

Bringing fair & meaningful property tax relief to North Carolinians

Rising property taxes are contributing to a significant rise in housing cost burden for North Carolinians. **State lawmakers should focus property tax relief efforts on taxpayers most burdened by unaffordable housing costs**, rather than a one-size-fits-all approach that disproportionately harms seniors and people with fixed incomes.

Tax rate caps and levy limits hamstringing local services.

- Caps and levy limits fail to control housing cost growth and reduce local government fiscal flexibility.
- They can also lead to cuts in essential public services and an increased reliance on fees and less transparent revenue sources.
- In states with property tax limits, such as [California](#), local governments came to rely far more on state aid for support — an option that NC municipalities don't have.
- North Carolina already limits property tax rates to [1.5% of assessed value](#), unless an increase is approved by voters — and [no local government is at this limit](#).

Assessment caps make the property tax less fair.

- Assessment limits produce disparities in tax burdens among homeowners with identical market values.
- They can create “lock-in effects,” discouraging mobility because moving resets assessments to full market value.
- These policies disproportionately benefit higher-income, long-tenured households while creating barriers to entry for new and often younger or lower-income buyers.

A property revaluation moratorium would cost local governments without solving problems.

- Revaluations are started years in advance and rely on time-sensitive market data that could not easily be adapted to a later date.
- [Nationwide research](#) has shown that delayed revaluations are shown to increase unfair property taxes, especially for low-income homeowners.
- **A moratorium would not have an equal impact across the state:** The 27 counties with planned 2027 revaluations have already incurred significant time and resources on their revaluations that would be sunk costs in a moratorium. The other 73 counties would see no impact.

The NCGA should focus on improving existing property tax relief programs that North Carolinians already support.

Expand the Homestead Exemption to serve more North Carolinians with rising tax burdens without undermining revenue, especially in Tier 1 counties.

- Base eligibility on Area Median Income (AMI), which would address regional differences in incomes and cost of living.
- Make the program more accessible for heir-property owners who are occupying the residence as their “homestead.”

Make the NC Circuit Breaker more effective.

- Remove the deferral requirement, which deters homeowners from using the program.
- Base eligibility on Area Median Income (AMI), which would address regional differences in incomes and cost of living.
- Remove the age restriction for the circuit breaker, so that it reaches homeowners of all ages most cost burdened by property taxes.

Support tax assessors at the local level with state-funded technical assistance.

- Across 90% of the U.S., properties are under-valued if they have an above average market value, [while properties of below market value are over-valued in the assessment process](#). This results in a revenue loss for local governments as well as an unfair system for taxpayers.
- The complexity of properly assessing commercial properties and the threat of litigation by commercial real estate owners can lead to assessors [systematically undervaluing commercial properties](#). This not only leaves money on the table, but it also pushes the tax burden onto regular homeowners.
- State investment in statewide commercial appraisals and improved data tools, training for assessors, and ongoing technical assistance can go a long way to make the assessment process more fair for the average homeowner.

Stories from real NC homeowners that illustrate the need for reform of relief programs:

- A retired couple in their late 80's in one of NC's college towns have lived in the same 1,200 sq ft brick home since they were married 55 years ago. With their combined retirement/social security, they make \$40,000, just above the threshold for the Homestead Exemption. Meanwhile, their property taxes rose this year to \$8,000, or 20% of their fixed income in a growing town with one of the highest costs of living in the state. Their next door neighbor, who lives alone, makes \$37,000 and gets half off on her property taxes, but ***because the Homestead Exemption doesn't account for household size, the couple doesn't qualify for any Homestead relief.***
- A 62-year old bought her Habitat home in one of NC's biggest cities in the early 1990's. Last year, her property taxes nearly doubled at the same time homeowners insurance and utility rates skyrocketed, making it increasingly difficult for her to stay in her home. ***Even though she makes well below the income threshold for statewide tax relief now that she is retired, she does not qualify for any support because she is not yet 65.***
- A 79-year old on fixed income, a retired healthcare worker, has lived and kept up his grandmother's historic home for the last two decades. Because his grandmother died without a will, part of the ownership stake is with an estranged cousin who he has no contact with. While he meets the primary requirements to access NC's circuit breaker relief program, the program requires that "all owners" must have resided in the home the last five years. He's lived in the home for decades, paid all the property taxes and bills, and acted as the owner. ***Because the circuit breaker requires all owners to occupy the home, he gets no relief despite having no other primary property and no outside support for maintaining his home.***
- A 96 year old who has lived in the same house all her life has seen her property tax bill increase 400% in the last ten years. She now pays over 30% of her income to property taxes despite qualifying for the Homestead Exemption. ***If the circuit breaker did not have the deferral requirement, this program would allow her to reduce her tax burden to just 4%, but she does not want to push those taxes onto the next generation.***
- Because of the deferral clause of NC's circuit breaker, there are counties in which not a single homeowner is using it. Counties as large as Chatham only have one homeowner enrolled.

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