

# BOLD PROPOSALS FOR RENTERS' TAX CREDITS



Federal policymakers have recently introduced bold, innovative tax credit proposals to address the growing affordable housing crisis facing millions of the lowest income seniors, people with disabilities, families with children, and individuals. The **“Rent Relief Act”** and the **“Housing, Opportunity, Mobility, and Equity (HOME) Act”** provide refundable tax credits to cost-burdened taxpayers and the **“Seniors Affordable Housing Tax Credit Act”** provides dollar-for-dollar tax credits to housing providers who rent to extremely low income seniors. These proposals would help bridge the widening gap between incomes and housing costs by creating new tax credits to help renters who face impossible choices between paying rent and meeting their other basic needs, including putting groceries on the table and taking care of their health.

The **National Low Income Housing Coalition** supports the creation of a deeply targeted renters’ tax credit that could make housing affordable for millions of the lowest income people.

INDIVIDUAL TAX CREDITS														
	<b>“Rent Relief Act” (S.3250, H.R. 6671)</b>	<b>“Housing, Opportunity, Mobility, and Equity (HOME) Act of 2018” (S.3342, H.R. 7050)</b>												
Sponsor	Senator Kamala Harris (D-CA) Congressman Scott Peters (D-CA)	Senator Cory Booker (D-NJ) Congressman James Clyburn (D-SC)												
Type	Fully Refundable	Fully Refundable												
Eligibility	Taxpayers earning less than \$125,000 annually	All cost-burdened taxpayers												
Value of Credit	A share of the difference between 30% of income and rent, capped at 150% of Fair Market Rent	The difference between 30% of income and rent, capped at 100% of Fair Market Rent												
Schedule	<table border="0"> <tr> <td>If gross income is:</td> <td>The percentage is:</td> </tr> <tr> <td>&lt; \$25,000</td> <td>100%</td> </tr> <tr> <td>Between \$25,000 and \$50,000</td> <td>75%</td> </tr> <tr> <td>Between \$50,000 and \$75,000</td> <td>50%</td> </tr> <tr> <td>Between \$75,000 and \$100,000</td> <td>25%</td> </tr> <tr> <td>More than \$100,000*</td> <td>0%</td> </tr> </table>	If gross income is:	The percentage is:	< \$25,000	100%	Between \$25,000 and \$50,000	75%	Between \$50,000 and \$75,000	50%	Between \$75,000 and \$100,000	25%	More than \$100,000*	0%	100% of cost burdens for all incomes
If gross income is:	The percentage is:													
< \$25,000	100%													
Between \$25,000 and \$50,000	75%													
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Between \$75,000 and \$100,000	25%													
More than \$100,000*	0%													
Utilities	Included	Included												
Residents in Federally Subsidized Housing	Provided a separate tax credit – in lieu of the one above – equal to the amount paid by the taxpayer in rent for 1 month	Eligible for the tax credit, if they have cost burdens												
Interest Accrued		Creates a Rainy Day Fund for taxpayers who choose to defer tax credit for 180 days to collect interest accrued												
Other Provisions		Requires states and local communities to develop new inclusive zoning policies, programs, or regulatory initiatives to create more affordable housing supply.												

\*If the taxpayer is located in an area that uses HUD Small Area Fair Market Rents, the maximum income is increased to \$125,000.

## DEVELOPERS TAX CREDIT

### **"Seniors Affordable Housing Tax Credit Act" (S.3580)**

Sponsor	Senator Dean Heller (R-NV)
Type	Corporate Tax Credit
Eligibility	Housing developers and owners, who pass on the benefit of the credit to eligible senior households the form of lower rents.
Eligible Tenants	Extremely low income households - earning less than the federal poverty rate or 30% of the area median income, whichever is greater - with at least one occupant who is at least 55 years old.
Value of Credit	The difference between 30% of the tenant's income and rent, capped at the amount charged for a substantially similar unit or the average modest rent, as determined by the state.
Delivery	The tax credit is administered by state housing finance agencies, in a way that is similar to state's allocation of Low Income Housing Tax Credits (LIHTC) and Housing Trust Fund (HTF) resources. The state agency would identify eligible "senior units" and provide a tax credit to the property owner in exchange for reducing the rents charged to extremely low income senior households living in eligible rental units.
Utilities	Included

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