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April 16, 2021

Chair Moran and Members of the Committee:

Thank you for the opportunity to submit this testimony in support of expanding the Renters Credit as part of this year's tax bill.

HOME Line is a statewide nonprofit organization that provides free legal, organizing, educational, and advocacy services for Minnesota renters. Our main program is a hotline that offers free, confidential legal advice to tenants throughout the state and currently averages over 1,000 households advised per month. As such, we think we have our fingers on the pulse of what issues concern Minnesota renters.

The tenants we serve frequently identify the Minnesota Renters Credit as a critical asset. Its expansion is warranted, we feel, for at least three reasons. First, the credit is used as a tool to reduce the regressivity of property taxes paid by Minnesota renters. Targeted approaches to make our tax system as progressive as possible for low-income households is something HOME Line strongly supports.

Second, while we would endorse expanding the Renters Credit to achieve progressivity in any year, the times we are living through make such a measure even more vital. Low-income households are suffering greatly because of the economic consequences of the pandemic. Low-income workers are often the first to lose their jobs or have their hours at work cut back. Whatever we can do to provide these households with relief should receive strong consideration.

Third, the relief provided by the Renters Credit is urgently needed for people already struggling to afford rent. As noted by the pre-pandemic report from the Minnesota Housing Partnership, State of the State's Housing 2019, in the last two decades, the median renter income had decreased by 5 percent, yet the median gross rent increased by 13 percent. The cost of rent is rising faster than incomes, and renters just can't keep up. Additionally, affordable housing is hard to come by: 22 percent of renter households pay more than 50 percent of their income in rent.

Because of this, renters are often made to choose between essential items and paying rent. The Renters Credit allows recipients to catch up on things they need. We've learned from our clients that they use the credit to buy essential items like school supplies, clothing, nonperishable foods, soap, cleaning and laundry supplies, and, while far in advance, even gifts for the holidays. They also use the Renters Credit to pay for expensive necessities like insurance, car repairs, license tabs, dental care, eyeglasses, and medications.

The need is great. Your approach to providing relief is targeted to those in most need. For these reasons, again, we thank you for the opportunity to give voice to the households we serve.

Sincerely,

Eric Hauge  
Executive Director

Michael Dahl  
Public Policy Director