



Shortfalls in Federal Housing Assistance and Gaps in Evidence for Proposed Policy Changes

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Federal housing assistance programs aim to ensure that those who receive assistance have decent, safe, and affordable housing. Unlike some other key safety net programs, however, housing assistance is not an entitlement, which means it does not provide benefits to all who are deemed eligible. Currently, available assistance falls significantly short of the current and growing need for it: only one in five renter households who qualify for housing assistance actually receive any (Kingsley 2017).

Recent proposals, including the recently enacted Tax Cuts and Jobs Act, the administration's proposed fiscal year 2018 budget, and Speaker of the House Paul Ryan's A Better Way plan, threaten deep cuts and significant changes to housing assistance. These funding and policy changes will decrease the funds for the preservation and creation of affordable housing, reduce the amount of assistance available, and may undermine the stability of those currently on assistance.

This brief, which is pulled from the executive summary of *The Case for More, Not Less: Shortfalls in Federal Housing Assistance and Gaps in Evidence for Proposed Policy Changes* (Scally et al. 2018), provides an overview of the current landscape of housing assistance, its central role in the safety net, and the evidence on contemporary policy proposals. We highlight several critical gaps in our knowledge that suggest we need a serious review of our affordable housing policy with a focus on developing a stronger evidence base before attempting large-scale changes to federal housing assistance programs.

Housing Assistance: A Critical Component of the Safety Net

Housing assistance provides the solid ground that low-income households need to better their lives. Those who need housing assistance but do not receive it face the threat of housing instability and may

end up doubled up with family and friends or experiencing episodes of homelessness. In contrast, people who receive housing assistance are stably housed and pay affordable rents. That stability and lessened rent burden allows families to spend more money on other necessities such as food, health care, and education, leading to better positive health and educational outcomes. Some current proposals, such as establishing minimum rents (i.e., requiring that recipients contribute a minimum amount toward rent regardless of their income) or putting time limits on assistance, may threaten the stability and increase the rent burden of assisted households and could limit these positive effects.

Shortfalls in Federal Housing Assistance

The need for housing assistance far exceeds its availability, and those who seek assistance face long waiting lists. Many households who need assistance never even make it into the queue because waiting lists are often closed. Multiple barriers, including waiting lists, local preferences that give priority to certain types of households (e.g., homeless or working families), and additional federal and local screening criteria, drag out the wait for months or years. Moreover, the gap between the need for and the availability of housing assistance is far greater now than it was 10 years ago and is likely to continue to grow as current policy proposals would not address this shortfall.

If adopted, the administration's proposed fiscal year 2018 budget would worsen this situation. Housing assistance programs fall within the federal government's nondefense discretionary portion of the budget and are therefore vulnerable to cuts. Recently released research estimates that 1.8 million households would lose housing assistance under the president's proposed budget cuts (Waxman and Giannarelli 2017). Another 3.1 million households could see partial reductions in benefits as they are required to pay more for rent and utilities. Further, the recently enacted Tax Cuts and Jobs Act reduces incentives for producing more affordable housing.

A Look at Currently Assisted Households

Able-bodied adults and families with children constitute an increasingly small share of those who receive housing assistance; most recipients are elderly or disabled adults. In 2016, of the 4.7 million households receiving assistance from the US Department of Housing and Urban Development, 58 percent were headed by an adult over age 50 and 38 percent by an adult over age 62.¹ Thirty-four percent of heads of households under age 62 had a self-reported disability, as did 43 percent of those over age 62. Only 37 percent of households were composed of adults (or an adult) with children. But despite the fact that most housing assistance recipients are elderly or disabled, many current policy proposals are focused on moving households to work and off assistance.

Precursors to Proposed Reforms

Some of the current proposals build on earlier efforts at reform. Many significant changes to housing assistance programs have occurred through both tax reform and budget appropriations. For example, legislation in the 1980s and 1990s imposed across-the-board rent increases and minimum rents and allowed some housing agencies to begin experimenting with work requirements. These changes sought to increase flexibility in how housing assistance is provided, leverage private sector resources, and maintain or reduce federal budget outlays. Housing authorities granted this flexibility experimented with various strategies for encouraging able-bodied recipients to work, including new rent standards, minimum rents, work requirements and incentives, and time limits.

Lack of Evidence for Proposed Reforms

Some policymakers are arguing for expanding these types of strategies to help move participants off assistance and toward self-sufficiency. But even though housing authorities have been experimenting for many years with work requirements, minimum rents, and time limits, little evidence is available on how these programs have affected assisted households, housing agencies, participating properties, and communities. The evidence we have is mixed and inconsistent. For example, work requirements would affect only a small proportion of assisted households because the rest are either unable to work or are already working. And, for the small number of households that would be affected, the limited evidence available shows that work requirements do not help increase participants' incomes enough for them to support themselves without housing assistance.

Conclusion

In a time when only one in five eligible renter households actually receive federal assistance, any reduction to federal funding for public housing or vouchers threatens the well-being of millions of low-income households. The administration's proposed budget cuts paired with possible losses of affordable rental units because of the Tax Cuts and Jobs Act would leave many low-income households at risk of housing instability and worse. Many of the other proposed reforms to housing assistance—minimum rents, rent increases, time limits, work requirements, and others—are not new, but the evidence on how these changes have or will affect the availability of housing assistance and the livelihoods of those eligible for it remains scattered and thin. And there is little discussion of the fact that most of these proposals assume that recipients are able-bodied adults capable of work; increasingly, however, most are elderly and disabled. What we do know is that housing assistance plays a critical role in stabilizing low-income households and promoting positive health and educational outcomes. Instead of cutting funds for assistance, the administration and Congress should be considering ways to expand access to stable, affordable housing. And before proposing policy reforms for housing assistance programs, we need to expand the evidence on what works and what doesn't, focusing on impacts on those households that receive housing assistance as well as those most severely in need of such assistance.

Notes

1. "Picture of Subsidized Households: 2016," US Department of Housing and Urban Development, accessed December 15, 2017.

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