

October 11, 2024

The Honorable Brian Fitzpatrick
Chair, Working Families Tax Team
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Nicole Malliotakis
Vice Chair, Working Families Tax Team
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

Dear Chair Fitzpatrick, Vice Chair Malliotakis, and all Members of the Working Families Tax Team:

As organizations committed to addressing and preventing child and youth homelessness, we are writing to urge the Working Families Tax Team to consider improvements to the tax code that will better the lives of young people who are experiencing homelessness or are on the brink of homelessness.

Child and youth homelessness remains on the rise in the United States, with nearly 1.4 million students from preschool through 12th grade identified as homeless in the 2022-2023 school year, a 14% increase from the previous school year.¹ These numbers do not capture the full extent of the crisis, as under-identification of homeless students remains a problem in schools and not all young children experiencing homelessness are enrolled in public preschool programs or are old enough for school. In addition, there are millions of young adults ages 18-25 that experience homelessness on their own each year.²

Despite the documented importance of housing stability for healthy child development,³ babies and toddlers are the age group most likely to experience an eviction in our society.⁴ Children under 18 represent four in every ten people who are threatened with eviction each year.⁵ A third of our nation's children live in a household that struggles to afford housing each month.⁶ Homelessness, even for a short time, can have negative consequences for a child's success.

¹ "National Overview." National Center for Homeless Education.

<https://profiles.nche.seiservices.com/ConsolidatedStateProfile.aspx>. Last visited October 10, 2024; "Child and Youth Homelessness Data Profiles." SchoolHouse Connection and Poverty Solutions at the University of Michigan. Last visited September 30, 2024. <https://public.tableau.com/app/profile/schoolhouseconnection/viz/ChildandYouthHomelessnessDataProfiles/National>.

² Morton, M., Dworsky, A., and Samuels, G.M. "One in 10 Young Adults Experience Homelessness in One Year." Chapin Hall. 2017. <https://www.chapinhall.org/research/one-in-10-young-adults-experience-homelessness-during-one-year/>.

³ Clark, R., Weinreb, L., Flahive, J., and Seifert, R. "Infants Exposed To Homelessness: Health, Health Care Use, And Health Spending From Birth To Age Six." Health Affairs. Vol. 38. No. 5. May 2019. <https://www.healthaffairs.org/doi/10.1377/hlthaff.2019.00090>.

⁴ Badger, E., Cain Miller, C., and Parlapiano, A. "The Americans Most Threatened by Eviction: Young Children." The New York Times. October 2, 2023. <https://www.nytimes.com/2023/10/02/upshot/evictions-children-american-renters.html>.

⁵ Graetz, N., Gershenson, C., Hepburn, P., and Desmond, M., "Who is Evicted in America" Eviction Lab. October 3, 2023. <https://evictionlab.org/who-is-evicted-in-america/>.

⁶ "Children Living in Households with a High Housing Cost Burden in the United States." Annie E. Casey Foundation's Kids Count Data Center. Last visited September 30, 2024. <https://datacenter.aecf.org/data/tables/7244-children-living-in-households-with-a-high-housing-cost-burden?loc=1&loct=1#detailed/1/any/false/1095,2048,1729,37,871,870,573,869,36,868/any/14287,14288>.

The earlier and longer a child experiences homelessness, the more dangerous it is to their healthy development.⁷

Tax credits are critical to breaking the cycle of homelessness, helping households afford rent, utilities, food, diapers, educational materials, and all of the resources needed to nourish kids' developing brains and bodies. These credits have a two-generation effect in promoting economic mobility and housing stability – in addition to supporting children and youth, this money helps parents and caregivers afford child care, transportation, higher education classes, or job training programs that lead to steady employment and higher-paying jobs.

Child Tax Credit

Over a quarter of children are currently unable to receive the full Child Tax Credit due to their family's hardship. Young children are disproportionately left out of receiving the full credit, as are children in rural communities, children of color, and children in larger families.⁸ Children and youth experiencing homelessness and frequent moves also face logistical barriers to claiming the credit. We urge you to consider the following permanent enhancements to the Child Tax Credit so that it can provide meaningful and reliable support to families and youth as they work towards economic mobility:

1. Increase the maximum credit, with an expanded credit for young children under 6.
2. Eliminate the earnings requirement so that children and youth experiencing homelessness and severe material deprivation can receive the full credit.
3. Make 17-year-olds eligible to receive the credit.
4. Deliver the credit monthly to match when housing expenses are due.
5. Index the credit to inflation to maintain its value.
6. Allow youth experiencing homelessness on their own to claim the credit for themselves.
7. Provide adequate funding, support, and resources to the IRS to effectively implement the credit, including undertaking efforts to make the credit accessible and available to all eligible taxpayers, such as maintaining an online portal to allow recipients to easily claim the credit or update their personal information.

Earned Income Tax Credit

The Earned Income Tax Credit (EITC) is currently not available to young adult workers under age 25 unless they have children. This policy is based on the incorrect assumption that all young adults are still receiving financial support from their parents. Young adults who were in foster care or are experiencing homelessness often face the transition to adulthood without any family

⁷ Sandel M, Sheward R, Ettinger de Cuba S, et al. "Timing and Duration of Pre- and Postnatal Homelessness and the Health of Young Children." *Pediatrics*. 2018;142(4): e20174254.
<http://pediatrics.aappublications.org/content/pediatrics/early/2018/08/30/peds.2017-4254.full.pdf>.

⁸ Collyer, S., Curran, M., Harris, D., and Wimer, C. "Children Left Behind by the Child Tax Credit in 2022." The Center on Poverty and Social Policy at Columbia University. September 12, 2023.
<https://www.povertycenter.columbia.edu/publication/2023/children-left-behind-by-the-child-tax-credit-in-2022>.

support, and should not be taxed into poverty as they work to build a life for themselves. Additionally, young adult workers experiencing homelessness face unique challenges in accessing the EITC, from lacking a permanent address to securing paperwork, identification, and bank accounts due to their circumstances.

We urge you to do right by these young people and consider these permanent reforms to the EITC:

1. Increase the amount of the credit for low-income childless workers.
2. Broaden the eligibility to ages 18-24 for young adults who were in foster care and for those experiencing homelessness, including for full-time students.
3. Address the complex rules and additional filing burdens for young people experiencing homelessness through targeted support and federal outreach to this population.

Low Income Housing Tax Credit

Supporting young people in completing their postsecondary education is critical to their future success. Yet millions of college students experience homelessness while enrolled in college or another educational program⁹ and face barriers to performing well in class and graduating.

Most full-time college students, including those experiencing homelessness, are not eligible for Low Income Housing Tax Credit rental housing. There are some exceptions for married students, former foster youth, and Temporary Assistance for Needy Families program recipients, but homeless or formerly homeless full-time college students are not listed as eligible entities.

We urge you to consider this no-cost fix, which has bipartisan support in the Housing for Homeless Students Act (H.R. 7278). Expanding the LIHTC for homeless and formerly homeless college students would positively impact postsecondary graduation rates and job attainment for these students, increasing their chance for long-term economic and housing stability into adulthood. No young person should have to choose between accessing affordable housing and full time education.

Renter Tax Credit

Although rent increases have slowed in some regions of the country, rent prices nationally have increased nearly 20% since 2019.¹⁰ Given that children and youth are at greater risk of homelessness, programs and systems should prioritize children for housing assistance, yet currently the opposite is true. Twenty years ago, households with children accounted for more than 60% of recipients of federal rental assistance. By 2022, these households made up just

⁹ Morton, M.H., Dworsky, A., and Samuels, G.M. "Missed opportunities: Youth homelessness in America." Chapin Hall. 2017. https://www.chapinhall.org/wp-content/uploads/ChapinHall_VoYC_NationalReport_Final.pdf.

¹⁰ Kai Chen, J., Lerman, R., and Rabinowitz, K. "How much are rents going up? See how prices have changed in your area." The Washington Post. August 1, 2024. <https://www.washingtonpost.com/business/interactive/2024/rent-average-by-county-change-rising-falling/>.

38% of recipients.¹¹ The federal government distributed \$80 billion in housing tax benefits in 2020, 80% of which went to homeowners. The tax code must similarly accommodate renters. Creating a properly designed and implemented national renter tax credit would help meet renters' needs by delivering resources directly to families and young adults and reaching many more than are currently served by rental assistance.

We urge you to consider the establishment of a national renter tax credit. To be effective in helping families and young people achieve housing stability, a renter tax credit must:

- Be large enough to relieve the housing cost burden of low-income households.
- Be made available to children and youth in households with little or no income.
- Be delivered monthly when rent is due.
- Include a safe harbor provision so the lowest-income households are not at risk of owing more at tax time.
- Support families with children by increasing the credit for family size, inflation, and geographic differences in housing costs.
- Reach homeless households as well as those who lack a formal lease.
- Be layered on top of already existing subsidies such as the LIHTC, so that it complements rather than replaces assistance they are already receiving.
- Be designed without burdensome taxpayer compliance requirements.

Every child deserves the chance to thrive, yet tens of millions of children, youth, and young adults in the U.S. are experiencing homelessness or are on the brink of homelessness. The hardships and barriers to success faced by these young people not only have implications for them but for our nation as a whole.

As you prepare for upcoming tax reform negotiations, we urge you to make the needs of young people a top priority. We thank you for your consideration and please know that our organizations are available as a resource.

Signed,

Covenant House
Family Promise
First Focus Campaign for Children
National Network for Youth
RESULTS Educational Fund
SchoolHouse Connection

¹¹ Greenlee, A., and McClure, K. "Participation, Transition, and Length of Stay in Federal Housing Assistance Programs." Cityscape, Vol. 26, No. 2. 2024. <https://www.huduser.gov/portal/periodicals/cityscape/vol26num2/ch2.pdf>.