



Renter Tax Credit

The Challenge

Mounting rents threaten the economic well-being of too many New York State families. Rising housing market values, property tax hikes, maintenance and heating fuel costs – passed along from landlord to tenants in rent – have far outpaced wage increases, saddling families with rent burdens that consume an increasing portion of their household income. The result is that nearly half of all New York renters pay far more than 30% of their income on rent, often having to sacrifice other necessities for their families such as food and medicine.

Although renters and homeowners both bear the brunt of increased property taxes and rising energy costs, homeowners receive the lion's share of government tax credits available to counterbalance these additional expenses. Renters – who comprise close to half of all New York State households (47% of all NYS households, 67% of NYC households) – are not eligible for property tax relief and therefore have no shelter from skyrocketing housing costs.

The Solution

Property tax relief provided to homeowners should be extended to include renter households with children. A New York State Renter Tax Credit would provide more equitable tax relief for New York renters to offset high rent burdens by providing needed housing assistance through tax refunds. For low-wage earning households with children, the tax credit must be refundable. Eligibility criteria and cash benefits for the New York State Renter Tax Credit could be calculated based on income, like the EITC, or set at a flat rate, like the current STAR program for homeowners. Eligibility would be limited to leaseholder families with minor children. Additionally, a New York City Renter Tax Credit could be developed as a complement to the proposed New York State Renter Tax Credit.

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The Cost & Benefits

NYS RENTER'S TAX CREDIT

ELIGIBLE HOUSEHOLDS	RECOMMENDED CREDIT	TOTAL COST
668,880 households in NYS earning under \$35,000, with minor children and rent exceeding 30% of annual income ¹	Flat rate tax credit of \$500	\$334 million

NYC RENTER'S TAX CREDIT

ELIGIBLE HOUSEHOLDS	RECOMMENDED CREDIT	TOTAL COST
1.1 million renters in NYC - individuals earning less than \$43,000 and households earning less than \$75,000 ²	Flat rate tax credit of \$300	\$261 million

¹ This number is estimated based on the 1,216,145 households in NYS earning under \$35,000 annually whose rent exceeds 30% of their income. A percentage of 55% is applied to this total, in order to extrapolate the number of households with minor children. Census 2000, Summary File 3, Table PCT38 – Family Type by Presence of Own Children Under 18 Years by Family Income – estimates that 55% of NYS households earning under \$35,000 have minor children. This proposal will benefit 415,648 NYC households at a cost of \$208 million.

² This proposal was advanced by New York City Council.

Citizens' Committee for Children of New York, Inc.
 105 East 22nd Street
 New York, NY 10010
 T: 212-673-1800 F: 212-979-5063
www.cccnewyork.org

