

## **A Not So Merry New York Christmas Story**

This holiday season is supposed to be a time of celebration and often a time of reflection. But low-income New Yorkers – along with working poor Americans everywhere – are just trying to survive the battering effects of a plunging economy, jobs losses, and housing foreclosures.

As we reflect over the last few months of 2008, we faced some of the toughest economic times in decades. The unemployment rate in both the city and the state has spiked to over six percent. But this is not the entire story. The numbers of jobless New Yorkers, those who have given up looking for employment, are not counted in the government's unemployment statistics. For instance, research by the Community Service Society has shown that among black men in New York City the jobless rate is often five to six times the published unemployment rate.

Nationally, employers eliminated nearly two million jobs this year. Older workers who were laid off have been moving into lower paying jobs that would normally go to young people starting out in the labor market. The result is more “disconnected youth,” those ages 16 to 24 who are neither in school nor working.

The loss of jobs means the loss of health care coverage for most families. Many of those who have managed to stay employed have suffered cut backs of employee benefits and decreases in contributions to pensions and 401K's. The city's food pantries and soup kitchens are being overwhelmed. Food stamps are a virtual life saver for 1.3 million New Yorkers.

### **Balancing Budgets**

Even in the midst of this economic catastrophe, the state and city budgets must be balanced. This means harsh choices – a combination of increased taxes/fees and cuts in public programs. Since the largest amount of the state budget deals with health care and aid to education, these are the places where cuts will hit more deeply.

Governor Paterson has released the state budget for next year and nobody likes it. It includes cuts of \$700 million in education aid and a tuition increase at CUNY and SUNY. In addition to the proposed cuts to close the largest deficit in the state's history - \$15.4 billion – the governor and the Legislature may have to seek new sources of revenue, possibly an increase in property or income taxes. New York City has already enacted a \$1.2 billion property tax increase. And the MTA has just announced a 23 percent hike in transit fares for next year unless it gets additional public funds.

The result is certain to mean that working families and low-income New Yorkers will bear the brunt of these measures. They are the ones who most rely on government programs to help them get by. The hope is that the federal government will step in with increased funds to states and localities. That may have to wait for the new administration's economic stimulus package.

## **Rent Burdens**

There is one place where the state Legislature has an opportunity to help low-income families – by alleviating rent burdens. New York City's 3.2 million renters pay rising property taxes passed along by owners in their rents. A recent report by the Community Service Society (CSS), [Shorted Renters: Circuit Breaker Property Tax Relief for Low-Income Renters](#), reveals that low-income renters who face a wrenching affordability crisis due in part to accelerating property taxes are at great risk. An estimated 20 to 25 percent of low-income rent goes to pay property taxes.

And the statewide figures also are grim: In 2005, low-income renters carried a median gross rent burden of 57 percent of their household income. Poor renters fared even worse, with a residual income, once housing costs are paid, of less than \$4 a day per household member to cover other basic needs like food, clothing, transportation, and medical costs.

Contrary to prevailing views, the affordability problem is statewide, not just in New York City. In nearly half of the state's counties — 28 out of 62 counties — the median gross rent burden for low-income families is at least 50 percent of income. High-burden counties range from Erie (51% median burden) to Monroe (58%) to Manhattan (55%) to Albany (52%) and Nassau County (82%).

## **Property Tax Credit**

Since 1978, the little-used Real Property Circuit Breaker Tax Credit has offered a refundable tax credit to low-income renters and homeowners whose taxes put them at risk of losing their homes. But eligibility requirements have remained unchanged for 20 years, so a dwindling number of New Yorkers qualify for the credit.

The state Assembly has proposed a new circuit breaker that would be a major step forward toward a fair, income-targeted, cost-effective approach. The average benefit is \$254 for renters and \$606 for homeowners. Most (68%) of assisted renters are low income. Renter tax credits would be higher in counties where the pressures are greatest. CSS testified in favor of the bill before the Assembly Committee on Real Property Taxation.

The Assembly circuit breaker bill would be a major step forward for renters across New York State. Based on a household's ability to bear tax burdens at a given income level, it would be a significant contribution to proposed tax relief reforms for both renters and homeowners.

So while the sinking economy is a multiplier of bad tidings this holiday season, there is one place where government could provide some relief for vulnerable New Yorkers. The state Legislature should pass the new circuit breaker bill.

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