

The case for more housing assistance

Rental housing assistance is a needed lifeline, especially during a period of rising rents

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When Harvard's Joint Center for Housing Studies released its annual analysis of the nation's housing this past summer, there was plenty of good news. The housing market had, in many ways, climbed out of the deep funk it found itself in due to the recession, with home values steadily rising in many cities.

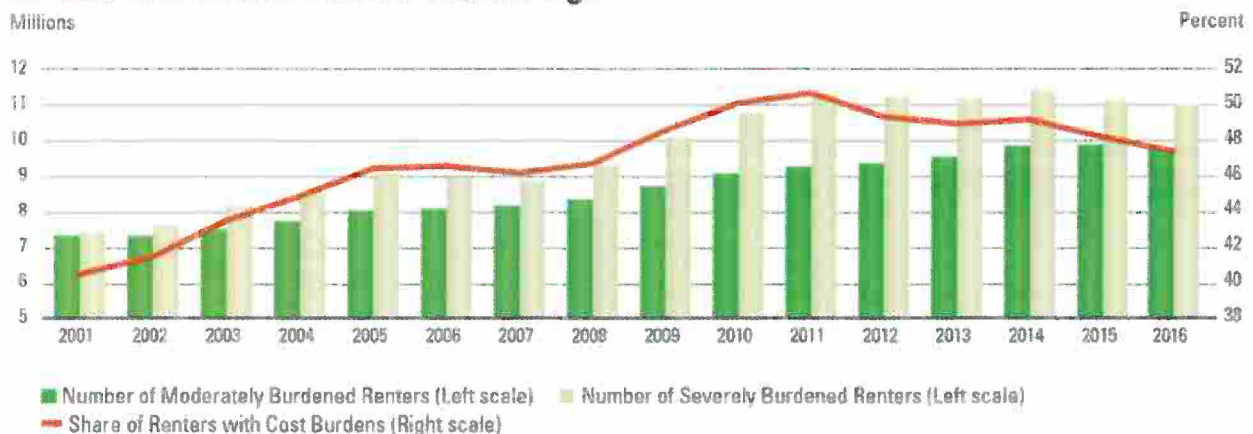
But for low-income renters, even the good news wasn't that great. Harvard researchers found that the number of cost-burdened (households spending more than 30 percent of income on rent) and severely cost-burdened (households paying more than 50 percent of income for rent) renters declined year-over-year, dropping to 38.9 million and 18.8 million, respectively.

Any decrease in those numbers is good news. But those numbers still represent a significant portion of the U.S. population, and rising housing prices only increase the challenge of making monthly rent.

Just over 70 percent of the country's lowest-income households face severe housing burdens, defined as those working full-time and year-round at the federal minimum wage. More than 11 million U.S. renters have incomes below the federal poverty threshold. In some metros, finding affordable housing truly seems like a city-wide lottery: In Las Vegas, nearly nine out of 10 of the lowest-income renters are severely burdened.

FIGURE 5

Despite Recent Declines, the Number and Share of Cost-Burdened Renters Remain Well Above Levels a Decade Ago



Notes: Moderately (severely) cost-burdened households pay 30–50% (more than 50%) of income for housing. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be without burdens.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Harvard Joint Center for Housing Studies, America's Rental Housing 2017, www.jchs.harvard.edu. All rights reserved.

The nation's affordable housing crisis has many causes: wages aren't keeping up with inflation or housing costs, so a larger portion of each paycheck goes towards keeping a roof over one's

head. But another factor at play is the shrinking role of government housing assistance, a significant share of which goes to working families, according to Doug Rice, Senior Policy Analyst at the Center for Budget and Policy Priorities.

“The breadth of political commitment hasn’t been provided to tackle the problem,” he says. “This has been a problem for quite some time.”

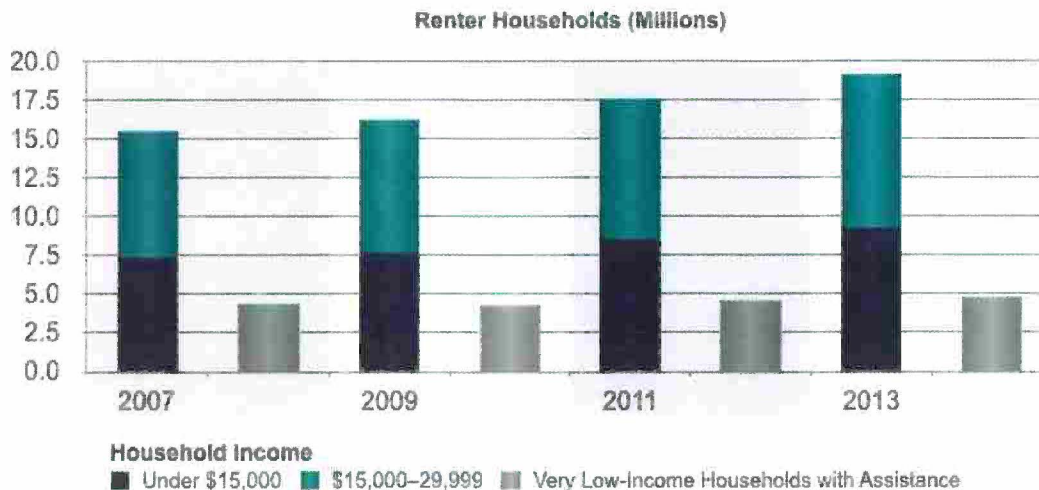
Rice, who has been studying how assistance can help homeless families, sees the gap in household income and rent as the obvious root of the problem. It’s an affordability issue at its core. But government efforts to help overcome that widening gap haven’t kept pace, and if the Trump administration has its way, resources will be cut even further (an initial budget proposal suggested slashing 250,000 vouchers).

Between the mid ’70s and mid ’90s, Rice says, the number of households with what could be called “worst-case housing” needs remained basically flat. But since the mid ’90s, that number has skyrocketed, with significant growth in the number of severely rent-burdened households.

Federal assistance, a core part of any comprehensive strategy to address the problem, simply hasn’t kept up. A bipartisan coalition in the ’60s and ’70s did support investments in affordable housing, according to Stockton Williams, executive director of the Terwilliger Center for Housing at the Urban Land Institute. That ended during the Reagan administration in the ’80s, which focused on the larger goal of reducing federal spending. Reducing, or not increasing, spending on rental assistance has been the general trend since then.

Due to the Budget Control Act of 2011, which limits the non-defense discretionary portion of the budget, housing assistance programs have taken a \$44 billion cut. This funding cut parallels the disappearance of naturally affordable units; almost half of the nation’s 100 largest cities saw declines in their low-rent housing stock between 2005 and 2015.

Growth in the Number of Lowest-Income Renters Far Outstrips Increases in Assisted Households



*Notes: Household incomes are adjusted for inflation using the CPI-U for All Items. Household counts by income are based on three-year trailing averages. Very low-income renter households have incomes up to 50% of local area medians.

*Sources: JCHS tabulations of US Census Bureau, Current Population Surveys; US Department of Housing and Urban Development, Worst Case Housing Needs Reports to Congress.

Harvard Joint Center for Housing Studies, America’s Rental Housing: Expanding Options for Diverse and Growing Demand, 2016, www.jchs.harvard.edu. All rights reserved.

Recent data shows that there are 46 affordable units for every 100 households with extremely low incomes, says Rice. Of those 46 units, about 25 are affordable because of federal rental assistance. Government assistance in this case isn't an entitlement, so it's not given to all who qualify or need assistance.

But the widening gap means the percentage of those in need who receive federal assistance has decreased. Twenty-five years ago, perhaps one in three families in need were getting assistance. Today, it's closer to one in five, with 57 percent of those on housing assistance classified as elderly or disabled.

"Between the '70s and '90s, the federal government made investments in affordable housing, especially in expanding rental assistance," says Rice. "During that period, the problem was kept at bay. It didn't improve significantly, but it didn't get worse. But over the last 15 years, policymakers have pulled back, and the problem has worsened dramatically."

While many cities are investing in creative affordable housing solutions, new rental housing isn't being built fast enough to meet the demand. A report by the National Multifamily Housing Council (NMHC) and National Apartment Association (NAA) suggests we need 4.6 million new units by 2030.

As many recent studies demonstrate, money spent on housing assistance is often money well spent, according to research collected in the report *The Case for More, Not Less*, by the Urban Institute. In addition to addressing the idea that it's morally important for a wealthy nation to guarantee housing for its citizens, housing assistance has been shown to save public money; renters in dire straits turn to other programs to cover budget gaps left after increasingly high monthly payments and provide better long-term health and wellness outcomes.

HUD recently released the results of a long-term research project, *The Family Options Study*, examining options for helping homeless families with kids. The report, unsurprisingly, found that spending money on assistance led to lower rates of not just homelessness, but also domestic violence in the household, food insecurity, and family separation.

Targeted programs for specific populations also can alleviate housing insecurity and homelessness. Perhaps the most significant example of a successful program is the recent effort to help guarantee housing for homeless veterans, the HUD-Veterans Affairs Supportive Housing (HUD-VASH) program. While it's a relatively small group, concentrated efforts have helped cut the number of former service members on the streets in half since 2010.

As signs of increasing housing insecurity suggest the fragile nature of the low-income housing market, and how that could quickly turn into homelessness, now does not seem like a time to make cuts. If HUD Secretary Ben Carson believes, as he's said, that his mission is to "create strong, sustainable, inclusive communities and quality affordable homes for all," now is the time to make larger, long-term investments in communities in need.