harming their tax base.



Heirs properties [comprise over 50 percent](#) of foreclosed single-family homes in Dallas and Tarrant Counties, Texas.



Older Black and Hispanic households experience a [10-13% higher property tax burden compared to white households](#), totaling [\\$6.5 billion more in property taxes](#) annually

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## Additional Resources

To find out more about heirs property and property tax reform, contact Andrea Bopp Stark ([astark@nclc.org](mailto:astark@nclc.org)) or Odette Williamson ([owilliamson@nclc.org](mailto:owilliamson@nclc.org)).

For more, see [Property Tax Foreclosures on Heirs Property: The Devastating Consequences and Recommendations for Prevention](#) and [Reforming Property Tax Foreclosure Laws](#).

## Reducing the Property Tax Burden on Heirs

### HOMEOWNER PROBLEM

### LOCAL SOLUTION

**PROOF PROBLEMS.** Heirs property owners are disqualified from property tax exemption and relief programs because their names are not on the deed.

**FLEXIBLE PROOF.** Permit heirs to prove their ownership interest and get tax relief with an heirship affidavit or other flexible proof of ownership.

**PARTIAL RELIEF.** Heirs are either ineligible for or receive only a partial share of a property tax discount due to their partial interest.

**FULL RELIEF.** Permit an heir applying for property tax relief programs to receive the full benefit as an owner-occupant, regardless of their percent ownership.

**RETROACTIVE REMOVAL.** Local governments retroactively remove property tax exemptions and may assess a penalty when they learn of the prior owner's death, saddling heirs with higher property tax bills.

**NO BACKWARDS PENALTY.** Refrain from imposing retroactive property tax bill increases or penalties on homes with a deceased record owner. Or, allow heirs who have been living in the home to obtain the homestead exemption going back to the date of death.

**SOARING TAX BILLS.** Low-income homeowners struggle to make property tax payments in neighborhoods with rapidly increasing home values. Heirs may experience payment shock when a value freeze drops off.

**LIMIT INCREASES.** Create programs for low-income and older homeowners to limit their annual tax increases, and give heir occupants a way to preserve the tax freeze or to create a gradual step up.

**ANNUAL BILLING.** Older homeowners with fixed incomes are unable to make the annual or biannual lump-sum property tax payment.

**MONTHLY PAYMENTS.** Establish a monthly property tax payment schedule to spread out homeowners' financial burden.

**INFORMATION GAPS.** Heirs are unaware of the current tax bill amount, unaware of tax relief options, face unclear or inaccessible application processes, or miss deadlines.

**BETTER NOTICE.** Notify heirs of the process by which they can apply for tax relief, allow online or mail-in applications, and eliminate annual renewals for all relief options.

## Reducing the Property Tax Burden on Heirs

### HOMEOWNER PROBLEM

### LOCAL SOLUTION

**LACK OF NOTICE.** Heirs are unaware of a pending property tax foreclosure.

#### **BETTER NOTICES AND A DILIGENT SEARCH.**

Provide plain-language notices of all rights and options in the tax foreclosure process, translated into the most common languages spoken in the area, sent to all heirs after a diligent search.

**HUGE WEALTH LOST.** Heirs are at risk of losing significant home equity to a tax sale, despite owing comparatively little in property taxes.

#### **THRESHOLD FOR SALE AND MARKET SALES.**

Set a minimum property tax delinquency threshold before a residential home can be sold at a tax sale, and require sale through a real estate agent.

**UNAFFORDABLE TAX BURDEN.** Heirs face significant property tax burdens that prevent them from satisfying their annual property tax bill so they can age in place.

#### **DEFERRALS AND PAYMENT PLANS.**

Permit older homeowners to defer their property tax balance until their death. If an older heir inherits and lives in the home, permit an extended deferral or a repayment plan.

**RISK OF SALE BEFORE RELIEF CAN BE OBTAINED.** Heirs may face a tax sale while attempting to complete probate.

#### **FLAG AND PULL HEIRS PROPERTIES.**

Allow heirs to obtain key property tax relief based on an affidavit; or temporarily remove properties from the tax sale list so heirs can get relief.

**INABILITY TO OBTAIN THE SURPLUS AFTER SALE.** Heirs may not be able to obtain surplus equity (home value above the taxes owed) once a tax sale has occurred, raising issues of home equity theft.

#### **ALLOW HEIRS TO CLAIM SURPLUS FUNDS.**

Ensure that surplus equity can be claimed by heirs without undue burden, transferring any unclaimed money to the state's unclaimed property fund.