

Enact relief for renters with a refundable renter tax credit

RESULTS urges you to enact a refundable tax credit for renters to make housing more affordable for those struggling with rent costs.

Skyrocketing rental costs are so high that even employed renters cannot keep up.

There are 45 million renter households in the U.S. today struggling to pay increasing rent costs. The tax code has long supported homeowners with tax deductions (e.g., residential mortgage interest and property tax deductions). It similarly supports builders, developers, and landlords (e.g., Low-Income Housing Tax Credit). Meanwhile, the tax code does nothing for renters, who pay taxes and contribute to the economy like everyone else.

Existing housing and homelessness programs are not enough to meet the need.

There is no one-size-fits-all solution to the affordable housing and homelessness crises. Congress provides modest funding for housing assistance and homelessness programs. But these programs have not proven sufficient. Strict eligibility requirements and tight funding allow these programs to only reach a fraction of people who need them. For example, the Housing Choice Voucher program is America's largest housing assistance program. It only serves 1 in 4 eligible households. Many states have renter support in their tax codes, but the funds are inadequate and/or target only specific groups (e.g., seniors).

Refundable tax credits equip people to lift and keep themselves out of poverty. A refundable tax credit for renters is a simple and effective way to help make housing affordable. For years, the refundable Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC) have effectively helped people afford basic necessities. Families use the cash support from these credits for food, housing, utilities, diapers, and more. A refundable renter tax credit (RTC) can target similar cash resources to "rent-burdened" households. A household is "rent-burdened" when they pay more than 30 percent of their income toward rent. An RTC could effectively cap a household's rental expenses at 30 percent of their income. This would come at a key time as prices for other necessities continue to outpace wages. The RTC would provide housing stability and reduce evictions. It would also prevent homelessness and give renters more options for where to live. An RTC program would complement ongoing efforts to increase the affordable housing supply. Put simply, a renter tax credit gives individuals, families, and communities the freedom to prosper.

In any tax legislation this year, RESULTS urges you to enact a refundable tax credit for renters with low incomes. This will help with skyrocketing rent costs for families.