

Expanding Reach of Renters Tax Credit Will Help Support Low-Income Older Adults

Position Statement Supporting House Bill 449

Given before the Ways and Means Committee

HB 449 would allow Maryland renters who were at least 70 years old and previously eligible for tax credits to claim those credits retroactively for up to three (3) years, further reducing their financial burden. This bill will protect older adult, low-income renters from housing displacement, provide Maryland residents with the opportunity to protect their housing situation, and allow more vulnerable older adults the means to age in place. **The Maryland Center on Economic Policy supports House Bill 449, because it helps address financial security issues that older Maryland renters face**

In 2017, 34.95% of low-income people of color age 60 and older lived in Baltimore City, followed by Prince George's (19.36%) and Montgomery (16.3%) counties. In 2017, 91,630 older Marylanders (7.56% of the total state 60+ population) lived in poverty as defined by the federal poverty guidelines. Marylanders of color composed nearly half (49%) of the State's low-income older adult population.ⁱ

Aging in place is an important issue for the growing senior population. According to the AARP, most adults over 65 want to remain in their homes for as long as possible.ⁱⁱ Relocating for seniors can be detrimental to their overall wellbeing and financial health. Older adults typically have spent many years establishing and nurturing relationships with their neighbors and communities, which could be lost if they were forced to relocate.ⁱⁱⁱ

The Maryland Renters' Tax Credit Program addresses financial security issues that older Maryland renters face. HB 449 will expand on this successful program by making the tax credit retroactive.

Housing vulnerability of older adults

In 2020, Maryland had the 8th highest number of renters who were cost-burdened, with 49% paying more than 30% of their income for housing, while many are severely cost-burdened paying more than 50% for a rental.^{iv}

Older adults are more vulnerable to housing displacement. They may not have secure incomes in retirement or may be on fixed incomes that do not adjust well enough for soaring housing prices.^v Even for those who are employed, they may be living paycheck to paycheck and even one unexpected bill or illness could create an unstable housing situation. In Maryland in 2018, 280,000 senior households were below the ALICE (Asset-Limited, Income-Restrained, Employed) threshold and their housing costs alone were on average \$1,129 per month.^{vi} HB 449 will benefit these elders.

COVID and financial burden

The ongoing COVID-19 pandemic has contributed to major financial burdens, especially in our most vulnerable communities. History shows us that, following a recession, adults 60 and older experience a large decrease in total net wealth and an increase in debts, particularly property related debt, and experience significant increases in poverty status.^{vii} According to the United Way's 2021 COVID-19 impact survey, respondents below the ALICE Threshold were significantly more likely than respondents above the ALICE Threshold to say that they were concerned about paying housing expenses (47% vs. 13%).^{viii} HB 449 will give much needed financial support to Maryland renters during this difficult.

HB 449 supports programs that provide senior renters with the means to remain in their homes. **For these reasons, the Maryland Center on Economic Policy respectfully requests the Means and Ways Committee to make a favorable report on House Bill 449.**

Equity Impact Analysis: House Bill 449

Bill Summary

HB 449 would allow Maryland renters who were at least 70 years old and previously eligible for tax credits to claim those credits retroactively for up to three (3) years.

Background

This bill will protect older adult, low-income renters from housing displacement, provide Maryland residents with the opportunity to protect their housing situation, and allow vulnerable older adults the means to age in place maintaining. In 2020, Maryland had the 8th highest number of renters who were cost-burdened, with 49% paying more than 30% of their income for housing, while many are severely cost-burdened paying more than 50% for a rental. Older adults are more vulnerable to housing displacement. They may not have secure incomes in retirement or may be on fixed incomes that do not adjust well enough for soaring housing prices. Even for those who are employed, they may be living paycheck to paycheck and even one unexpected bill or illness could create an unstable housing situation. In Maryland in 2018, 280,000 senior households were below the ALICE (Asset-Limited, Income-Restrained, Employed) threshold and their housing costs alone were on average \$1,129 per month.

Equity Implications

In 2017, 34.95% of the state's low-income people of color over age 60 lived in Baltimore City, followed by Prince George's (19.36%) and Montgomery (16.3%) counties. In 2017, 91,630 older Marylanders (7.56% of the total state 60+ population) lived in poverty as defined by the federal poverty guidelines. Marylanders of color composed nearly half (49%) of the State's low-income older adult population.

Aging in place is an important issue for the growing senior population. According to the AARP, most adults over 65 want to remain in their homes for as long as possible. Relocating for seniors can be detrimental to their overall wellbeing and financial health. Older adults typically have spent many years establishing and nurturing relationships with their neighbors and communities, which could be lost if they were forced to relocate.

Impact

House Bill 449 will likely **improve racial and economic equity** in Maryland.

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- ⁱ Maryland Department of Aging. *State Plan on Aging 2022-2025*. <https://aging.maryland.gov/SiteAssets/Pages/StatePlanonAging/MD%20State%20Plan%202022-2025.pdf>
- ⁱⁱ AARP. *A Report to the Nation on Livable Communities: Creating Environments for Successful Aging*. https://assets.aarp.org/rgcenter/il/beyond_50_communities.pdf
- ⁱⁱⁱ USC. *The Value of Aging in Place*. <https://gero.usc.edu/students/current-students/careers-in-aging/the-value-of-aging-in-place/>
- ^{iv} Maryland Association of Counties (2020). *Roughly Half of Tenants in Maryland Rent-Burdened*. <https://conduitstreet.mdcountries.org/2020/08/11/study-roughly-half-of-tenants-in-maryland-rent-burdened/>
- ^v Justice in Aging (2021) *Fighting for Senior Poverty Through Law*. <https://justiceinaging.org/why-eviction-hits-older-adults-harder-making-them-vulnerable-to-homelessness/>
- ^{vi} United Way (2020) *Alice in Maryland: A Financial hardship Study*. https://www.uwcm.org/files/2020ALICEReport_MD_FINAL-7-9-20.pdf
- ^{vii} National Council of Aging (2020) *Economic Insecurity for Older Adults in the Presence of the Covid-19 Pandemic*. <https://www.ncoa.org/article/economic-insecurity-for-older-adults-in-the-presence-of-the-covid-19-pandemic>
- ^{viii} United Way (2021) *Maryland Covid-19 Impact Survey Results*. https://www.uwcm.org/files/COVID_Impact_Survey_MD_Results%20Report.pdf