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under a legislative proposal that would dramatically increase the state's renters' tax credit for the first time in more than four decades.

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An estimated 2.4 million Californians could see a boost in their tax refunds next year under a legislative proposal that would dramatically increase the state's renters' tax credit for the first time in more than four decades.

The amount of the subsidy — created to help income-eligible Californians who don't benefit from the tax breaks given to homeowners — has remained unchanged since 1979, never adjusted for inflation and no match for the relentless rise in rental rates across the state.

Renters earning less than \$43,533 a year are eligible for a \$60 tax credit, and renters

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California's current renters' tax credit model is nonrefundable, which means that it can lower a taxpayers' debt owed to the government but can't be added as extra cash to a refund. That rarely benefits California's lowest earners, who often have no tax liabilities, thanks to other exemptions and the state's progressive income tax structure that depends heavily on those who earn the most.

With surging rent costs and the inevitable end of eviction protections granted in the pandemic, the boost to the credit now is crucial, Glazer said. While the Legislature continues to come up with ways to increase housing supply, little has been done to provide direct help to renters, he said.

"When it comes to tax relief in the public house, renters have been on the doormat outside for decades," Glazer said. "Typically, renters are the poorest of the poor, and they should be a state priority for help."

California renters pay 44% above the nationwide median, while California's median household income is 22% higher than the nationwide median, according to a report by the nonpartisan Public Policy Institute of California.

While the median for monthly rental payments in California was \$1,586 from 2016 to 2020, according to U.S. Census data, the costs are much higher in Los Angeles and other cities. Data compiled by the rental market tracker RedFin put the average rent in Los Angeles earlier this year at \$3,394 per month.

State Sen. Maria Elena Durazo, D-Los Angeles, a co-author of the proposal, Senate Bill 843, said it's not a solution to California's myriad housing issues but a way to make an "immediate impact." In Durazo's district, which includes Boyle Heights and Highland Park, 77% of her constituents are renters.

"For me, it's not only helping those who could be facing homelessness and facing ending up being on the street, but it's giving stability to those families to be able to

become homeowners,” Durazo said at the bill’s first committee hearing in March,

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Glazer’s office estimates the potential cost to the state is \$2.5 billion a year, what his team called “just a fraction” of the annual tax relief for homeowners, which totals about \$6 billion.

The current cost of the renters’ tax credit to the state is \$140 million.

“When you give five times the amount of tax rebates to homeowners, you’re saying, ‘We value you more as an investor in our state, and as a vital part of our community,’” said David Knight, the executive director of California Community Action Partnership Assn., a supporter of the bill. “It’s simply the justice of it all, and the social impact of being valued as much as a homeowner.”

Nearly 17 million Californians, 44% of the state’s population, are renters, and more than half are “cost burdened” because rent costs exceed 30% of their income, according to the California Budget & Policy Center, an organization that advocates for programs benefiting the state’s low-income residents. And when compared with white Californians, more than twice as many Black, Latino and Asian American renters had difficulty paying their rent, according to a report released this month by the UCLA Center for Neighborhood Knowledge.

Knight said for some Californians, an extra \$500 can mean the difference between paying rent and being evicted.

“Sometimes we forget that all it takes is a little bit of extra to help keep a percentage of the population from going from a bad situation to a catastrophic one,” he said. “We have enough people already in a catastrophic situation. We can’t keep pushing people into homelessness.”

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