



# The District's Dime

Going Beyond the Budget Book

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## **Schedule H: Getting Property Tax Relief to Those Who Really Need It**

By Jessica Fulton

High housing prices in the District lead many DC residents to share housing with other family members or with non-relatives. Even with roommates, however, many people still have trouble making ends meet. Yet DC's tax credit for lower-income residents facing high rents or property taxes is very hard for those in shared housing to claim. Fortunately, reforms to the credit, known as Schedule H, were adopted last year that would make it easier for those sharing housing who are still burdened by high housing costs to get some relief. The reforms have not been funded, which means they cannot yet go into effect.

Currently, families that share housing must report their income together when applying for Schedule H, which creates a barrier to claiming it. Consider a working mother who lives with her mother, who also works. It is likely that they file separate tax returns. Yet only one of them can claim Schedule H – and their combined household income must be under \$20,000.

The challenges are greater for non-relatives sharing a home. To apply for Schedule H, the two must share personal information on their income and then decide which person will claim the credit for the household.

Fortunately, there is a better way, and it is embodied in the legislation passed last December by the DC Council. The reforms allow these residents to apply for the property tax credit individually, reporting only their personal income, and taking into consideration their share of rent or property taxes. This is a practice used in many states that have similar tax credits. Combined with other reforms adopted last year, each person or family earning under \$50,000 and spending a significant portion of their income on property taxes can receive up to a \$1,000 property tax credit.

By reforming the low income property tax credit, the DC Council took a significant step towards helping DC residents cope with rising housing costs. Now, we need to support these reforms by putting funding in the fiscal year 2014 budget.