

## THE HIDDEN BENEFITS OF PROPERTY TAX RELIEF FOR THE ELDERLY

*Matthew J. Meyer*

*Property tax relief programs for the elderly offer a wide variety of benefits; yet, in recent years, these programs have fallen prey to various attacks. In this note, Matthew Meyer examines the issues surrounding elderly tax relief programs. He considers the different ways in which property taxes impact the elderly generally, and discusses the various types of relief that can be offered to the elderly in this regard. Mr. Meyer also explores the arguments against elderly property tax relief, based on socioeconomic disparities. Mr. Meyer ultimately finds a great deal of benefits that stem from these programs and concludes that these programs should continue to exist. He warns, though, that such tax relief programs require more fine tuning so that they are specifically targeted at those upon whom they will have the most significant impact.*

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Matthew J. Meyer is Managing Editor 2004–2005, Member 2003–2004, *The Elder Law Journal*; J.D. 2005, University of Illinois, Urbana-Champaign; B.A. 1995, State University of New York College at Geneseo.

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## I. Introduction

Since the first property tax relief program for the elderly was enacted in Utah in 1898,<sup>1</sup> state and local governments have continually adopted and amended elderly property tax relief programs in search of the ideal mix of aid to seniors and burden to the younger property tax payers.<sup>2</sup> More than one hundred years after the inception of elderly property tax relief, the debate over how best to assist equitably the sixty-five and over population while not overburdening younger property tax payers continues unabated.<sup>3</sup>

Recent times of financial hardship from the federal government down to state and local governments throughout the nation have forced every level of government to tighten their purse strings along with their belts.<sup>4</sup> Taxes have been increased, programs have been cut or eliminated, services pared back, and still these governments look to do more to shore up shaky finances.

Property tax relief programs for the elderly have not been immune to the dour financial times which have befallen us. These programs have been frozen, delayed, cut back, shelved, or repealed all together.<sup>5</sup> Parties on both sides of this issue have been making themselves heard in town halls, legislative chambers, and governors' mansions across the country.<sup>6</sup> What has been missing in the clamor of voices surrounding the issue is a comprehensive look into the benefits of property tax relief for the elderly. Individuals and groups have been vocal enough on both sides of this issue to produce movement in many areas, but sound public policy should have a firmer foundation than that which is appearing in the headlines and press releases.

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1. OFFICE OF POLICY DEV. & RESEARCH, U.S. DEP'T OF HOUS. & URBAN DEV., PROPERTY TAX RELIEF PROGRAMS FOR THE ELDERLY: A COMPENDIUM REPORT 2 (1975).

2. Timothy Egan, *States, Facing Budget Shortfalls, Cut the Major and the Mundane*, N.Y. TIMES, Apr. 21, 2003, at A1; Robert Gavin, *Businesses Push Olympia to Rebalance Tax Burden*, WALL ST. J., July 26, 2000, at NW1.

3. See Egan, *supra* note 2; Gavin, *supra* note 2; Chad Terhune, *Lawmakers Revisit Breaks for Seniors*, WALL ST. J., Nov. 17, 1999, at F1.

4. See, e.g., Al Baker, *The Governor's Budget Plan: Overview; Pataki Seeks Cuts in Aid to Schools and Health Care*, N.Y. TIMES, Jan. 30, 2003, at A1; Egan, *supra* note 2.

5. See, e.g., Baker, *supra* note 4; Egan, *supra* note 2; Wendy Ruderman, *Putting a Price on an Unpopular Cut; A State Program Helps Many Seniors with Property Taxes. Now It Is Frozen, and the GOP Hopes Democrats Pay at the Polls*, PHILA. INQUIRER, Oct. 20, 2003, at B0; Terhune, *supra* note 3, at F1.

6. See, e.g., Baker, *supra* note 4; Egan, *supra* note 2; Terhune, *supra* note 3; Yilu Zhao, *Taxes Driving Some Elderly from Their Homes*, N.Y. TIMES, Apr. 12, 2003, at A7.

In Part II, this note will briefly survey the different types of property tax relief plans which have been implemented throughout the United States. Part III will proceed to analyze the financial position of the elderly as compared to other segments of the population in order to determine if these property tax relief programs are properly targeted. Then, in Part IV, this note will look beyond finances to the “hidden benefits” of property tax relief for the elderly, exploring other ways in which property tax relief for the elderly can be justified, both in the benefits the elderly can realize from the programs and the benefits families and communities can realize from the elderly that are able to remain in their homes. Finally, Part V recommends that property tax relief programs continue to be extended to the elderly, but be more finely tuned to target those elderly who are in sensitive enough financial positions that property tax payments truly affect their ability to remain in their homes.

## II. Background

### A. Property Taxes

Property taxes are the purview of state and local governments.<sup>7</sup> These taxes are one of the most important sources of revenue for state and, especially, local governments where, in the year 2000, property taxes constituted three-fourths of all local taxes and almost half of local general revenues.<sup>8</sup> Property tax revenues contribute to or fully fund services and programs such as education, transportation and social services.<sup>9</sup>

In recent years, there has been a trend toward increased reliance on property taxes and a need for property taxes to be stretched much farther than they have been in the past.<sup>10</sup> Two causes of this financial stress have been an increasing number of unfunded mandates from

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7. Edsell M. Eady, Jr., Note, *Real Property Tax Relief for the Elderly*, 7 U. MICH. J. L. REFORM 388, 389 (1974).

8. “On average, for fiscal year 2000, local property taxes constituted almost three-fourths (72%) of all local taxes and almost half (44%) of all local general revenues (not including federal aid).” DAVID BAER, AM. ASS’N OF RETIRED PERSONS, STATE PROGRAMS AND PRACTICES FOR REDUCING RESIDENTIAL PROPERTY TAXES i (2003) (citing U.S. Department of Commerce, Bureau of Census figures); Eady, *supra* note 7, at 388 n.9 (citing a figure of “85% of all local government receipts” as coming from property taxes).

9. Eady, *supra* note 7, at 389.

10. See, e.g., Zhao, *supra* note 6, at A7.

the state and federal governments, and a spate of recent court decisions mandating reevaluations of school-funding schemes.<sup>11</sup> Also, a decrease in funds from other sources has contributed to the increased reliance on property taxes by local governments.<sup>12</sup> Since 2001, there has been as much as a thirty-percent decrease in state aid to towns.<sup>13</sup> Cuts in state aid to schools have also forced local governments to choose between decreasing school budgets and increasing taxes to cover the shortfalls.<sup>14</sup>

#### 1. WHY ARE PROPERTY TAXES AN ISSUE?

Property taxes are often among the most politically charged issues in state and local elections.<sup>15</sup> For twenty years, the U.S. Advisory Commission on Intergovernmental Relations polled Americans on which of four taxes was the least fair: the property tax, federal income tax, state income tax, or state sales tax.<sup>16</sup> In eight of those years, the property tax was chosen as the least fair.<sup>17</sup>

The effect of property taxes on older Americans has been an area of particularly intense political and public focus. For decades, politicians from the smallest village board to the White House have addressed the issue of property tax burdens on the elderly,<sup>18</sup> and this issue looms larger today than ever before.<sup>19</sup>

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11. DeRolph v. State, 728 N.E.2d 993, 1000 (Ohio 2000); Michael Heise, *State Constitutions, School Finance Litigation, and the "Third Wave": From Equity to Adequacy*, 68 TEMP. L. REV. 1151, 1165 (1995).

12. Zhao, *supra* note 6.

13. *Id.*

14. See Baker, *supra* note 4; Egan, *supra* note 2.

15. E.g., President's Message to Congress: Older Americans, 8 WEEKLY COMP. PRES. DOC. 647, 657 (Mar. 23, 1972) [hereinafter President's Message to Congress]; Ruderman, *supra* note 5.

16. BAER, *supra* note 8, at i.

17. *Id.*

18. E.g., President's Message to Congress, *supra* note 15, at 657; Comment, *Federal Tax Policy and the Economic Position of the Aged*, 114 U. PA. L. REV. 1221, 1225 (1966); Jon W. Glass, *Beach Panel Backs Tax Relief for Seniors; Upcoming Report Will Recommend Several Ways City Can Improve Savings*, THE VIRGINIAN-PILOT, Oct. 31, 2003, at B3; Iver Peterson, *As Taxes Rise, Suburbs Work to Keep Elderly*, N.Y. TIMES, Feb. 27, 2001, at A1; Zhao, *supra* note 6.

19. See, e.g., Dana Canedy, *Florida Redoubles Efforts for the Elderly*, N.Y. TIMES, May 5, 2002, at 39; Gavin, *supra* note 2, at NW1 (property taxes as an issue in the Washington governor's race); Peterson, *supra* note 18, at A1; Ruderman, *supra* note 5, at B01 (elderly property tax reimbursement program as a campaign issue in New Jersey); Eric Stirgus, *Property Taxes Displacing Atlanta-Area Residents*, CHI. TRIB., June 9, 2002, at 7H.

## 2. WHY ARE PROPERTY TAXES FOR THE ELDERLY DIFFERENT?

It has long been recognized that the burden of property taxes saddles the elderly in a different way than it does younger taxpayers.<sup>20</sup> The legislative findings for Nevada's Property Tax Assistance for Senior Citizens Statute<sup>21</sup> codifies many of the reasons property tax relief programs for the elderly are proposed and enacted:

427A.450. Legislative findings and declaration

1. The legislature finds that:

(a) Many senior citizens of this state live on limited incomes that remain fixed while property taxes and other costs continually rise.

(b) The erosion of the income of senior citizens in terms of true value threatens to destroy the ability of many to retain ownership of the homes in which they had planned to spend their later years.

(c) Senior citizens are often forced to divert an excessive portion of their incomes into the property taxes on their homes, thus leaving an insufficient amount of money for other things essential to their well-being.

....

2. The legislature therefore declares that:

(a) It is the public policy of this state to provide assistance to its senior citizens who are carrying an excessive burden of taxes or rent on residential property in relation to income.

....<sup>22</sup>

This statute illustrates two main reasons legislatures enact these relief programs: first, the perceived economic need of the elderly, and second, sympathy and the perception of the elderly as a group which needs to be specially protected.

Courts around the country have found this special treatment of the elderly to be permissible,<sup>23</sup> and even desirable.<sup>24</sup> The Supreme Court of Illinois stated in *Doran v. Cullerton* that "the classification of individuals on the basis of under and over 65 years of age is rational

20. See, e.g., NEV. REV. STAT. ANN. 427A.450 (Michie 2003); Peterson, *supra* note 18.

21. NEV. REV. STAT. ANN. 427A.450.

22. *Id.*

23. See, e.g., *Doran v. Cullerton*, 283 N.E.2d 865 (Ill. 1972); *Harvey v. Morgan*, 139 N.W.2d 585 (Wis. 1966).

24. "Encouraging and enabling citizens to enjoy life and the benefits of our society as they reach an elderly age is a favored public policy." *Sargoy v. Resolution Trust Corp.*, 10 Cal. App. 4th 1039, 1045 (Ct. App. 1992) (emphasis omitted) (quoting *Starkman v. Mann Theatres Corp.*, 227 Cal. App. 3d 1491 (Ct. App. 1991)).

and reasonable, for at this age many persons retire and their sole financial support may be derived from social security or private pensions.”<sup>25</sup> The court went on to say that “[i]n these times of increasing real estate taxation and rising prices, the benefits conferred by many retirement plans may not provide adequate income.”<sup>26</sup> The Supreme Court of Wisconsin, in *Harvey v. Morgan*, found that a property tax relief plan of credits and refunds targeted at the sixty-five and older population is permissible and stated that the “special legislative treatment . . . is reasonable [because] [t]he age of sixty-five is commonly accepted and recognized as that at which a large number of persons retire.”<sup>27</sup>

## B. Approaches to Property Tax Relief

Some method of property tax relief has been made available to elderly homeowners in every state and the District of Columbia.<sup>28</sup> Because it is a state government issue, and most states have delegated power to local governments to address the issue on their own, many different approaches to property tax relief for the elderly have been developed.<sup>29</sup> Many states also utilize combinations of these programs, making two or more of them available to homeowners who qualify.<sup>30</sup>

Historically, property tax relief programs for the elderly have fallen into two broad categories: homestead exemptions and circuit breaker programs.<sup>31</sup> However, as relief programs have multiplied in recent years, different variations have been enacted. These more recent variations include: homestead credits, tax deferrals, property tax limits or caps, and property tax freezes.<sup>32</sup>

### 1. HOMESTEAD EXEMPTIONS

Homestead exemptions are usually a set dollar amount applied to the assessed value of a home, which decreases the home’s taxable

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25. *Doran*, 283 N.E.2d at 868 (finding a state homestead exemption program for the elderly constitutional under the Illinois Constitution of 1970).

26. *Id.*

27. *Harvey*, 139 N.W.2d at 588.

28. See generally BAER, *supra* note 8.

29. *Id.*; see also OFFICE OF POLICY DEV. & RESEARCH, *supra* note 1, at 12–16.

30. See generally BAER, *supra* note 8; OFFICE OF POLICY DEV. & RESEARCH, *supra* note 1, at 12–16.

31. *Id.*

32. BAER, *supra* note 8, at 2.

value.<sup>33</sup> This approach applies the same benefit to all qualified homes regardless of the value of the property, the income of the owner, or the need of the owner.<sup>34</sup> Forty states and the District of Columbia provide homestead exemptions.<sup>35</sup>

## 2. CIRCUIT BREAKER PROGRAMS

These programs are called circuit breakers because of the sliding scale used to determine the size of the benefit received.<sup>36</sup> Generally, a circuit breaker program will be designed as a homestead exemption or credit program with the value of the exemption or credit linked to the individual's income; namely, as income decreases, the size of the benefit received increases.<sup>37</sup> Thirty-five states and the District of Columbia have circuit breaker programs.<sup>38</sup>

## 3. HOMESTEAD CREDITS

Homestead credit programs offer homeowners tax credits toward their property tax bills.<sup>39</sup> As with the homestead exemption, this approach extends the same benefit to all who qualify for the credit, regardless of need within the qualified group.<sup>40</sup> Fourteen states and the District of Columbia offer homestead credit programs.<sup>41</sup>

## 4. TAX DEFERRALS

Under a property tax deferral program, the homeowner can transform current property taxes into a lien against the home, effectively postponing payment of the taxes until sale of the home or death.<sup>42</sup> Twenty-four states and the District of Columbia have tax deferral programs in place.<sup>43</sup>

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33. *Id.* at 4; OFFICE OF POLICY DEV. & RESEARCH, *supra* note 1, at 4.

34. BAER, *supra* note 8, at 4; OFFICE OF POLICY DEV. & RESEARCH, *supra* note 1, at 4; Eady, *supra* note 7, at 390.

35. BAER, *supra* note 8, at 2.

36. *Id.* at 3.

37. *Id.*; OFFICE OF POLICY DEV. & RESEARCH, *supra* note 1, at 4.

38. BAER, *supra* note 8, at ii.

39. *Id.* at 3; Eady, *supra* note 7, at 391.

40. BAER, *supra* note 8, at 3.

41. *Id.* at ii.

42. *Id.* at 6; OFFICE OF POLICY DEV. & RESEARCH, *supra* note 1, at 97–98.

43. BAER, *supra* note 8, at ii.

##### 5. PROPERTY TAX LIMITS OR CAPS

There are two ways legislatures have placed limits on property taxes: by setting maximum limits on property values or property taxes, or by setting a maximum allowable annual percentage increase on tax rates or assessed values.<sup>44</sup> Of forty-two states with property tax limits, thirty-one have tax rate limits, twenty and the District of Columbia have caps on increases in assessed property values, and twenty-three have limits on property taxes.<sup>45</sup>

##### 6. PROPERTY TAX FREEZES

A typical property tax freeze program will fix, or “freeze,” a property tax rate once the homeowner reaches a certain age, usually sixty-one or older.<sup>46</sup> The homeowner is then safe from property tax increases so long as she continues to meet the program’s requirements.<sup>47</sup> Eleven states have taken this approach to elderly property tax relief.<sup>48</sup>

### III. The Pros and Cons of Property Tax Relief for the Elderly

#### A. Why Enact Property Tax Relief for the Elderly?

##### 1. PERCEPTIONS OF THE ELDERLY

In American society, the elderly have always been viewed as a special group needing or deserving of special privileges and protections.<sup>49</sup> Many people feel that “the aged have played the game already and are now entitled to a little special treatment.”<sup>50</sup> In the Older Americans Act, Congress reflected this view by stating in the Act’s Declaration of Objectives and Definitions that “it is the . . . responsibility of the governments of the United States . . . to assist our older people to secure . . . the full and free enjoyment” of the Act’s objectives.<sup>51</sup>

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44. *Id.*

45. *Id.*

46. *Id.*; OFFICE OF POLICY DEV. & RESEARCH, *supra* note 1, at 102–03.

47. Requirements vary, but can include ownership, residence, and income. BAER, *supra* note 8, at ii; OFFICE OF POLICY DEV. & RESEARCH, *supra* note 1, at 33.

48. BAER, *supra* note 8, at ii.

49. Comment, *supra* note 18, at 1225.

50. *Id.*

51. 42 U.S.C. § 3001 (1992).



One facet of society's attitude toward the elderly suggests that the elderly deserve the special treatment they receive because they made their contribution to society during their younger years and society rewards them in their elderly years. As Congress stated, older Americans are entitled to "[r]etirement in health, honor, dignity—after years of contribution to the economy."<sup>52</sup>

This perception of the elderly permeates our society and is reflected in governmental programs and services, including property tax relief programs as discussed in this note. One of Congress's stated objectives in the Older Americans Act is to assist the elderly in "[o]btaining and maintaining suitable housing . . . at costs which older citizens can afford."<sup>53</sup>

Recent trends have made the plight of the elderly particularly acute in certain areas of the country.<sup>54</sup> With skyrocketing real estate prices in many communities and the accompanying surge in property assessments, many older homeowners are faced with fast growing property tax bills at a time in their lives where their incomes are fixed or dropping.<sup>55</sup>

## 2. ECONOMICS AND THE DECISION TO MOVE

The housing situation of many older adults is precarious, often due to poor health or limited finances.<sup>56</sup> "[I]ncreasing numbers of elderly are losing their homes because of inflated taxes and escalating home maintenance and home repair costs,"<sup>57</sup> and property tax relief is one public policy approach to addressing this problem.

Financial considerations are very important to older adults when making major life decisions, such as retiring and deciding whether to move or age in place.<sup>58</sup> The fact that so many elderly live on fixed in-

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52. *Id.* § 3001(6).

53. *Id.* § 3001(3).

54. Zhao, *supra* note 6.

55. *Id.*

56. See MORTON D. BOGDONOFF ET AL., THE LIVING-AT-HOME PROGRAM 11–12 (1991).

57. PATRICIA L. KASSCHAU, AGING AND SOCIAL POLICY 156–57 (1978).

58. See generally Lawrence B. Schiamberg & Kathleen G. McKinney, *Factors Influencing Expectations to Move or Age in Place at Retirement Among 40- to 65-Year-Olds*, 22 J. APPLIED GERONTOLOGY 19 (2003) (listing at various places such factors as: financial resources, socioeconomic status, economic viability, maintenance costs, cost of living, personal resources, family income, economics, household resources, economic changes, financial actions, financial plans, financial support, and taxes, among others).

comes “render[s] them particularly vulnerable to increasing tax liabilities.”<sup>59</sup> Often, property taxes are the only expenses that continue to increase for the elderly after retirement.<sup>60</sup> These factors are increasingly leading to many elderly being forced to leave their homes because they can no longer afford to live in the communities in which they have spent years, or even decades.<sup>61</sup> In one study of factors affecting decisions to move or remain in place upon retirement, more than ninety-three percent of those responding cited a low cost of living as an important factor in their decision process.<sup>62</sup>

The financial situation of an older adult not only affects her ability to stay in her home, it also affects her ability to move from her home. “Most elderly people already spend a disproportionate amount of their small retirement incomes to cover expenses in their present living arrangements, and hence can ill-afford to move in order to improve their housing situation.”<sup>63</sup> In one multistate survey of adults nearing retirement (ages forty to sixty-five), only elders in the highest income bracket (\$50,000 and up) of the four delineated brackets were more likely to plan to move than to stay in their current home upon retirement.<sup>64</sup> Most of the optimal residential alternatives to remaining in a long-time home upon retirement are financially unavailable to the majority of older adults.<sup>65</sup>

The same survey also looked at the affect of taxes on the decision to move or stay upon retirement. The study as a whole found a strong correlation between the act of comparing taxes of two or more locations and deciding to move upon retirement.<sup>66</sup> But, more tellingly, the study also further segmented the age groups into a younger group

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59. OFFICE OF POLICY DEV. & RESEARCH, *supra* note 1, at 2.

60. Peterson, *supra* note 18.

61. See, e.g., Peterson, *supra* note 18; Stirgus, *supra* note 19; Terhune, *supra* note 3.

62. Schiamberg & McKinney, *supra* note 58, at tbl.3.

63. KASSCHAU, *supra* note 57, at 155.

64. Schiamberg & McKinney, *supra* note 58, at tbl.2.

65. See generally Gayle Hersch et al., *Adaptation by Elders to New Living Arrangements Following Hospitalization: A Qualitative, Retrospective Analysis*, 22 J. APPLIED GERONTOLOGY 315, 316 (2003) (referring to “low income elders who may have fewer choices than persons who have greater financial resources”); John A. Krout et al., *Reasons for Relocation to a Continuing Care Retirement Community*, 21 J. APPLIED GERONTOLOGY 236, 237 (2002) (referring to the “recent and innovative residential arrangement” of continuing care retirement communities that are marketed to more affluent older adults); Schiamberg & McKinney, *supra* note 58, at tbl.2 (noting that less than 50% of elderly across the income brackets are able to remain in their homes).

66. Schiamberg & McKinney, *supra* note 58, at tbl.5.

(forty to fifty years old) and an older group (fifty-one to sixty years old) and found that although the relationship between comparing taxes and planning to move was weak in the younger group, it was extremely strong in the older group.<sup>67</sup> As retirement approaches and the fiscal realities of this stage of life loom ever larger, property taxes assume a much more prominent role in decisions about where to live during that retirement.

## B. Arguments Against Property Tax Relief for the Elderly

Of course, tax relief granted in one place must be compensated for in another, or programs and services must be scaled back or cut.<sup>68</sup> Property tax relief for the elderly is a redistributive scheme, and how these relief systems are structured is an important inquiry to make before the propriety of these programs can be fairly evaluated. One aspect of elderly property tax relief that should be explored is the equity of enacting these programs for the elderly when their situation is compared with the positions and needs of other groups.

### 1. RACIAL INEQUALITY

A close look at the make-up of the U.S. population reveals that a disproportionate amount of the benefits of property tax relief programs for the elderly are captured by whites.<sup>69</sup>

In the United States as a whole, 75.1% of the population is white.<sup>70</sup> But, the population of Americans age sixty-five and over is 88.3% white.<sup>71</sup> Of the thirty-five million Americans age sixty-five and over, 30.9 million are white<sup>72</sup> (of which 1.45 million are ethnically Hispanic or Latino),<sup>73</sup> compared with only 4.1 million nonwhites<sup>74</sup> (in-

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67. *Id.* at tbls. 6, 7.

68. *See, e.g.,* Terhune, *supra* note 3 (“Many municipalities already have balked at granting the exemption because they say it will cost them too much property tax revenue—forcing budget cuts or general tax increases.”).

69. *See* Lawrence A. Frolik & Alison P. Barnes, *An Aging Population: A Challenge to the Law*, 42 HASTINGS L. J. 683 (1991).

70. ELIZABETH M. GRIEGO & RACHEL C. CASSIDY, U.S. DEP’T OF COMMERCE, OVERVIEW OF RACE AND HISPANIC ORIGIN 3 tbl.1 (2001).

71. *Id.*; JULIE MEYER, U.S. DEP’T OF COMMERCE, AGE 2000, at 5 fig.4 (2001).

72. *See* sources cited *supra* note 71.

73. GRIEGO & CASSIDY, *supra* note 70, at 3 tbl.1; FRANK HOBBS & NICOLE STOOPS, U.S. DEP’T OF COMMERCE, DEMOGRAPHIC TRENDS IN THE 20TH CENTURY 107 fig.3-21 (2002); MEYER, *supra* note 71, at 5 fig.4.

74. The largest racial minority in the sixty-five and over age group is Black or African American with 2.7 million elderly. Hispanic or Latino, which can be of

cluding 250,000 nonwhites who are ethnically Hispanic or Latino).<sup>75</sup> White Americans have the oldest median age of any racial group,<sup>76</sup> and the percentage of whites sixty-five and over is much higher than that of any other racial group.<sup>77</sup> White Americans are also more likely to own a home than nonwhites.<sup>78</sup> For the elderly, this gap is even more pronounced, as older white Americans are twelve percent more likely to own their home than older African Americans and nineteen percent more likely to own their home than older Hispanics.<sup>79</sup>

When these census figures are considered, the idea of elderly property tax relief can be viewed as a benefit which is disproportionately enjoyed by white Americans.<sup>80</sup> Because the membership of minorities is proportionally much smaller in the elderly population than in the under sixty-five population, greater proportions of nonwhites shoulder the burdens of these property tax relief programs for the elderly than actually are able to benefit from them.<sup>81</sup>

## 2. GENERATIONAL INEQUALITY

Long-term trends in the American population are steadily shifting a greater burden of benefits extended to an ever-growing elderly population onto the backs of proportionally fewer Americans under age sixty-five.<sup>82</sup> In the year 2000, there were just under four workers in the labor force for each one American of age sixty-five or older.<sup>83</sup> This ratio has been declining for more than half a century, from 7.1 workers per elderly individual in 1950, to 5.3 in 1970, to 4.6 in 1990, and 3.9 today.<sup>84</sup> Future projections darken the picture further, with estimations of 2.9 workers per elderly person in 2025 and 2.5 in 2050.<sup>85</sup>

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any racial group, have 1.7 million aged sixty-five or older. See sources cited *supra* note 71.

75. See sources cited *supra* note 73.

76. MEYER, *supra* note 71.

77. *Id.*

78. HOBBS & STOOPS, *supra* note 73, at 117.

79. See JEREMY CITRO, AM. ASS'N OF RETIRED PERSONS, HOUSING CHARACTERISTICS OF OLDER HOUSEHOLDS: 1995 (1998).

80. See Frolik & Barnes, *supra* note 69, at 691-92.

81. See *id.*

82. See *id.*

83. There were thirty-five million Americans sixty-five and over. LISA HETZEL & ANNETTA SMITH, U.S. DEP'T OF COMMERCE, THE 65 YEARS AND OVER POPULATION: 2000, at 1 (2001). There were 138.8 million people in the labor force. SANDRA LUCKETT CLARK & MAI WEISMANTLE, U.S. DEP'T OF COMMERCE, EMPLOYMENT STATUS: 2000, at 1 (2003).

84. Frolik & Barnes, *supra* note 69, at 692.

85. *Id.*

Additionally, there has been a “precipitous decline in the median age at retirement for both men and women” over the past half century, a decline that is predicted to continue for the near future.<sup>86</sup> These downward trends in the number of workers per elderly American leaves the number of beneficiaries of programs, such as elderly property tax relief, at an alarmingly high level compared to the number of property owners who will have to financially support the services that the taxes fund.

If these programs are maintained in their current forms, the property tax burdens on nonelderly homeowners could grow substantially over the coming decades. Statistics from the 2000 census illustrate the problems which lie ahead.<sup>87</sup> In 2000, there were thirty-five million Americans aged sixty-five and older.<sup>88</sup> With a total American population of 281.4 million in 2000,<sup>89</sup> the percentage of Americans who were age sixty-five and over was 12.4%.<sup>90</sup> For the foreseeable future, the percentage of the U.S. population over sixty-five will grow, both in gross terms and in proportion to the total population.<sup>91</sup> Although the 2000 census was the first census in which the over-sixty-five population did not grow faster than the U.S. population as a whole,<sup>92</sup> in coming decades the growth of the elderly population will outstrip growth during previous decades as the baby boom generation begins to reach sixty-five.<sup>93</sup>

### 3. HOMEOWNERSHIP

Another aspect of this generational inequality is drawn out when homeownership is examined. While seventy-eight percent of

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86. In the period from 1950 to the late 1980s, it dropped from 66.9 to 62.6 in men and from 67.7 to 62.8 in women. It is predicted to be 61.7 for men and 61.2 for women by 2005. Schiamberg & McKinney, *supra* note 58, at 20.

87. See generally U.S. DEP'T OF COMMERCE, U.S. CENSUS BUREAU, CENSUS 2000 (2000).

88. The exact number of Americans who were sixty-five years old and over in 2000 was 34,991,753. HETZEL & SMITH, *supra* note 83, at 2.

89. The total U.S. population in 2000 was 281,421,906. MEYER, *supra* note 71, at tbl.1.

90. HETZEL & SMITH, *supra* note 83, at tbl.1.

91. See *id.*

92. This reflects the low birth rates during the Depression and not any particular trend in the U.S. population. *Id.* at 1-3.

93. “This trend is expected to reverse as baby boomers (born from 1946 through 1964) reach age sixty-five, starting in 2011.” *Id.* In the 2000 census, the fastest growing age group was the fifty to fifty-four age group, followed by the forty-five to forty-nine age group. These segments of the U.S. population will begin reaching sixty-five in the year 2011. MEYER, *supra* note 71, at 2.

those sixty-five and over owned their homes in the year 2000, and this figure has been increasing over the past few decades,<sup>94</sup> only sixty-three percent of those under sixty-five were homeowners in 2000, and this figure has been holding steady or declining over the past few decades (in 1980 the figure was sixty-five percent).<sup>95</sup>

Americans sixty-five years old and older are more likely to own their homes than those under sixty-five.<sup>96</sup> Also, seventy-two percent of elderly Americans own their home outright, with no mortgage or lines of credit outstanding.<sup>97</sup> The nationwide average for all owner-occupied homes is thirty percent.<sup>98</sup> In the year 2000, seventy-eight percent of Americans aged sixty-five and older owned their homes,<sup>99</sup> while sixty-three percent of those under sixty-five were homeowners.<sup>100</sup> While comprising only 12.4% of the American population,<sup>101</sup> twenty-one percent of the households in the United States were headed by someone sixty-five or older.<sup>102</sup>

Older homeowners also have a low incidence of physical problems with their homes. In 1995, only six percent of homeowners age sixty-five and over reported moderate or severe physical problems with their homes.<sup>103</sup>

#### 4. INCOME ADEQUACY

A large body of research has found that the elderly perceive their incomes to be adequate or more than adequate to meet their

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94. CITRO, *supra* note 79.

95. *Id.*

96. HOBBS & STOOPS, *supra* note 73, at 115.

97. This figure was calculated using information from ROBERT BONUETTE, U.S. DEP'T OF COMMERCE, HOUSING COSTS OF HOMEOWNERS: 2000, at 5, tbl.1 (2003).

98. *Id.* at 3.

99. HOBBS & STOOPS, *supra* note 73, at 121. Broken down further, 81.3% of Americans between sixty-five and seventy-four, 77.3% between seventy-five and eighty-four, and 66.1% of those eighty-five and over owned their homes. JEANNE WOODWARD & BONNIE DAMON, U.S. DEP'T OF COMMERCE, HOUSING CHARACTERISTICS: 2000, at 8 fig.6 (2001). A look at the nursing home population helps to put this decline in perspective: 1.1% of Americans between sixty-five and seventy-four, 4.7% of those between seventy-five and sixty-four, and 18.2% of those eighty-five years and older lived in nursing homes. HETZEL & SMITH, *supra* note 83, at tbl.8.

100. HOBBS & STOOPS, *supra* note 73, at 121.

101. HETZEL & SMITH, *supra* note 83, at 1.

102. This figure was calculated using information from CITRO, *supra* note 79.

103. *Id.*

needs, “even when those incomes appear to be relatively low.”<sup>104</sup> Some scholars posit that elderly households require less income than younger households to meet their needs.<sup>105</sup> It is estimated that elderly households need only sixty-five to eighty percent of their income before retirement to maintain the same standard of living after retirement.<sup>106</sup>

In one study of older adults, some of whom aged in place and some of whom migrated to Florida after retirement, more than half “reported that their money takes care of their needs very well,” and “less than 10% reported that they had changed their behavior or delayed necessary expenditures because of an income shortage.”<sup>107</sup> Surprisingly, the median income of the elderly studied was between \$20,000 and \$24,999 per year,<sup>108</sup> hardly wealthy by most measurements today.

##### 5. POVERTY AND INCOME

A study of poverty figures also does not lend much support to the special treatment of the elderly through property tax relief programs. Poverty affects Americans under age sixty-five at a higher rate than the elderly.<sup>109</sup> In the year 1999, 12.4% of Americans were considered poor, while only 9.9% of the elderly were considered the same.<sup>110</sup> But, more elderly Americans are worse off than their younger elderly counterparts.<sup>111</sup> In 1999, 8.5% of the elderly between sixty-five and seventy-four had incomes between 100% and 149% of the poverty level, while 13% of those age seventy-five and over had incomes which fell in that range.<sup>112</sup>

Additionally, many elderly continue to work past the age of sixty-five, demonstrating that not all elderly are limited by fixed incomes. In 2000, 30.2% of men and 19.9% of women age sixty-five to

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104. Michael Allen Stoller & Eleanor Palo Stoller, *Perceived Income Adequacy Among Elderly Retirees*, 22 J. APPLIED GERONTOLOGY 230, 230 (2003).

105. *Id.* at 231.

106. *Id.*

107. *Id.* at 237.

108. *Id.* at 238.

109. UMASS BOSTON GERONTOLOGY INST., *DEMOGRAPHICS OF ELDERERS IN MASSACHUSETTS: POVERTY IN MASSACHUSETTS AND THE UNITED STATES* (2003).

110. *Id.*

111. *Id.*

112. ALEMAYEHU BISHAW & JOHN ICELAND, U.S. DEP'T OF COMMERCE, *POVERTY: 1999*, at 1 fig.1 (2003).

sixty-nine were in the labor force;<sup>113</sup> and overall, 13.3% of Americans age sixty-five and over were in the workforce.<sup>114</sup>

#### IV. The Hidden Benefits of Elderly Property Tax Relief

Many elderly adults desire to remain in their homes as they age, and their families overwhelmingly support this desire.<sup>115</sup> Increasingly, the goal of enabling the elderly to remain in their homes is being pursued through targeted property tax relief programs.<sup>116</sup> But, as detailed above, an examination of the financial and housing status of the elderly, along with a look at the distribution of the burden, does not clearly support the institution of elderly property tax relief programs. A look beyond simple finances, however, reveals numerous beneficial aspects of these programs to the elderly, their families and the greater community, which strongly support their continued existence.

##### A. Nonfinancial Benefits for the Elderly

Besides the obvious financial benefit of property tax relief programs extended to the elderly, there are substantial nonfinancial benefits which the elderly can realize if they are able to remain in their homes.

There is a large body of literature which has found a positive connection between social relations and the health of the elderly.<sup>117</sup> As one would suspect, family support is very important to the health and happiness of the elderly; but, the social support of friends, neighbors, and the broader community can also greatly enhance the physical and mental well-being of older community members.<sup>118</sup>

##### 1. PSYCHOLOGICAL IMPACT

Psychological well-being is an important consideration when dealing with the elderly, both as an end in itself and because of its af-

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113. UMASS BOSTON GERONTOLOGY INST., DEMOGRAPHICS OF ELDERS IN MASSACHUSETTS: LABOR FORCE PARTICIPATION (2003) [hereinafter LABOR FORCE PARTICIPATION].

114. *Id.*

115. BOGDONOFF ET AL., *supra* note 56, at 4.

116. BAER, *supra* note 8, at 2.

117. Edward P. Sabin, *Social Relationships and Mortality Among the Elderly*, 12 J. APPLIED GERONTOLOGY 44, 44 (1994).

118. *Id.*



fect on physical health. The circumstances surrounding property tax concerns for many elderly can impact these elderly in two significant ways: first, as a source of psychological distress and, second, by leading to the loss of social support and other resources due to relocation.<sup>119</sup>

Most elderly adults prefer to remain in their neighborhood residences.<sup>120</sup> “[L]ongstanding connections with settings often have great importance to elders,”<sup>121</sup> and there is no setting with which many elderly have a greater connection than their home. The “sense of place” which an older adult has cultivated in her home includes “the ability to use familiar physical space, feeling secure, and having opportunities to savor memories of past experiences.”<sup>122</sup> An elderly person’s home can be of strong emotional and social significance not only to her, but to her family as well.<sup>123</sup>

Day to day, the role which the home plays in the life of the elderly is, perhaps, greater than the role it plays for any other age group due to the changes in lifestyle which the elderly experience, including retirement and deteriorating health.<sup>124</sup> The elderly spend more time in the home than any age group over the age of five.<sup>125</sup> As the White House Conference on Aging concluded: “[a]side from his spouse, housing is probably the single most important element in the life of an older person.”<sup>126</sup>

In addition to the importance of the home itself to older adults, the neighborhood also has characteristics which the elderly enjoy and benefit from, compounding the desire to remain in their present living arrangement. Most older adults wish to live in an age-integrated setting instead of an age-segregated setting, such as a retirement community.<sup>127</sup> The long-time home and neighborhood in which an older adult has lived is usually just such an age-integrated setting.<sup>128</sup> Also,

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119. See Hersch et al., *supra* note 65, at 316; Zhao, *supra* note 6.

120. Helen Altman Klein, *Home Satisfaction: Related Health and Psychosocial Variables*, 12 J. APPLIED GERONTOLOGY 439, 440 (1994).

121. Hersch et al., *supra* note 65, at 327.

122. *Id.*

123. Krout et al., *supra* note 65, at 252.

124. Klein, *supra* note 120, at 439.

125. DONALD E. GELFAND, *THE AGING NETWORK* 164 (3d ed. 1988).

126. KASSCHAU, *supra* note 57, at 156.

127. In one survey in Los Angeles County, eighty-two percent of the elderly interviewed preferred age-integrated neighborhoods. KASSCHAU, *supra* note 57, at 179.

128. *Id.* at 157.

moving from a long-time residence forces an older adult to “disrupt[] comfortable routines [and] los[e] contact with long-time friends and neighbors” and can result in her “feeling lost and confused by new surroundings.”<sup>129</sup>

Another important component of an older adult’s mental health and well-being is control. The feeling of a loss of control over their lives and affairs, through mounting financial stresses and possible forced or involuntary relocation, can negatively impact the psychological health of an older adult.<sup>130</sup> This mental stress is a problem in and of itself, but it can also affect the physical well-being of the elderly person enduring it.<sup>131</sup>

## 2. SUPPORT NETWORKS

As the elderly age, the incidence of physical problems, from minor to severe, increases.<sup>132</sup> When these physical problems begin to affect the ability to function, the elderly must seek help in order to insure that their daily needs are met.<sup>133</sup> Where they turn for assistance depends on several factors, but an important one is where they live.<sup>134</sup>

The first place to which an elderly person is likely to turn for help is that person’s informal sources of support.<sup>135</sup> Informal sources include family, friends, neighbors, and social groups, such as church groups and the like.<sup>136</sup> The elderly predominantly look to informal sources when they need assistance fulfilling their needs.<sup>137</sup> In many cases, these informal sources are able to fulfill the needs of the elderly which would otherwise have to be supplied by formal sources.<sup>138</sup> The informal support of friends and other nonrelatives can often be the

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129. *Id.*

130. *Id.*

131. *Id.*

132. Klein, *supra* note 120, at 440.

133. Krout, *supra* note 65, at 241.

134. See generally Lisa J. Ficker et al., *Cognition and Perceived Social Support Among Live-Alone Urban Elders*, 21 J. APPLIED GERONTOLOGY 437 (2002).

135. Andrew V. Wister, *Residential Attitudes and Knowledge, Use, and Future Use of Home Support Agencies*, 11 J. APPLIED GERONTOLOGY 84, 86 (1992).

136. Sadhna Diwan & Claudia Coulton, *Period Effects on the Mix of Formal and Informal In-Home Care Used by Urban Elderly*, 13 J. APPLIED GERONTOLOGY 316, 316 (1994).

137. *Id.* at 318.

138. Laurel A. Strain & Audrey A. Blandford, *Community-Based Services for the Taking but Few Takers: Reasons for Nonuse*, 21 J. APPLIED GERONTOLOGY 220, 227–31 (2002).

difference between maintaining an independent household and having to seek other living arrangements.<sup>139</sup>

Formal care providers include agency-based services and other paid help.<sup>140</sup> Formal support can be provided by private companies or government programs and services.<sup>141</sup> When the elderly have strong social support networks around them they have less of a need for, and are less likely to seek, more formal support.<sup>142</sup>

### 3. MAINTENANCE OF HEALTH

It is well documented that social support plays a large part in the physical and mental health of the elderly.<sup>143</sup> Older persons with strong social support are much more likely to have better attitudes about health maintenance and to engage in preventative health behaviors than those with weak social support networks.<sup>144</sup> For older adults, relationships with friends in the immediate area can be “crucial in maintaining leisure and social activities,” which are important for promoting physical and mental health.<sup>145</sup>

Conversely, the lack of satisfactory social interaction can lead to such serious problems for the elderly as “major depression, suicide, poor nutrition, decrease in immunological function, and abuse and neglect.”<sup>146</sup>

### 4. RECOVERY FROM ILLNESS OR INJURY

Not only do support networks positively influence the maintenance of health in the elderly, but they also have been found to influence positively recovery after health problems arise.<sup>147</sup> The influence can result in a more positive recovery and a more complete recovery

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139. Miriam Bernard et al., *Continuity and Change in the Family and Community Life of Older People*, 20 J. APPLIED GERONTOLOGY 259, 267 (2001).

140. Diwan & Coulton, *supra* note 136, at 316.

141. *Id.*

142. See Karen A. Roberto, *The Role of Social Supports in Older Women's Recovery from Hip Fractures*, 11 J. APPLIED GERONTOLOGY 314, 323 (1992).

143. Marilyn K. Potts et al., *Social Support, Health-Promotive Beliefs, and Preventive Health Behaviors Among the Elderly*, 11 J. APPLIED GERONTOLOGY 425, 426 (1992).

144. *Id.* at 432–36.

145. Bernard et al., *supra* note 139, at 267.

146. Robert L. Rubenstein et al., *Social Isolation and Social Support: An Applied Perspective*, 13 J. APPLIED GERONTOLOGY 58, 60 (1994).

147. Roberto, *supra* note 142, at 322.

than is found, on average, in those with less extensive social support networks.<sup>148</sup>

Social support has been found to correspond with motivation to participate in treatment, care, and therapy in elderly adults recovering from injury or illness.<sup>149</sup> One study of the recovery of elderly women from hip fractures found a positive association between the informal social network the women had and their recovery from the hip fracture.<sup>150</sup> Social support has also been shown to have beneficial effects on older adults recovering from stroke, cardiac illness, and chronic obstructive pulmonary disease.<sup>151</sup> Support from friends and family “has been related to reduced depression and anxiety, higher self-esteem, stronger immune systems, fewer physical symptoms, and increased longevity.”<sup>152</sup>

To best recover from an injury or illness, older adults must “feel committed to their health” so that they may fulfill their responsibilities in treatment.<sup>153</sup> “[S]ocial support may catalyze that commitment” and lead to the quickest and most thorough recovery possible.<sup>154</sup>

##### 5. SOCIAL SUPPORT AND AGING IN PLACE

Where one lives has an enormous impact on one’s social network. Physical proximity has been consistently found to be a major factor in social relations.<sup>155</sup> A list of the factors which are looked at to study informal support networks is illustrative of the importance of one’s home and neighborhood in the creation and maintenance of support networks, as “[n]etwork size, frequency of contact, density, intimacy, durability, geographic dispersion, and reciprocity” are all factors upon which a social support network is evaluated.<sup>156</sup> Most of these factors will be much more positive for an older adult who is able to remain in her long-time home rather than being forced to relocate.

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148. *Id.* at 314.

149. Brian D. Carpenter, *Family, Peer, and Staff Social Support in Nursing Home Patients: Contributions to Psychological Well-Being*, 21 J. APPLIED GERONTOLOGY 275, 287 (2002).

150. Roberto, *supra* note 142, at 324.

151. Carpenter, *supra* note 149, at 275.

152. Ficker et al., *supra* note 134, at 440.

153. These responsibilities can include: taking medication, participating in therapy, activities and programs, and performing exercises, among others. Carpenter, *supra* note 149, at 287.

154. *Id.*

155. Rubenstein et al., *supra* note 146, at 63.

156. Ficker et al., *supra* note 134, at 439.

Historically, family has most often been the primary source of care for the elderly.<sup>157</sup> While this continues to be true, the role of friends and other nonfamily sources of informal support has become more central in the lives of older adults.<sup>158</sup> “Many older people today have lifelong friends who may be as, if not more, emotionally and practically important to them as their blood relatives.”<sup>159</sup>

Social and demographic trends in recent decades, including “decreasing family size, increasing labor force participation by women, and increasing divorce rates,” are affecting the ability of families to adequately support aging parents, grandparents, and other relatives.<sup>160</sup> Additionally, geographic dispersion of families as society has become more mobile makes caring for older family members extremely difficult, if not impossible, in many circumstances.<sup>161</sup>

These strains on the family aspect of the traditional informal support network may make the other components (friends, neighbors, and social groups) even more important in providing the elderly with the assistance they need both to function on a day-to-day basis and to cope with unexpected events when they occur. When the elderly “sustain[] active links with friends in the immediate area,” these relationships can be “crucial . . . in providing emotional and other kinds of support in old age.”<sup>162</sup> These relationships can be even more important in times of crisis.<sup>163</sup>

Additionally, the nonfamily informal support network is relied on most heavily and can be of the greatest benefit to those elderly who are single, childless, or without children nearby.<sup>164</sup> These elderly are also the ones for whom relocation can be the hardest. Approximately twenty percent of the elderly in the United States have no children,<sup>165</sup> and removing them from their support network of friends and neighbors can have much more of an impact on them than it would on someone with family to turn to for support.

Thus, while family is still a very important part of the support network of elderly, there has been a marked growth in “personal

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157. Bernard et al., *supra* note 139, at 273–74.

158. *Id.*

159. *Id.*

160. Diwan & Coulton, *supra* note 136, at 319.

161. BOGDONOFF ET AL., *supra* note 56, at 3.

162. Bernard et al., *supra* note 139, at 267.

163. *Id.*

164. *Id.* at 274.

165. Ficker et al., *supra* note 134, at 439.

communities,” voluntary social relationships which can increasingly be relied on in the absence of family.<sup>166</sup> These relationships can be essential sources of intimate contact, emotional support, and practical support for the elderly.<sup>167</sup>

Nonfamily social support could have a qualitatively different and more positive impact on the health of the elderly than family support; “some studies have, in fact, found friendships to be more important to psychological well-being than family contact.”<sup>168</sup> The voluntary and noninstrumental character of nonfamily social support, the “socioemotional/expressive” aspect, has been found to be a more positive factor in reducing mortality among elders than the involuntary and instrumental family relationships.<sup>169</sup> Actual physical congregation with friends and neighbors is an important factor in reducing mortality among the elderly.<sup>170</sup> Many community activities, such as attending religious services and volunteering, also have a positive affect on mortality among the elderly.<sup>171</sup> In all, the characteristics which separate these relationships from those of family and formal support services, that they are voluntary and “an end in themselves,” are the very characteristics which seem to associate these relations with different qualitative benefits to the elderly who maintain them.<sup>172</sup>

#### 6. IN-HOME FORMAL CARE

As detailed above, there are many beneficial aspects to spending one’s older years in one’s long-time home surrounded by the social support network which has been established and nurtured over time. There are also benefits to be had in remaining in one’s home even if the social support network cannot provide the level of care necessary to maintain a healthy, functional life-style.<sup>173</sup> Increasingly, formal support services are able to fill the gaps in home care which are not being met in other ways.<sup>174</sup>

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166. Bernard et al., *supra* note 139, at 273.

167. *Id.*

168. Carpenter, *supra* note 149, at 276.

169. Sabin, *supra* note 117, at 45, 56.

170. *Id.* at 56.

171. *Id.*

172. *Id.* at 58.

173. Diwan & Coulton, *supra* note 136, at 317.

174. *See id.*

Policy makers at many levels are beginning to recognize the benefits to the elderly in this area.<sup>175</sup> Almost all states have extended Medicare coverage to include in-home care.<sup>176</sup> In Connecticut, the governor recently used his budget message to stress the importance of in-home care for the elderly and the savings this care can mean to the state because “the longer [the elderly] are able to remain self-sufficient, the less time they will spend in state-subsidized nursing homes.”<sup>177</sup> In some places, where these in-home care programs have been established, they have resulted in a net savings of health care costs.<sup>178</sup> Additionally, many of the programs which did not result in savings did so because the elder care system as a whole was not sufficiently developed in all facets to allow a net savings,<sup>179</sup> a situation which improves with each passing year.<sup>180</sup>

#### 7. THE IMPACTS OF RELOCATION

The burden of property taxes is increasingly becoming an important factor in the decisions of many older Americans to relocate.<sup>181</sup> For many elderly, however, the options for relocation are limited or unsatisfying.<sup>182</sup> For those whose finances are so sensitive that the burden of property tax payments force them to consider relocation, continued independent living (in another house or apartment) may not be a viable option.

In one strain of analysis, the circumstances surrounding the decisions by the elderly to relocate have been summarized by a “push-pull model.”<sup>183</sup> The “negative aspects of current living situations” tend to “push” the elderly out of their current residences, while the positive features offered by alternative living arrangements will “pull” the elderly to a new residence.<sup>184</sup> Economic factors can both

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175. Peterson, *supra* note 18, at 2.

176. Diwan & Coulton, *supra* note 136, at 320.

177. Peterson, *supra* note 18, at 2.

178. In one survey, four in sixteen programs resulted in net savings. BOGDONOFF ET AL., *supra* note 56, at 5–6.

179. Although, a researcher cautions that “long-term home health care could not convincingly be offered to various funding agencies on the basis of a net cost-saving.” *Id.* at 6.

180. *Id.*

181. *See, e.g.*, Peterson, *supra* note 18.

182. *See, e.g., id.*; Zhao, *supra* note 6.

183. Krout et al., *supra* note 65, at 240.

184. This is a simplification, the article “[n]ote[s] that push and pull factors can apply either to the place of destination or the place of origin.” *Id.*

push and pull: reductions in income and high property taxes can push an older adult out of the home, while low property taxes and cost of living can pull them to their new one.<sup>185</sup> Economic realities can also push so strongly that the elderly may leave their homes without an accompanying pull to a desirable destination.<sup>186</sup> They may end up a burden to their families,<sup>187</sup> prematurely committed to a nursing home,<sup>188</sup> or even homeless.<sup>189</sup>

The adjustment to a new environment after relocation can be lengthy and difficult for the elderly.<sup>190</sup> Relocation to nursing homes, hospitals or hospices can “create[] intense distress” for older adults who are forced to leave their long-time homes.<sup>191</sup>

#### 8. PREMATURE COMMITMENT TO A NURSING HOME

Older adults who are forced to relocate may find themselves in a position where their only residential option is a nursing home.<sup>192</sup> Estimates are that between fifteen and forty percent of nursing home residents could be living independently in the community, either without any help or with limited provision of services.<sup>193</sup> While these facilities are undoubtedly the ideal settings for a number of elderly in need of the physical, medical, and psychological services which they provide, premature placement of an older adult in a nursing home can have negative consequences.<sup>194</sup>

Placement in a nursing home disrupts the normal social relationships of older adults and physically separates them from friends and family.<sup>195</sup> The focus on medical care and rehabilitation, often at the expense of other aspects of residents' lives, can challenge social connectedness.<sup>196</sup> Unless the resident is in need of the medical services provided by the home, placement in a nursing home often only presents problems for those admitted.<sup>197</sup>

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185. *Id.* at 240, 252.

186. *Id.* at 240.

187. *Id.* at 239.

188. Hersch et al., *supra* note 65, at 320–22.

189. *Id.* at 322–23.

190. *Id.* at 334.

191. BOGDONOFF ET AL., *supra* note 56, at 4.

192. See KASSCHAU, *supra* note 57, at 155.

193. *Id.*

194. BOGDONOFF ET AL., *supra* note 56, at 4.

195. Carpenter, *supra* note 149, at 276.

196. *Id.*

197. *Id.*



**B. A Benefit to the Family, Easing the Burden**

When an older adult is forced to relocate due to rising costs of living in her current home, including increasing property taxes, one of the first places to turn is to family.<sup>198</sup> While moving in with other family can sometimes have favorable aspects,<sup>199</sup> problems often arise.

One arrangement which can result under these circumstances is the multigenerational household, which finds the elderly living with their children and grandchildren. Even when the older adult is healthy and independent, problems can develop in a multigenerational household.<sup>200</sup> This arrangement has often been found to result in increased “intrahousehold family relationship stress” for the elderly and, to an even greater extent, for the other two generations sharing living quarters.<sup>201</sup> Another problem which arises is a loss of privacy for all three generations of family.<sup>202</sup> Crowding, loss of personal space, and increased expenses are also cited as issues which can impact the lives of multigenerational household members.<sup>203</sup>

Not only can relationships within the family in a multigenerational household be negatively affected, but relationships with extended family and nonrelatives can also suffer.<sup>204</sup> Prior relationships which the elderly maintained before relocation are changed or severed.<sup>205</sup> Relationships between the children who take in older parents and the siblings of those children can become strained.<sup>206</sup>

In addition to the aforementioned benefits which the elderly can take advantage of if they are able to remain in their homes and within their established support networks, there can also be benefits to family members as they assume greater roles as caregivers for their elderly family members.<sup>207</sup> Perceived social support can have a “consistent

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198. Some benefits include: economic advantages, assistance with child care and household chores, emotional support, and psychological advantages. Marcia P. Harrigan, *Advantages and Disadvantages of Multigenerational Households: Views of Three Generations*, 11 J. APPLIED GERONTOLOGY 457, 459–60 (1992).

199. *Id.*

200. *Id.* at 458.

201. *Id.* at 470 tbl.5.

202. *Id.*

203. *Id.* at 460.

204. *Id.* at 461.

205. *Id.*

206. *Id.*

207. Nat'l Inst. of Nursing Research, *Long-Term Care for Older Adults*, 3 PRIORITY EXPERT PANEL REP. 11 (1994), available at <http://ninr.nih.gov/ninr/research/vol3/FamCare.html>.

and significant impact on caregiver well-being," possibly even more so than instrumental assistance with the administering of the care itself.<sup>208</sup>

### C. Benefits to the Community

Another way in which elderly property tax relief can be rationalized and defended is if it results in benefits to the community as a whole. Benefits to the community lie in a decreased demand for publicly funded social and support services, a tool to control school enrollment and strains on education funds, and a positive effect on neighborhood safety and security.

#### 1. LESS DEMAND ON SOCIAL AND SUPPORT SERVICES

Elderly Americans are less likely to seek the help of the myriad of social programs available to them if they have a support network upon which they can rely instead.<sup>209</sup> This can result in economic savings to the larger community, as the available social programs are spared the costs of extending services to elderly community members who, because of their strong social networks, do not need access to the programs.<sup>210</sup> One study found that assistance from family and friends was able to replace the need for many elderly to resort to publicly funded programs, such as homemaker or cleaning services or both, personal care services, in-home nursing services, and home-delivered meals.<sup>211</sup>

While family is the most important support network for the elderly, a neighborhood or community in which they have spent many years and have strong roots can also be an important resource.<sup>212</sup> Indeed, "[t]he longer an elderly individual has lived in the neighborhood, the more reliance the individual will place on friends and neighbors."<sup>213</sup> These support networks allow the elderly to meet the needs of daily life without resorting to social services or unduly burdening the more formal family support network with long trips, days off from work, or the additional financial strain of paying for help as

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208. Judy Lyles et al., *Social Interaction, Instrumental Support, and Family Caregiver Perception of Support*, 1 BEHAV., HEALTH & AGING 105, 106 (1990).

209. Strain & Blandford, *supra* note 138, at 227-31.

210. *Id.* at 231.

211. *Id.*

212. Frolik & Barnes, *supra* note 69, at 701.

213. *Id.* at 702-03.

they would have to do if they were forced to leave their long-time homes in search of a less expensive area to live.<sup>214</sup> Recent demographic and social trends have made it more difficult for the elderly to rely upon the more traditional sources of support, namely family,<sup>215</sup> so the importance that the elderly remain in the communities where they have friends and neighbors has only increased in recent decades.

Also not to be discounted is the happiness of the elderly at issue. Studies have shown that happier people are healthier, and the elderly who get to remain in their communities as they age may remain healthier as a result of not having to relocate to a new and foreign place.<sup>216</sup>

## 2. SCHOOL-FUNDING BENEFITS

A growing trend has been for local governments to entice older residents into their communities or to make efforts to retain the older residents who are already living there.<sup>217</sup> One important motivation behind this is the benefit to schools.<sup>218</sup> Even though property taxes often fund the local school district, and property tax relief reduces or eliminates that funding from the elderly owned parcel of land, the school district can still benefit financially because the elderly, more than any other adult age group, have no current or prospective school age children.<sup>219</sup>

Overall, the amount a family with one or more school-aged children pays in school taxes does not come close to matching the amount it costs to educate even one child.<sup>220</sup> An older household, which is unlikely to have school-aged children, can save the community money, even if they pay very little in school taxes, because so long as the elderly are in their home, there will be no families with children moving in and straining the school's finances. The savings to the

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214. *Id.*

215. *Id.* at 703 (discussing trends such as smaller families, longer life expectancies, and geographic mobility).

216. See generally Schiamberg & McKinney, *supra* note 58.

217. Peterson, *supra* note 18.

218. *Id.*

219. CHILD TRENDS, U.S. DEP'T OF HEALTH & HUM. SERVS., CHARTING PARENTHOOD: A STATISTICAL PORTRAIT OF FATHERS AND MOTHERS IN AMERICA fig.F1.1, at <http://www.fatherhood.hhs.gov/charting02/fertility.htm#F1> (showing that elderly people give birth at a drastically lower rate).

220. Peterson, *supra* note 18 (reporting on a community where "even with state aid, one new child in [an elderly couple's] house would more than eat up the taxes the house produces").

community can be thousands of dollars for every elderly homeowner that remains in their home.<sup>221</sup> These savings alone can more than offset any tax relief granted to the elderly homeowner.<sup>222</sup> Thus, a community can benefit economically from property tax relief granted to the elderly, even though that community is missing out on the full revenues which those properties could be providing.

### 3. NEIGHBORHOOD SECURITY

The elderly are very likely to be retired. In fact, almost seventy percent report that they are no longer employed.<sup>223</sup> This means that they will likely be home during the day when most community members are away from the neighborhood at work, at school, running errands, and the like.<sup>224</sup> Neighborhoods with members of diverse age groups have varied hours of activity<sup>225</sup> which, in turn, makes that neighborhood less attractive to would-be criminals. The elderly who remain in their communities are able to keep an eye on the neighborhood, either passively or actively, and this can keep the neighborhood safer.<sup>226</sup>

### 4. AGE-INTEGRATED COMMUNITIES

As high property tax burdens cause many elderly to leave their long-time homes for areas with more affordable property taxes or other living arrangements, the result is increasingly age-segregated communities.<sup>227</sup> This age segregation is undesirable both from the perspective of the elderly, who overwhelmingly prefer to live in age-integrated communities,<sup>228</sup> and the community.<sup>229</sup> Communities that lose their older residents lose an important aspect of that community's history and diversity, and lose the values which the older community members provide.<sup>230</sup> In the words of a mayor of one community

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221. *Id.*

222. *Id.*

223. LABOR FORCE PARTICIPATION, *supra* note 113.

224. ANDRES DUANY ET AL., SUBURBAN NATION: THE RISE OF SPRAWL AND THE DECLINE OF THE AMERICAN DREAM 122-24 (2000).

225. *Id.*

226. *Id.*

227. See Peterson, *supra* note 18.

228. KASSCHAU, *supra* note 57, at 179.

229. Peterson, *supra* note 18.

230. *Id.*

struggling to retain its elderly residents, “seniors are a tremendous asset to any community.”<sup>231</sup>

## V. Recommendation

A higher proportion of the U.S. population is elderly (over sixty-five) than ever before.<sup>232</sup> The percentage of the population over sixty-five is only going to increase for the foreseeable future.<sup>233</sup> Under current systems of property tax relief for the elderly, the tax burden on those under sixty-five must increase in order to even maintain the current level of local programs and services.<sup>234</sup>

Financially, it is difficult to say that the elderly are more deserving of property tax relief than many other segments of the U.S. population. On average, they are more likely to own their homes and to own their homes outright, are able to maintain a comparable standard of living on a fraction of their preretirement income, and are less likely to be living below the poverty line than Americans under the age of sixty-five (although many elderly do have incomes near the poverty level).<sup>235</sup> But, an inquiry into the benefit of property tax relief to the elderly and to society would be disturbingly incomplete if it looked no further than economics.

A deeper look into the position of elderly Americans, including such areas as physical and psychological health, community, social support, and happiness reveals the hidden benefits of property tax relief for the elderly. The positive aspects of enabling the elderly to remain in their homes as long as they want to and are physically able to are numerous and substantial, and can be realized by the elderly who remain in their homes, their families, and the communities that retain their elderly.<sup>236</sup> The elderly who are able to remain in their homes benefit from positive mental health and well-being, maintenance of support networks and the accompanying health and psychological

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231. *Id.*

232. “In 1900, one out of every 25 Americans was 65 or over;” in 1972, one in ten Americans was over the age of sixty-five. President’s Message to Congress, *supra* note 15, at 647; HOBBS & STOOPS, *supra* note 73, at 115.

233. In the 2000 census, the fastest growing age group was the fifty to fifty-four age group, followed by the forty-five to forty-nine age group. These segments of the U. S. population will begin reaching sixty-five in the year 2011. MEYER, *supra* note 71, at 2.

234. See generally HOBBS & STOOPS, *supra* note 73.

235. See discussion *infra* Part III.B.

236. BOGDONOFF ET AL., *supra* note 56, at 12.

benefits, and avoiding the negative impacts of relocation, especially forced relocation.<sup>237</sup> The family burden of caring for elderly relatives can be significantly improved if the elderly are able to remain in their homes, and communities that retain their elderly can reap both economic benefits and benefits in the form of healthier communities.<sup>238</sup>

Most current programs are properly need-based, at least to some extent.<sup>239</sup> Because many factors militate against treating the elderly more favorably than many other subgroups of the U.S. population, property tax relief programs for the elderly should attempt to target those elderly who benefit most from them and who most benefit the community when they remain in their homes. With the exceptions of school-funding benefits, neighborhood security and the benefits of age-integrated communities, the benefits of these property tax relief programs are only realized when targeted at those elderly whose financial position is such that their property tax burden truly affects their ability to remain in their homes. The elderly who are financially better off (more able to remain in their homes regardless of the property tax burden) are more likely to move after retirement.<sup>240</sup> Extending property tax breaks to this group of wealthier elderly results in financial gains for older adults who, by and large, do not need them and does not further most of the goals and possible benefits of property tax relief programs.<sup>241</sup>

Most of the benefits to the elderly discussed above can be realized regardless of the elderly person's income. The wealthier elderly, for whom the property tax burden is not a significant factor in the ability to remain in their homes, can still avail themselves of the many benefits of aging in their long-time homes. Extending property tax relief to these elderly does not accomplish the enabling goal of the program, while it also does not make any new benefits available to them. Thus, it is inadvisable, and fiscally unsound, to extend property tax relief programs to the elderly without targeting the programs at the

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237. Ficker et al., *supra* note 134, at 437.

238. Strain & Blandford, *supra* note 138, at 231.

239. *See generally* BAER, *supra* note 8.

240. Schiamberg & McKinney, *supra* note 58, at tbl.2. This probably reflects the greater variety of choices available to those with greater financial resources. *See* Hersch et al., *supra* note 65, at 316; Krout et al., *supra* note 65, at 237. Many desirable housing arrangements after retirement are simply unaffordable to many elderly. *See generally* Krout et al., *supra* note 65.

241. *See generally* Stoller & Stoller, *supra* note 104.

low- and middle-income elderly for whom the goals and benefits are maximized.

Property tax relief programs for the elderly do not require the elderly to remain in their homes. Instead, these programs simply enable many older adults to remain in their homes longer than they would have been able to without relief programs in place. The ideal social network is not the same for everyone,<sup>242</sup> and the optimal setting for retirement also is not the same for every retiree.<sup>243</sup> Remaining in their home and community, so-called aging in place, may be very beneficial to some older adults, but it may be the wrong setting for others. Neighborhoods change over time, and the neighborhood in which a person settled years earlier may not be the right place for her to be spending her older years. In the end, property tax relief programs for the elderly allow them more freedom when making decisions about the most desirable and practical way to be housed in their golden years. This freedom allows the elderly to better plan for retirement because it removes nagging issues of property tax burdens from their calculus and lets them base their decisions on more substantive factors. Additionally, in the end, should an elderly person decide to remain in her home and take advantage of the available property tax relief, there are benefits which she, her family, and her community can realize that more than offset the reduction in property tax revenue.

## VI. Conclusion

The benefits of retaining the elderly in their homes are increasingly being recognized by governments at all levels,<sup>244</sup> and elderly property tax relief programs have taken hold in every corner of the United States with the goal of enabling the elderly to remain in their homes as they age.<sup>245</sup> Although these programs have come under fire in recent years as state and local governments have faced record budget shortfalls, property tax relief programs should continue to be extended to the elderly. The benefits to the elderly, their families, and

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242. Rubenstein et al., *supra* note 146, at 60–61.

243. *See generally* Bernard et al., *supra* note 139, at 267; Hersch et al., *supra* note 65, at 327; Krout et al., *supra* note 65; Schiamberg & McKinney, *supra* note 58.

244. Peterson, *supra* note 18.

245. *See generally* BAER, *supra* note 8.

their communities weigh very strongly in favor of keeping these programs off the budgetary chopping block.

More precise targeting of the programs to those elderly who are truly saddled with large property tax burdens in relation to their incomes and assets could realize the dual goals of freeing up funds for cash-strapped governments and still realize the goals of the property tax relief programs. State and local governments would be better served, and would better serve their communities and elderly constituents, by adopting measures to more precisely target these programs before taking more drastic steps, such as freezing, delaying, cutting back, shelving, or completely repealing these programs.