If you're over 65, here's one of the best-kept secrets in Mass.

By **Robert Weisman** Globe Staff, March 9, 2018, 10:07 a.m.

Kathleen Avelino-Wright in front of her home in Newton. (JONATHAN WIGGS/GLOBE STAFF)

Retired flight attendant Kathleen Avelino-Wright has Social Security, a modest pension, and a Cape-style house in Chestnut Hill.

But she's not on easy street. Avelino-Wright, 69, is still paying off the mortgage, and as home values soared in recent years, so did her property taxes — and her concern that she wouldn't be able to afford needed repairs and other upkeep.

Then she learned about one of the best-kept secrets in most Massachusetts cities and towns: a program that allows cash-strapped homeowners over age 65 to defer paying property taxes. She signed up for the program through the City of Newton, which will collect any unpaid taxes, plus interest, when she sells the property or after she dies.

“It just takes a lot of pressure off me,” said Avelino-Wright, who cares for her 98-year-old mother in Taunton. “I don’t have any savings, I don’t have a 401(k). This has allowed me to get the house painted. It’s allowed me to get the fence repaired.”

Programs like Newton’s are intended to make it easier for retirees to stay in their homes in a state with some of the nation’s highest housing costs and real estate tax bills. But because the programs reduce short-term local tax revenue, few cities and towns publicize the benefit as widely as Newton does.

While 310 of the state’s 351 municipalities offer the deferrals, only 926 people in Massachusetts were enrolled last year, according to the Department of Revenue. That was down from more than 1,200 deferrals a year between 2010 and 2012, in the aftermath of a recession that forced many homeowners to retire early and seek tax relief.

But the number of deferrals could rise substantially in coming years as the ranks of retirees swell. Many may consider delaying tax payments until they sell their homes — or leave the bill to their estate or their children — as a way to maintain financial security.

State law allows qualified homeowners to defer up to half the assessed value of their homes. Local governments can charge interest of up to 8 percent a year on delayed payments, but many have received permission from the state to offer much lower rates, and at least one, Marshfield, does not collect any interest. Newton’s current interest rate is 1.75 percent. There is a state-mandated income eligibility limit of $20,000 a year, but that, too, can be adjusted by municipalities.

In a recent report, the Boston College Center for Retirement Research proposed revamping and expanding tax-deferral programs. Its plan would scrap the income eligibility requirements, helping to ease a stigma felt by some struggling retirees. BC's proposal would also create a state-backed revolving loan fund to reimburse cities and towns for the tax dollars they allow residents to defer.

"This is an untapped and underutilized resource," said Abigail Walters, a research associate at the BC center, who coauthored the study. "It could be a great opportunity to let people tap their home equity."

Two dozen other states permit tax deferrals, according to the report. Eleven, including such large states as California and Illinois, offer the deferrals directly rather than through municipalities. In Oregon, which has the state's oldest tax-deferral program, more than 10 percent of eligible homeowners have participated.

Many view tax-deferral programs as an alternative to reverse mortgages, which also let older residents age in their homes but often carry high interest rates and large upfront fees that must be paid to private lenders.

But some who might be eligible for tax deferrals see a potential downside: They'd like to some day leave their homes to family members. Putting off tax payments for years — or even decades — could saddle their heirs with huge tax burdens, forcing them to sell the home or take on loans of their own, depending on the property's remaining value.

Tom McManus, 65, a retired Verizon manager who lives with his wife, Rosemarie, in a two-story Colonial home in Wareham, would like to leave it to their grown son.

"I'm not interested in tapping the equity," McManus said. "The plan is we're going to die here and pass it on. I wouldn't do anything to put the house in jeopardy. I wouldn't want to leave my son with any of my debts."

Others have discussed their options with their children and reached different conclusions. Some say their children, especially those living out of state, don't want to return to the Massachusetts homes they grew up in. Instead, they would prefer their parents defer their taxes rather than asking them for loans at a time when they're raising their own children.

Family lawyer Barrie Levine moved to a ranch house in Wenham about 15 years ago. Since then, she has retired, lives modestly, and helps to support a son and three grandchildren overseas. With her tax bills continuing to rise, Levine, 72, already takes part in a senior tax write-off program offered by the town that shaves $1,000 off her annual property tax obligation in exchange for her volunteering at town offices archiving records and giving out dog licenses.

Levine said she will consider taking advantage of Wenham's tax-deferral program, partly because all three of her children live out of state and aren't interested in returning. "I have a hard time balancing my checkbook," she said. "I don't want to dip into my 401(k) to pay my tax bill. If the interest rate is reasonable, why not do it?"

In Boston, the city has dropped the interest rate to 4 percent and raised the limit for income eligibility to $57,000. Twenty-eight residents over 65 were enrolled last year, a number that, while relatively small, dwarfs that of other big cities in Massachusetts. Worcester granted just one deferral last year, and Springfield had none, according to the state's tally.

There's been more demand in suburban municipalities, especially those that have gotten the word out.

Newton, which has set an income cap of $60,000, approved 65 tax deferrals last year, more than any other city or town in the state. City officials stuff informational inserts in residents' tax bills and host senior center seminars explaining the program.

With few midpriced apartments, condos, and smaller homes suitable for empty-nester downsizing, the city uses the program to help longtime residents — many of whom bought their houses decades ago when they were relatively cheap and taxes were much lower — remain in the city.

"We've made a concerted effort to let people know about these programs," said Deborah Youngblood, Newton's commissioner of health and human services. "In Newton, we have a sizable number of older adults who are house-rich and cash-poor. We have a higher cost of living than many surrounding towns. So we want our policy to reflect that."

Other suburban and outlying communities have similarly marketed their programs and sought to make them more attractive. Lexington, which had 41 deferrals last year, charges just 0.8 percent interest and sets the income cap at $70,000. Wellesley, which had 48 deferrals, charges 0.6 percent and has an income limit of $50,000.

Marshfield, a South Shore town with a population of about 25,000, granted 29 deferrals last year. Town Meeting members in 2006 approved lowering the interest rate to zero percent.

Bob Jackman, one of those enrolled in Marshfield's program, has deferred only a portion of his taxes over the past seven years. Jackman, 73, a retired journalist who wrote about arts and antiques, bought his house in 1974 and continues to live there as he lectures on geology and natural history at senior centers.

"It's a bill that I'm not going to have to pay," he said of his deferred taxes. "My house will someday be sold and the town will be paid. But this gives me a little more money in my pocket."

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