



Minnesota Coalition for the Homeless

Working to ensure everyone has a safe, decent, affordable place to call home

Renters' Credit Talking Points

Talking points you should raise when discussing the Renters' Credit with policymakers or in letters to the editor:

- **The Renters' Credit is an important source of tax relief and housing assistance for 275,000 low and moderate-income tenants across Minnesota.** The median income for renters in Minnesota is \$30,600/year, while the median income for all Minnesotans is \$68,000/year.ⁱ
- **29% of Renters' Credit recipients are seniors or disabled.** In seventeen rural counties, this percentage is 50 percent or greater.ⁱⁱ
- **Renters continue to struggle to find affordable housing.** Renters are no better off financially today than they were several years ago. Incomes for low and moderate-income people have stagnated due to the recession and slow economic recovery.ⁱⁱⁱ Rents have similarly stagnated, but at historically high levels.
 - **Low vacancies in the late 1990s through 2001 drove rents to historically high levels.**
 - **Twin Cities Metro Area:** The 2001 Legislative Auditor's report demonstrated the mismatch between housing costs and wages when they found that during the 1990s, the average rent increased 34 percent in the Twin Cities area, while median renter income grew only 9 percent.^{iv}
 - **Greater Minnesota:** Renters in Greater Minnesota faced similar affordability challenges. The percentage of renters who could not afford the rent for a typical two-bedroom apartment shot up to 50 percent in 2000.^v
 - **Currently, there are few choices in the rental market for low-income people and job prospects are bleak.** HousingLink found that, on average, in 2004 there were only 7 two bedroom units available per month in the metro area with rents affordable to people earning less than \$20,700 (\$9.95/hour).^{vi} The median wage for all job vacancies in Minnesota is at \$10.00/hour^{vii} while the wage needed to afford a typical two-bedroom apartment in Minnesota is \$15.07.^{viii}
- **Renters cannot afford to absorb a cut to the Renters' Credit.** Many renters have come to rely on their Renters' Credit as an important part of their budget. Some of the expenses renters count on to meet their basic needs include: covering costs of delayed dental care, school clothes and supplies for their children, car repairs, catching up on bills, and prescription drugs.

Counterarguments you may need to make:

1. **Their argument for the cut:** *“Apartment owners received significant property tax relief in 2001 in the form of a lowered tax rate so renters should not get their same level of tax relief through the renters’ credit.”*

COUNTERARGUMENT: Most renters have not experienced a rent reduction despite the property tax relief provided to many apartment owners in 2001. In fact, the tax relief apartment owners received have been overstated. Minnesota apartments saw an overall 5 percent reduction in their net taxes between 2001-2005.^{ix} Those tax savings were not passed on to renters in the form of lower rents. Rents have remained stable between 2001-2004. Twin Cities metro area average rents rose from \$837/mo. in 2001 to \$849/mo. in 2004. Statewide, the picture is the same; inflation adjusted statewide median rents rose from \$612/month in 2000 to \$657/month in 2003.^x

2. **Their argument for the cut:** *“Compared to the property tax refund homeowners get, renters are unfairly getting more than they should.”*

COUNTERARGUMENT: The Renters’ Credit and the Circuit Breaker (for homeowners) are two halves of the Property Tax Refund Program. While they are structured similarly, the income ceiling for the Circuit Breaker is \$85,210 and the income ceiling for the Renters’ Credit is \$45,970. In addition to the Circuit Breaker, homeowners also get to deduct the property taxes they pay from their income taxes, they may also deduct their mortgage interest from their income taxes, and they have a lower property tax rate than apartments. Combined, these state tax subsidies to homeowners amount to over \$738 million dollars in 2007, while the Renters’ Credit would cost the state 21 percent of that amount in 2007 at the current level.^{xi}

3. **Their argument for the cut:** *“The state should not be providing disincentives to homeownership through the Renters’ Credit.”*

COUNTERARGUMENT: **There is no data to support the argument that the Renters’ Credit acts as a disincentive to homeownership.** In fact, cutting the Renters’ Credit will take money out of the pockets of prospective homeowners who may be saving for a downpayment, therefore a cut to the Renters’ Credit would arguably be a disincentive for homeownership. Given the long list of tax benefits available to homeowners, any renter with knowledge of the tax code would choose homeownership.

ⁱ “Out of Reach, 2004,” National Low Income Housing Coalition, 2004.

ⁱⁱ “Who Receives the Renters’ Credit?” Minnesota Budget Project, February 2005.

ⁱⁱⁱ “Wage Outlook in Minnesota, Labor Day 2004,” JobsNOW Coalition and Minnesota Budget Project, September 2004.

^{iv} “Affordable Housing,” Office of the Legislative Auditor, 2001.

^v “Out of Reach, 2000,” National Low Income Housing Coalition, 2000.

^{vi} “Affordable Listings 2004 Average,” HousingLink, February 2005.

^{vii} “Minnesota Job Vacancy Survey,” Minnesota Department of Employment and Economic Development, 2004.

^{viii} “Out of Reach, 2004,” National Low Income Housing Coalition, 2004.

^{ix} “Estimated Market Values and Net Tax Amounts by Property Type,” House Research, accessed on their web site March 3, 2005.

^x “American Community Survey 2003 Multi-Year Profile of Minnesota,” American Community Survey 2003.

^{xi} “State of Minnesota Tax Expenditure Budget: Fiscal Years 2004-2007,” Minnesota Dept. of Revenue, 2004; “November 2004 State Budget Forecast,” Minnesota Department of Finance, 2004.