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Reforms to DC's Low-Income Property Tax Credit Should Be a Priority in the FY 2014 Budget

by Jenny Reed

This past Tuesday, many residents and organizations, including DCFPI, shared their thoughts on revenue issues in the FY 2014 budget. DCFPI testified on the importance of funding improvements to DC's low-income property tax credit which hasn't been adjusted since 1979 but can play an important role in helping residents stay in their homes as property taxes and rents rise around them. Up to 125,000 residents across the city — both homeowners and renters — could be helped. Here is a summary of what we said:

- **The DC Council should fund improvements to Schedule H — DC's low-income property tax credit — that it approved last year.** In December 2012, the DC Council passed “The Schedule H Property Tax Relief Act of 2012” to address shortcomings that have limited the ability of DC residents to claim property tax assistance. While major changes were adopted, they were not funded. (They were made “subject to appropriation.”) The mayor included funding for Schedule H, but far down on the contingent revenue list — meaning that it would only get funded if revenue projections increased significantly.
- **The improvements are critical because current rules limit the effectiveness and reach of Schedule H.** Because Schedule H hadn't been updated since 1979, the current income limits and maximum credit are out of sync with the needs of today's low and moderate-income residents. And overly restrictive rules limit participation in the program to just 20 percent of eligible households. “The Schedule H Property Tax Relief Act of 2012” addressed these problems in several ways, including:
 - An increase in the income eligibility level from \$20,000 to \$50,000;
 - An increase in the maximum credit from \$750 to \$1,000 and adjustment for inflation each year;
 - A change to the requirement that people sharing housing must file for Schedule H together, even if they file separate tax returns. This rule in particular has made it hard for residents to take advantage of Schedule H.
- **Up to 125,000 low- and moderate-income DC residents could get help with high housing costs.** Across the District, tens of thousands of families could be helped by improvements to Schedule H. As DC's economy continues to improve, neighborhoods continue to develop and home prices continue to rise, the improvements to Schedule H can help low- and moderate income residents cope with rising property taxes and rents and ease some of the impacts of gentrification that affect so many DC neighborhoods.

Our full testimony is [here](#). And don't forget to check out DCFPI's analysis of all revenue changes in the FY 2014 budget in our [revenue toolkit](#)!