



Helping Our Veterans

A Renter's Tax Credit for Veterans

New York City Comptroller Scott M. Stringer

Bureau of Budget

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Introduction

Some 211,000 military veterans live in New York City, according to the latest statistics compiled from the Department of Veteran's Affairs and the US Census Bureau.¹ New York, like most other places, recognizes the extraordinary service and sacrifice that veterans have made to the nation and the hardships often incurred by veterans as result of their service.

While there are numerous programs designed to address and assist with the health, employment, and other particular needs that veterans face, veterans can still face significant hardships. For instance, veterans are more likely to experience homelessness than civilians and often face difficulty returning to civilian life.² The \$35,000 median income for New York City veterans is significantly lower than the \$57,000 citywide average.³

Ongoing efforts should be made to continuously improve on all the programs offered to veterans so that their health and economic well-being is assured. In this report, City Comptroller Scott M. Stringer specifically proposes a new property tax credit to help veterans maintain housing stability.

Existing NYS Tax Programs Designed to Help Veterans

New York has several property tax programs designed to recognize the services of veterans and help alleviate their housing cost burdens.

The main program is the veteran's property tax exemption. This exemption allows veteran homeowners to reduce their property taxes by as much as 25 percent if the veteran served in a combat zone, and by as much as 50 percent if the veteran was disabled as a result of his or her military service. According to the latest data from the NYC Department of Finance's Tax Expenditure Report, 44,590 New York City veterans received property tax exemptions totaling nearly \$47 million, an average of approximately \$1,050.⁴

But for veterans who rent as opposed to owning their homes, the programs offered are more limited. A disabled veteran, like any other disabled resident, may be eligible to receive the Disabled Person Rent Increase Exemption (DRIE). Under DRIE, disabled residents with incomes below \$50,000 who pay more than 30 percent of their income for rent are entitled to freeze their rents from future increases. However to be eligible to receive the DRIE benefit, a tenant must live in a rent-regulated apartment. The total benefit provided to 11,423 disabled residents was \$24.8 million dollars in fiscal year 2019.⁵

Veterans (both homeowners and renters) are also eligible to receive the New York City Enhanced Property Tax Credit, which provides a sliding scale credit based on household income and the amount of property taxes paid. Renters are credited 15.75 percent of their monthly rent, including utilities, toward property taxes. The program is available to New York City residents with incomes below \$200,000. But the program provides an average annual credit to renters of only \$39, a very small amount when

compared to the average monthly rent in the City of \$1,340. Fewer than one-half of one percent of taxpayers (2,000 of the total 515,000 claimants) qualify for the maximum credit amount of \$500.⁶

A Veterans' Renter's Tax Credit

To help alleviate housing costs burdens for low-income veteran *renter* households, Comptroller Stringer proposes a more generous tax credit that would provide meaningful help with rental costs, modeled on the existing Enhanced Property Tax Credit. Under the current law, however, the tax credit reimburses taxpayers only a tiny percentage of the amount of property taxes in excess of what is considered an acceptable burden. For low-income households, any property tax payments in excess of 4 percent of their income is eligible for a credit – but the credit is limited to just 4.5 percent of the excess, with a maximum credit of \$500.

Under Comptroller Stringer's proposal, low-income veterans would be eligible for a much higher reimbursement of "excess" property taxes – up to 100%, with a maximum of \$1,000.⁷ This expanded benefit would provide 32,400 low-income veterans an average benefit of nearly \$653, at a total cost of \$21 million.⁸ This is significantly higher than the current average amount of \$39 received to renters under the existing program.

Assisting our veterans to stay in their homes is one concrete action we can take to honor their service.

Acknowledgements

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Endnotes

¹ <https://nyshealthfoundation.org/resource/veterans-and-health-in-new-york-state/>

² <https://endhomelessness.org/resource/veteran-homelessness/>

³ <https://www1.nyc.gov/assets/veterans/downloads/pdf/StartUp-Report.pdf>

⁴ https://www1.nyc.gov/assets/finance/downloads/pdf/reports/reports-tax-expenditure/ter_2019_final.pdf. In addition, a low income disabled veteran may also qualify for the Low-Income Disabled Homeowner Exemption (DHE). Senior veterans may also qualify under the SCHE program. Separate statistics for veterans in these programs are not provided in the Tax Expenditure Report .

⁵ Separate data for disabled veterans is not provided.

⁶ Separate data for veterans is not provided.

⁷ We use HUD definitions for extremely low income, very low income and low income for a family of three, which correspond to income levels of \$28,830, \$48,850 and \$76,880 respectively in 2019.

⁸ We used 2017 ACS data to simulate the cost of the program