

Helping Families File Their Taxes Can End Their Homelessness

Written By Julie Pagaduan | August 3, 2021

Systems and providers have made progress on family homelessness, reducing it by 27 percent since 2007 according to the Point-in-Time (PiT) Count. However, recent COVID-19 relief legislation could lead to a monumental breakthrough via an unlikely agency—the IRS.

The federal government is now giving financial assistance to many families facing financial hardship, including those that are literally homeless and doubled-up. Families are currently eligible to receive Economic Impact Payments (EIP) and an enhanced Child Tax Credit (CTC).

A common household type (one parent and two children) is eligible to receive up to \$14,200 through these tax breaks. Families can apply for the EIP and CTC now and throughout the fall of 2021.

The EIP and CTC is a significant amount of monetary assistance that can aid families with general housing costs and can supplement other governmental resources such as the Emergency Rental Assistance (ERA). By applying for the EIP and CTC, many families will have the opportunity to exit or stave off homelessness. Therefore, it is crucial that they receive the assistance that they need to file their 2020 and 2021 tax returns, even if they have never filed before.

What Are the Economic Impact Payments (EIP)?

Economic Impact Payments, also known as stimulus checks, are direct payments from the federal government. They are meant to assist households with financial hardship and expenses incurred throughout the COVID-19 pandemic. These payments have been authorized through the Coronavirus Aid, Relief, and Economic Stability (CARES) Act; the Consolidated Appropriations Act of 2020; and the American Rescue Plan (ARP) Act of 2021.

Since March 2020, the federal government has distributed three economic impact payments to eligible individuals.

Individuals with an adjusted gross income that is less than \$75,000 qualify for the full value of the EIPs. Similarly, married households that file their taxes together can receive the maximum available amount if they earn less than \$150,000. To check for eligibility requirements, visit the [IRS website](#).

What Is the Child Tax Credit (CTC)?

The Child Tax Credit provides funds to households for every child in their care. For tax year 2021, Congress has increased the value of the credit, which is fully refundable. Households can receive up to \$3,600 per child that is 5 years or younger, and \$3,000 per child that is 6 to 17 years old. Low-income families should qualify for the maximum amount.

Eligible households can apply for the Advance Tax Credit. This will allow families to receive an early disbursement of 50 percent of what they expect to receive for the CTC in their 2021 tax return. The Advance CTC is distributed over six monthly payments starting July 15, 2021. To receive the other half of the funds, families must file their 2021 tax return in 2022.

How Can Families Collect EIPs and the CTC?

Individuals do not need a bank account or permanent address to receive their payments. The IRS can mail an Economic Impact Payment Card, which will act like a debit card, to a local post office.

However, they do need to file their 2020 and 2021 income tax returns to receive the full value of the Economic Impact Payments and Child Tax Credit, even if they have no income to report.

If an eligible individual has not already filed their 2020 tax return, they did not collect any of their past stimulus checks. These individuals can still receive the full amount through a Recovery Rebate Credit. This rebate credit will include the amount that they would have received from the first and second EIP. The third EIP is currently being distributed so it will come as a separate payment.

It is free to file your taxes with the IRS by using the link: <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>.

Individuals that are not required to file a tax return can apply for the Child Tax Credit by using the IRS [Child Tax Credit Non-Filers tool](#). Eligible households that complete the Non-Filers tool do not need to do anything else to qualify for the Economic Impact Payments. If a household applies for the Advance Child Tax Credit, they will need to file their 2021 tax returns to receive the remaining half of the Child Tax Credit that they are entitled to.

The Advance Child Tax Credit will only be available until the end of 2021. If a household applies for the CTC on January 2022 or later, then they will receive 100% of the CTC amount rather than 50% of the amount disbursed through the Advance Tax Credit.

Regardless of when a household submits their tax returns, they will still receive the full amount of the CTC and EIP that they qualify for.

Breakdown of the Economic Impact Payments and the Child Tax Credit

Tables 1 and 2 show what a common household type (one parent and two children) will receive through the EIPs and CTC. It can receive up to \$8,200 in Economic Impact Payments and a minimum of \$6,000 from the Child Tax Credit. This is a total sum of \$14,200.

Table 1: Value of Economic Impact Payments

Economic Impact Payment (Stimulus Check) Number	Amount Given to an Individual / Parent	Amount Given towards Two Children / Dependents	Total Amount Awarded
1	\$ 1,200	\$ 500 + \$500	\$ 2,200
2	\$ 600	\$ 600 + \$600	\$ 1,800
3	\$ 1,400	\$ 1,400 + \$1,400	\$ 4,200
Sum of the 1st, 2nd, and 3rd Economic Impact Payments			\$ 8,200

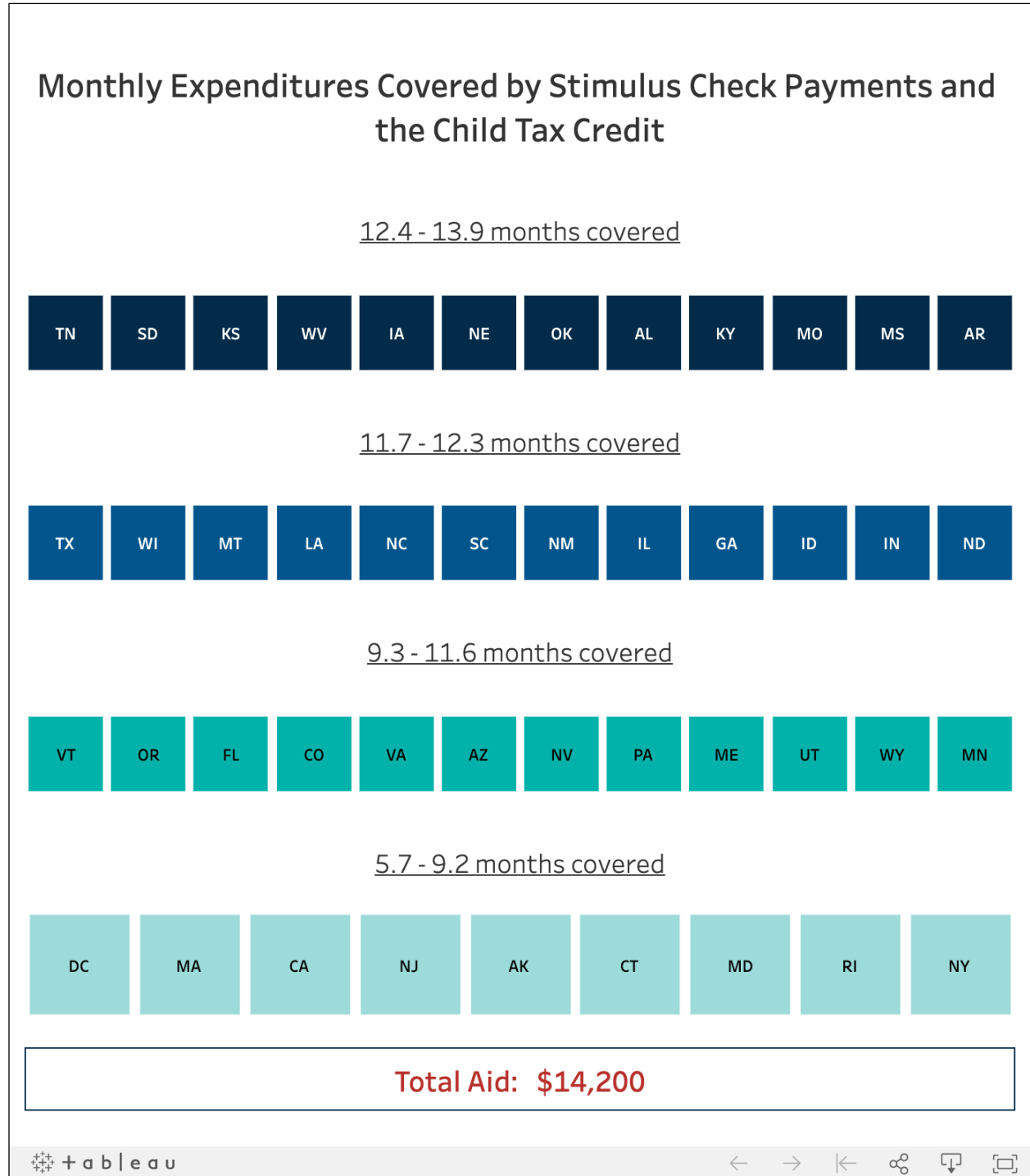
Table 2: Value of Child Tax Credit Based on the age of eligible children

Age of Two Children in Household	Amount Awarded for Tax Year 2021	Total Amount Awarded
Two children are between 0 – 5 years old	\$3,600 + \$3,600	\$7,200
One child is between 0 to 5 years old + One child is between 6 to 17 years old	\$3,600 + \$3,000	\$6,600
Two children are between 6 to 17 years old	\$3,000 + \$3,000	\$6,000

Nationally, the average monthly expenses for a single parent household with two children are \$1,359.57 (accounting for rent, food, transportation, utilities, and medical expenses). Thus, the \$14,200 available to an EIP/CTC eligible household could cover 10.4 months of basic living expenses.

The average number of months that the EIP and CTC could cover for each state is shown below.

[Click here to access an interactive version of this chart.](#)



Resources for Moving Forward

The EIP and the CTC will help many families with major expenses and ease their financial burden. Due to their potential impact, it is important to consider the following resources to help ensure that eligible families receive the maximum amount that they qualify for.

1. The IRS has informational materials about the [1st EIP](#), [2nd EIP](#), [3rd EIP](#), and [CTC](#).
2. Additional simplified explainers are available via [The White House](#), and the [Consumer Financial Protection Bureau](#).
3. The National Low Income Housing Coalition’s (NLIHC) “[Guidance for Helping People Experiencing Homelessness Access Their Economic Impact Statements](#).”
4. Those seeking to assist people experiencing homelessness to access these resources and work through local [Volunteer Income Tax Assistance \(VITA\) programs](#) (free tax help for low-income people) or other certified tax preparing agencies/individuals who do not charge fees for their services.
5. The Center on Budget and Policy Priorities has developed [outreach resources](#) through their Get it Back Campaign to assist organizations in their Child Tax Credit outreach.

¹Eligible renter households can also apply for the Emergency Rental Assistance (ERA) Fund. The ERA amounts to a total of \$46 billion in emergency funds, and was passed through the Consolidated Appropriations Act, 2021 and the American Rescue Plan to help households with housing related expenses. Funds are distributed through local governments. Therefore, households must apply to their local rental assistance programs to receive this aid. Households can find their local programs through the [U.S. Department of Treasury’s website](#).

To check for eligibility, visit the [U.S. Department of Treasury’s Emergency Rental Assistance Program page](#) or [NLIHC’s breakdown of the American Rescue Plan Act](#). The ERA funds are targeting households earning 80% of area median income (AMI) and are prioritizing those earning less than 50% AMI. Applicants must provide proof of financial hardship due to the COVID-19 outbreak.

ERA funds are available until September 30, 2025. While ERA funds require that they be spent on housing related expenses, the EIP and CTC do not have strict requirements on how they should be spent.

²The average monthly costs for renting a 2-bedroom housing unit and major expenses were estimated using the [U.S. Department of Housing and Urban Development’s \(HUD\) 2021 rental data on the 50th percentile for Fair Market Rents](#) across the U.S. and the U.S. Bureau of Labor Statistics’ (BLS) [2020 Consumer Expenditure Survey Public Use Microdata Interview Files](#). Major expenses include the cost of food, transportation, utilities, and medical expenses for a typical household. Major expenses for each state were weighted according to the [Missouri Economic Research and Information Center’s \(MERIC\) Cost of Living Data Series](#).