

## Proposed Homeowner Tax Cut Would Worsen DC’s Racial, Economic, and Geographic Inequities

A property tax cut being considered by the DC Council would cut taxes for DC’s wealthiest homeowners, worsening DC’s already wide racial and economic inequities, according to an analysis by the DC Fiscal Policy Institute. The costly tax cut, coming just as DC leaders work to develop a budget for 2020, also would make it hard to address the District’s serious challenges, including the high rate of homelessness, desperate need for more affordable housing, and underfunded DC schools.

The tax cut—by increasing the homestead deduction—would exacerbate DC’s racial and economic inequities. Historic discrimination has denied residents of color the same access to homeownership as white residents. Today, 56 percent of DC homeowners are white, and just 36 percent are Black and 7 percent Latinx.

A tax cut for homeowners that includes the wealthiest households would widen income inequality in DC, already one of the widest among major U.S. cities. Nearly half of the proposed tax cut would go to households with incomes above \$150,000, and only one-sixth would go to those with incomes below \$50,000 (*Figure 1*).

"In a time of housing affordability crises, it's disappointing to see the Council's willingness to enact policies that further enrich wealthy landowners," said Ari Theresa, civil rights attorney and principal partner of Stoop Law. "The extreme inequality in this city speaks to repeated application of local policies that benefit the rich and regressively tax the poor."

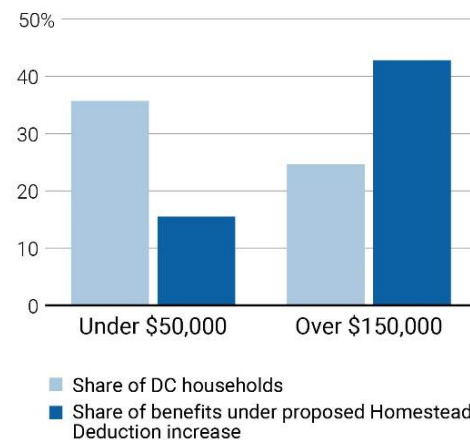
The \$38 million cost of the tax cut would be enough to provide housing to over 1,300 residents facing homelessness or provide rental assistance to 2,000 extremely low-income households.

"Budgets are about choices and should reflect our priorities," said Ed Lazere, Executive Director of the DC Fiscal Policy Institute. "What would it say about our priorities if we cut taxes for the wealthiest households, knowing that our schools need more and that too many residents don't have the dignity of a home at all?"

"At a time when low-income residents of color in DC struggle to keep a roof over their head, a tax cut for wealthy homeowners is unconscionable," said Scott Schenkelbreg, President and CEO of Miriam’s Kitchen.

FIGURE 1.

### DC’s Highest-Income Homeowners Would Benefit Most from Proposed Property Tax Cut



Source: American Community Survey, 2017

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“So many DC Public Schools that serve our at-risk students are underfunded. It’s disappointing that the Council might degrade our ability to help those students, with a tax cut that largely benefits the wealthy,” said Becky Crouse, a DCPS parent and Ward 1 Education Council member.

Instead of cutting taxes for DC’s wealthiest homeowners, DCFPI recommends that the District look for ways to help homeowners who are struggling the most with their property taxes. This could include expanding DC’s Schedule H tax credit, which provides up to \$1,000 back when homeowners with low or moderate incomes are burdened by property taxes. A targeted approach would make it easier to help those who really need it, while also leaving more resources to help renters who struggle to afford living in DC.

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