RESEARCH REPORT

Guaranteed Income as a Mechanism for Promoting Housing Stability

Exploring an Important Policy Lever for Addressing America's Affordable Housing Crisis

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Executive Summary

The evidence base for cash assistance as an effective and efficient means of stabilizing families and individuals with low incomes is large and growing. One hundred guaranteed income pilots have emerged in America since 2018, on top of an intermittent history of cash-based policy legislation, proposals, and experiments over the course of the 20th century. Less well documented are the comparative advantages of offering cash instead of restrictive safety net aid programs, such as for housing, food, and child care. This report explores how guaranteed income might address gaps and deficits in policies designed to address America's housing affordability crisis.

Insights from a research review and policymaker interviews suggest that strategically applied cash relief could accomplish the following:

1. Offer renters facing one-time or intermittent housing shocks more flexible access to housing support.
2. Accord more choice and dignity to any renter in need of housing support.
3. Reduce exposure to voucher discrimination and offer more housing choices to marginalized populations.
4. Provide increased housing access to excluded workers.
5. Offer more efficient and cost-effective housing help to those in urgent need now.

Guaranteed Income as a Mechanism for Promoting Housing Stability

Cash assistance for people in poverty came under fire during the welfare reform movement of the 1990s for causing so-called "welfare dependency." Over a quarter of a century after the passage of the 1996 welfare reform legislation, government-sponsored cash benefits have declined precipitously. Spending on the direct assistance component of Temporary Assistance for Needy Families, for example, makes up only a little over 20 percent of the total federal block grant allotment to families, and many potential recipients believe that the program is defunct (Edin and Shaefer 2015).[1]

Now, largely due to policy lessons learned from pandemic relief efforts and concerns about a changing economy, direct cash assistance is making a comeback among philanthropists and policymakers (Karpman and Zuckerman 2021).[2] *Guaranteed income* is the blanket term often used to describe this assistance, but there are many names for a strategy that runs the gamut from municipal experiments in short-term cash relief to annual tax credits (box 1). Though these experiments and policies take multiple forms, they are generally designed to provide financial stability and/or prevent a slide into deeper poverty for economically burdened workers and families.

BOX 1

Terms Applied to Direct Cash Assistance Strategies

The terminology used to describe direct cash assistance strategies is often conflated. For example, universal basic income, a policy proposal fielded most famously by Democratic candidate Andrew Yang in the race for the 2020 presidency, is often erroneously used to describe efforts that are targeted to people with low incomes or other special populations. Timing is another design feature that is often obscured by labels, as direct cash assistance strategies range from short-term bursts (e.g., emergency relief to victims of a natural disaster) to long-term income maintenance strategies (e.g., Social Security for older Americans).

- Direct cash or cash infusion: Any strategy that provides cash directly to recipients as a service that can be either recurring or a time-limited burst.
- Cash transfer or income maintenance: Terms that are typically applied to publicly administered and recurring cash assistance and insurance programs so that beneficiaries can maintain a certain income level (e.g., the direct assistance component of Temporary Assistance for Needy Families; Social Security).
- Minimum income or basic income: Income calibrated to cover a person's basic needs, such as the costs of food, shelter, utilities, and other living expenses.

- Guaranteed income: A steady, predictable, and unrestricted amount of cash. Duration varies and the amount is not typically calibrated to meet basic needs. Guaranteed income efforts are typically targeted to reach people with low incomes and are sometimes directed at special populations like artists, young mothers, and formerly incarcerated people.
- Universal basic income: A financial stipend to all individuals in a broad jurisdiction, such as a state or a nation, regardless of need or other qualifying criteria.
- Cash-based social policy: Publicly funded strategies that use direct cash, in any of the forms described above, to achieve specific policy goals.

Source: Aspen Institute, "Guaranteed Income and Other Cash Infusions" (Washington, DC: Aspen Institute, 2020).

Although some policymakers propose cash as a replacement for current safety net benefits, other proponents are careful to design cash strategies that supplement, rather than replace or diminish, in-kind benefits like housing, food, and child care subsidies.[3] These efforts focus largely on how cash transfers from private and public sources often interact with programs and benefits offered by federal and state human services and workforce systems, which typically operate in funding and regulatory silos with restrictive, confusing, and conflicting means tests and asset limits. America's compartmentalized approach to offering aid to households with low incomes often produces cliff effects for families as they try to move out of poverty (Anderson et al. 2022), and designers of guaranteed income approaches typically do not want to put recipients in this position.

What has received less attention is how and when cash and in-kind programs should function together, as both/and approaches to helping, and when they should function separately, as either/or approaches, in cases in which one offers clear advantages over the other.

This brief explores how guaranteed income may offer a unique set of advantages for combatting the affordable housing crisis by citing select literature on cash infusion and affordable housing efforts and evaluations. In addition, we collected primary interview data from stakeholders of three guaranteed income pilots currently underway in the US to come up with preliminary answers to the following questions:

- What impact might guaranteed income have on housing outcomes?
- What amount and duration of cash assistance is required for any impact to be meaningful and sustainable?

We chose to juxtapose strategies focused on cash infusion with strategies focused on affordable housing for three related reasons:

1. The nation faces a growing and persistent affordable housing crisis among low- and extremely low–income renters, and current housing programs do not have the capacity to meet their needs, nor are they efficiently targeted (Cunningham, Leopold, and Lee 2014).
2. Without the security of stable housing, the stress of making monthly rent or mortgage payments can be destabilizing for households who must reduce spending on food and other essentials to keep a roof over their heads.[4]
3. Emerging data from cash pilots show that a substantial percentage of households use their guaranteed income allotments to cover housing costs, suggesting a potentially natural link between housing as a need and cash as a solution.[5]

Background

This section offers contextual data on the history and efficacy of guaranteed income and affordable housing strategies. First, we briefly cover the evidence for the efficacy of cash infusion and the history of movements for guaranteed income in the United States. Second, we provide an overview of the affordable housing crisis and America's most prevalent strategies to ameliorate it.

The Case for Cash

The road out of poverty for families without sufficient cash resources is often a dead end, fraught with anxiety and job setbacks (Edin and Schaefer 2015). These setbacks, often as simple as needing to fill an empty gas tank to get to or find work, could be addressed by even a modest amount of extra cash. Programs and benefits offered by federal and state human services and workforce systems do little to fill these gaps because they operate in restrictive funding and regulatory silos that too often prevent beneficiaries from allocating the assistance to what they need most to weather setbacks (Anderson et al. 2022). For about 75 percent of the homeless population, being unsheltered is typically a temporary state triggered by income shocks (İmrohoroğlu and Zhao 2021). The Substance Abuse and Mental Health Services Administration and other sources report that 20 to 25 percent of the homeless population in the US experiences some form of severe mental illness; among these, many are chronically homeless, experiencing shelter spells for extended periods.[6]

Often the case for cash revolves around benefits for children. Research has produced evidence that even modest boosts in parental income during a child's first years have striking associations with that child's future school and employment success (Duncan and Magnuson 2013). For example, the earned income tax credit, a cash supplement for low-wage workers, has been remarkably good for children's school achievement, college attendance, and future earnings (Hoynes and Patel 2016). Cash assistance that is not attached to parental work can also produce robust effects for moving children permanently out of poverty. One excellent example is the impact of a longtime casino profit-sharing initiative on mobility-relevant outcomes for low-income Cherokee children.[7]

A broad scan of the literature on guaranteed income reveals that cash infusion can have deep impacts on housing outcomes and other basic needs. Not surprisingly, there is a raft of data showing that guaranteed income promotes the financial stability of individuals and families overall, particularly for the lowest-income households (Airgood-Obrycki et al. 2021). By extension, guaranteed income projects can reduce the rent burden of low-income households: the transfer by itself reduces the share of income that makes up rent (Seymour et al. 2020). And—perhaps most significantly given the well-documented barriers to geographic mobility for low-income people, especially people of color—older guaranteed income initiatives have shown that income support enables people to move to neighborhoods with better housing (Kaluzny 1979). Completed evaluations of more recent cash pilots generally mirror the findings of the Washington, DC, pandemic cash assistance program, THRIVE East of the River. After the program began, an Urban Institute team found that 54 percent of recipients said they spent "all or almost all" or "a lot" of their payments on housing. The number of participants who reported not having enough to eat on a daily basis dropped from 34 to 19 percent. Participants also reported better mental health than other people with similar earnings in DC and nationally (Bogle et al. 2022).

Though few studies focus on how cash affects housing stability, there are notable findings from a long-ago demonstration called the Housing Assistance Supply Experiment, which was part of a series of experimental housing programs funded by the Department of Housing and Urban Development that ultimately led to the development of the housing choice voucher (HCV) program, America's largest affordable housing strategy. The program functioned as a conditional cash transfer; households could only receive monthly payments while occupying units that met minimum standards for space, domestic facilities, safety, and sanitation. Ultimately, participation in the program increased households' likelihood of living in adequate housing from 50 to 80 percent and reduced households' monthly housing costs from 50 percent of gross income to 30 percent. The program's evaluators concluded that an unconditional cash transfer program without housing standards would have had significantly higher program participation, but it would have been less effective at improving housing quality (Cunningham and Leopold 2014). Notable findings from a more recent cash transfer program as a solution to housing needs are discussed below.

Movements in Guaranteed Income

The concept of guaranteed income in the US is as old as the country itself, dating back to when Thomas Paine proposed a type of basic income in his 1776 pamphlet "Common Sense." The idea reemerged with populist Louisiana Senator Huey Long, who proposed in the 1930s giving every American a minimum income of $2,000 a year. In the mid-20th century, the concept took hold with civil rights advocates. In 1966, the Black Panther Party's Ten-Point Program demanded "employment or a guaranteed income" for everyone.[8] A year later, the Rev. Martin Luther King Jr. wrote in his last book, *Where Do We Go from Here: Chaos or Community?*, that government aid programs all have a "common failing: they are indirect. Each seeks to solve poverty by first solving something else. I am now convinced that the simplest approach will prove to be the most effective—the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income."[9] Most recently, the idea for a national guaranteed income has been popularized by 2020 presidential election candidate Andrew Yang, who proposed a universal basic income of $1,000 a month for every American over age 18.[10]

As a matter of policy and program, the largest and most well-known form of guaranteed income in the US is Social Security, which Democratic President Franklin D. Roosevelt pushed through as a key component of his New Deal. Forty years later, Republican President Richard Nixon introduced the Family Assistance Plan, which would have provided additional cash to families with low incomes through a negative income tax—cutting checks for families instead of having them pay the government—of $1,600 (about $13,000 today) for a family of four. The proposal was motivated by Nixon's desire to replace the welfare system, but it never made it out of Congress. However, the idea is credited for being the inspiration for the Earned Income Tax Credit, which is a cash payment back to workers with low wages and widely considered one of the most effective antipoverty programs of all time.[11]

Alaska established the nation's only large-scale permanent universal basic income for nearly all residents, regardless of age, in 1976. Today, Alaskans typically receive about $1,000 to $2,000 annually as a dividend of oil revenues through the Alaska Permanent Fund. Outside of the Alaska program and a recently begun pilot in California, there are no guaranteed income programs, per se, implemented at the state level, and there is no federal program on the horizon. However, many in the guaranteed income movement consider the enormously impactful expansion of the Child Tax Credit under the American Rescue Plan Act a form of guaranteed income and the greatest proof of its efficacy. The full credit is $2,000 per child, but prior to the American Rescue Plan it was not refundable, leaving behind about a third of children, most of whom were Black or Latino, who lived in rural areas, were members of large families or families with a young child, or raised by a single parent. In 2021, the American Rescue Plan made all of these children fully eligible. Despite the child tax credit expansion cutting child poverty nearly in half (Wimer et. al. 2022), it was not renewed largely because of concerns about potentially inflationary spending and tropes about recipients spending the money on illegal drugs.[12] A number of states are heeding the evidence of enormous household level benefits, however, with their own expansions to both the child tax credit and the earned income tax credit.

Many counties and municipalities are experimenting with pilot programs at the local level. By the last count, 100 pilots have launched since 2018. The first of these recent experiments is the Magnolia Mother's Trust in Jackson, Mississippi, which launched in 2018 and provides 20 Black mothers experiencing extreme poverty $1,000 a month. The program has since served more than 300 mothers. The most famous among the municipal experiments is the Stockton Economic Empowerment Demonstration, which launched in 2019 and is running in northern California.[13] In 2020, Michael D. Tubbs, who was then mayor of Stockton, helped found Mayors for a Guaranteed Income, a coalition of dozens of current and former mayors from across the country advocating for guaranteed income policy.

The Affordable Housing Crisis and the Housing Safety Net

Housing affordability is a persistent and growing problem in America. Millions of families pay more than half their income on rent, live in severely inadequate housing, double up with extended family or friends, or live on the streets and in shelters (Cunningham and Leopold 2014).

According to the National Low Income Housing Coalition, 6 out of 10 people worry that they will not be able to pay for housing next year.[14] The Coalition estimates that there is a 7-million-unit shortage of rental units for extremely low–income renters across geographic regions (Pitkin, Elder, and DeRuiter-Williams 2022). The Department of Housing and Urban Development defines *extremely low income* as families whose income does not exceed the higher of the federal poverty level or is at 30 percent of the local median income. It defines *low income* as not exceeding 80 percent of the local median income.[15] Seventy percent (7.6 million) of the nation's 10.8 million extremely low–income renter households are severely housing cost-burdened, spending more than half of their incomes on rent and utilities (Aurand et al. 2022). The Housing Act of 1949 set a national policy goal of "a decent home and a suitable living environment for every American family."

Though more dire for low-income renters, the issue of housing affordability also concerns potential homeowners: the average sale price for a home is the highest it has ever been at $525,000 in the second quarter of 2022.[16] Although the impacts of housing affordability vary across regions and socioeconomic statuses, housing affordability has historically affected and continues to impact Black, Latine, and Indigenous people disproportionately due to their lower levels of housing stability and wealth (Cai, Fremstad, and Kalkat 2021).

Much of this crisis is driven by a shortage of affordable housing, especially in high-cost rent environments, which impedes both the economic and geographic mobility of low-income people seeking access to neighborhoods with high-quality services and jobs. There are only 36 adequate and affordable rental units available for every 100 extremely low–income households in need of housing (Aurand et al. 2022). In many ways this shortage can be attributed to developers seeking reasonable profits in an era of record low private investment in new development and a lack of government subsidy to cover this loss.[17] This lack of investment, on top of a lack of rent control in most municipalities, means few new units are being built; existing units continue to see rental increases; and units defined as "affordable" by the Department of Housing and Urban Development are often still out of reach for low-income renters. As rents continue to rise, so do the number of renters who need affordable housing.[18] These affordability pressures result in displacement and in the worst cases homelessness, which between 2016 and 2020 was on the rise (National Low Income Housing Coalition 2022).

In the face of these demand and supply-side challenges delineated above, the housing safety net does not currently meet the needs of American families. Although rental subsidies, such as housing choice vouchers (HCVs), have proven effective at ensuring affordable, adequate housing for many families, there are not enough to go around, and the wait time to receive rental assistance is typically measured in years, not months.[19] Households facing an immediate housing crisis can apply for emergency assistance, but this support is short term, often narrowly targeted, and generally insufficient to promote long-term housing stability (Cunningham, Leopold, and Lee 2014). Nevertheless, it is important to note that America's categorical housing programs have a strong track record of reducing homelessness and other hardships for some Americans experiencing housing precarity. For example, in 2018, rental assistance programs lifted 3 million people above the federal poverty level, including 665,000 elderly people and 936,000 children. Until the expanded child tax credit lifted 2.1 million additional children out of poverty in 2021, that was more than any other government program except Social Security (Fischer, Rice, and Mazzara 2019).

Today, federal rental assistance programs assist 10.2 million people in roughly 5 million low-income households. The HCV program supports just over 2 million households on its own, and public housing and Section 8 Project-Based Rental Assistance aid a combined 2 million.[20] In these programs, assisted households pay 30 percent of their monthly income toward rent, and the public housing agency pays landlords directly, subsidizing the difference between the household's rent contribution and the gross rent (in the case of the HCV program) or the full operating cost of the unit (in the case of project-based assistance). These programs are means tested, and to be eligible for HCVs, households must be very low income, meaning that their incomes are less than or equal to 50 percent of the area median income. To be eligible for public housing, households must be low income (80 percent of area median income). However, admissions preference is given to extremely low–income households—those earning 30 percent or less of the area median income.[21]

Five Ways Cash Can Be an Effective Housing Solution

The analysis that follows explores much of what is currently known about the impact of cash infusion on issues like rent burden and housing stability. We also briefly explore questions concerning the optimal size, duration, and target population for cash infusion efforts aimed at improving housing outcomes.

Throughout this analysis, we cite secondary data from past experiments as well as current demonstrations that have released evaluation data. We also quote from interviews with key stakeholders from three current guaranteed income pilots to glean their thinking about the relationship between cash infusion and housing stability, as well as provide boxes featuring these pilots so that readers can appreciate the very different approach each pilot takes to mining outcomes at the intersection of cash and housing. The pilot in Austin, Texas (box 2), approaches housing stability as a key outcome and has actively recruited participants who experience housing precarity as demonstrated by various indicators. The pilot in Chicago, Illinois (box 3), identifies housing stability as an important outcome, but it does not treat housing stability as distinct from other outcomes in either its activities or evaluation plan. The Arlington County, Virginia, pilot (box 4) treats the increasingly unaffordable housing costs borne by its low-income citizens as a barrier to address rather than a target outcome per se, leaving cash infusion to act on other important outcomes like mental and physical health, preparedness to handle a financial emergency, and connectedness to community.

Though the evidence base for the comparative or supplementary impact of giving cash to rent-burdened households vis-à-vis other housing solutions is still thin, insights from a broad array of research and policymakers suggest that strategically applied cash relief could accomplish the following:

1. Offer renters facing one-time or intermittent financial shocks more flexible access to housing support
2. Accord more choice and dignity to any renter in need of housing support
3. Reduce exposure of marginalized populations to voucher discrimination
4. Provide increased housing access to excluded workers
5. Offer more efficient and cost-effective housing help to those in urgent need now

Each possibility is summarized below with supporting data from various sources, including our interviews with stakeholders from the three guaranteed income pilots profiled in boxes 2, 3, and 4.

More Flexible Access to Housing Support for More Renters

Many housing subsidy programs are designed to prevent worst-case housing scenarios, such as homelessness, especially for populations whose needs are deepest, like people with mental illness and few resources. However, as noted above, a substantial portion of first-time homeless are people experiencing short-term financial shocks due to often hard-to-predict financial setbacks like job loss, divorce, or health crises (Ellen and O'Flaherty 2010). Given the many barriers to access inherent in categorical housing policies, cash infusion may be the most efficient mechanism for stabilizing households who struggle to pay the rent on only a transitory or intermittent basis but who cannot easily access standard housing supports because of eligibility gaps and long waiting lists. In turn, this could relieve stress on emergency solutions like homeless shelters and transitional housing. As noted by İmrohoroğlu and Zhao (2021), "Economic theory [could] help us design mechanisms that will reduce the flow to homelessness for the fraction of the population who become homeless due to bad shocks. If such polices could be useful, then the burden on the system to deal with the rest of the homeless population would be more manageable."

A look at data emerging from research on flexible rent subsidies provides a glimpse into how cash might be the most finely tuned instrument for helping families who are currently housed but remain one shock away from homelessness. A flexible subsidy allows renters to decide how much of the subsidy to spend each month, up to their total rent. This flexibility can be particularly valuable for workers whose earnings fluctuate, such as seasonal workers and those in the gig economy, who have been especially hard hit this past year.[22] Typically, local housing entities send flexible rent subsidies directly to landlords. Among the most rigorously studied of these programs is Project Independence in Alameda County, California. Project Independence is a shallow rent subsidy program with services coordination support for people with very low incomes living with HIV or AIDS. On average, participants were paying 68 percent of their monthly income on rent before receiving the subsidy, and 42 percent of their monthly income on rent with the subsidy. Although most Project Independence participants remained at least moderately rent-burdened, the subsidy was sufficient to keep them stably housed. Two years from the baseline survey, 96 percent of Project Independence participants were still in rental housing, versus 10 percent of the comparison group. Over the five-year study period, the average time in rental housing for Project Independence participants was 3.9 years versus one year for the comparison group. Thus, although the shallow subsidy left most participants moderately rent-burdened, it appeared to be sufficient for keeping them stably housed. However, the authors noted that unobserved differences between the treatment and control groups, such as prior rental history, may help explain the stark differences in housing stability (Cunningham and Leopold 2014).

Early and anecdotal data suggest that giving flexible subsidies directly to beneficiaries is a strategy worth watching. Washington, DC's, Department of Human Services is running a four-year pilot program, DC Flex, which gives families $7,200 a year for rent to use whenever they need. This subsidy amount was chosen because it was equal to half of the annual subsidy received by families in DC's HCV program in 2017. Unlike most flexible or shallow subsidy programs, which typically make payments directly to landlords, DC Flex allows participants to set up checking and escrow accounts at participating banks so they can pay their monthly rent directly. First-year results from a randomized controlled trial show that the flexible subsidy did not lower homelessness rates, as neither the treatment nor the comparison group used emergency shelter in significant numbers. However, the use of other homelessness support programs, particularly rapid rehousing, decreased significantly (29 percentage points) among DC Flex participants relative to the comparison group. This finding suggests a flexible subsidy can reduce reliance on other support services when a family is facing a homelessness crisis, potentially lowering long-term costs.[23]

A city council member in Austin suggests that cash infusion to address temporary housing precarity might also confer positive outcomes on entire communities by restructuring public safety and community relationships:

> "When people think public safety, they think first responders, or they think criminal justice, right? And that's not all that goes into keeping a community safe. Keeping a community safe also means that you have stable housing. It means that you have a food on your table. It means

that you have a sense of community where you live . . . The movement around guaranteed income has legs, it can be sustainable, there is a role for governments to have in it. And it's important because the number one responsibility of a government is keeping your community safe, and safety is not just people armed with guns and badges. It's all of the things that make a community safe, and that's mental health, that's housing stability, that's health care services."

BOX 2

Austin Annual Guaranteed Income Pilot

Administering agencies: City of Austin Equity Office and UpTogether

Cash assistance amount: $1,000 a month

Pilot duration: 12 months from first payment

Number of pilot participants: 135 individuals or families

Funding sources: This pilot was principally funded by the City of Austin's equity budget ($1.1 million) and supplemented by St. David's Fund ($800,000).

Stated goals: This pilot aims to address homelessness and displacement in Austin. Specific goals include advancing economic development, public health, and public safety by placing the decisionmaking power into the hands of those directly impacted.

Pilot motivation: Guaranteed income programs can potentially improve displacement and homelessness outcomes by providing flexible support to families and individuals. This pilot is seen as a critical investment in individuals to improve their economic stability, mental and physical health, and social capital. Unrestricted funds allow recipients to purchase necessities such as rent, food, transportation, and utilities, addressing their specific needs to help them remain where they are. The pilot is positioned as a springboard to allow recipients to stabilize and grow into better-paying jobs, increased savings, and ability to live full lives.

Pilot participation criteria: Guaranteed income participants were selected if they were living in Austin, had an income that was at or below 60 percent of the area median family income, were at least 18 years of age, and did not receive funding through UpTogether's previous 12-month pilot, which took place from March 2021 to March 2022. Additionally, recipients must have met at least one of the following criteria:

- moving from homelessness toward permanent housing
- household had been behind on rent for two or more months over the past year
- household had experienced a filed eviction notice
- household had received a verbal or written notice of intent to evict OR a threat to vacate by landlord or property manager at any time within the past three months due to nonpayment of rent

Evaluation: UpTogether has partnered with the Urban Institute to evaluate the second phase of the City of Austin's guaranteed income pilot, which is under way now. The evaluation uses a range of methodologies including a survey to measure changes in housing and financial stability, food security, and income, and will feature a component that juxtaposes participant data with roughly comparable measures from other evaluations. The internal evaluation of the first phase of the pilot found that participants used the cash to stabilize housing, increase employment, and expand social networks.

Connection to housing: The Austin Annual Guaranteed Income Pilot program prioritizes individuals who are under threat of housing insecurity and for whom this money would significantly affect their ability to remain housed or gain housing. The eligibility criteria and the enrollment selection processes both reflect this intent, but the cash itself is provided without conditions. Families may use the funds however they see fit, with no requirements for spending to be allocated toward housing.

More Choice and Dignity for Renters with Low Income

Guaranteed income, which aims to fill safety net gaps in critical needs like affordable housing, can help challenge the tendency of the American polity and its representatives to mistrust people who use the safety net, especially people who are heavily stigmatized by living in substandard housing or who have experienced homelessness. This mistrust lies at the heart of a commonly held belief that some people are more deserving of assistance than others, in which deservingness is measured by perceptions of how responsible the recipients are and how willing they are to work (Steinberger 2020). This mistrust does not affect just housing safety net users. It is baked into the workings of most policies and institutions meant to serve low-income people. For example, in one study, researchers observed that staff in benefits-administering agencies expressed much unease with "giving people money" if they felt those people did not deserve those funds. Not only that, administrators can act on this unease by withholding cash transfers from those eligible to receive them (Steinberger 2020).

A recent World Bank and Stanford University study, "Cash Transfers and Temptation Goods," corroborates behavioral economics research that finds when money is given for a specific purpose, such as housing, people and organizations tend to use it for that purpose, even when no one is monitoring them (Evans and Popova 2017). In addition, other studies show that people with low incomes are not inclined to consume temptation goods with extra cash any more than people with higher incomes (Evans and Popova 2017). A pilot leader from Austin questioned the equity of common societal expectations when he said, "[Should] we monitor or audit what [participants in the pilot] are spending the money on? I think that we have some soul searching to do around that."

The US Partnership on Mobility from Poverty argued that three mobility dimensions—economic success, power and autonomy, and feeling valued in the community (i.e., belonging)—collectively encompass a holistic definition of economic and social mobility and that economic success alone “does not fully capture people’s experiences with poverty and mobility,” but that real mobility also involves issues of agency and community (Ellwood and Patel 2018).The Partnership called on a range of stakeholders, including representatives from philanthropies, government agencies, service providers, and advocacy and research organizations, to inform their thinking, investments, policy, and practice on designing better approaches to promoting mobility from poverty. To this extent, the choice embedded in flexible subsidy programs like DC Flex and full-blown guaranteed income efforts may produce outcomes that far exceed more restrictive and siloed programs. A review of the DC Flex account data showed 60 percent of program participants spent the full $7,200 over the course of the year, and others preserved funds for their second year in the program.[24] This result suggests participants used the program’s flexibility to suit their specific financial needs. Moreover, participants in the Baltimore Housing Mobility Program, a modern-day successor to the renowned and highly impactful Moving to Opportunity housing mobility demonstration of the 1990s, touted their experience of improved housing consumer status, on account of factors like rent payment through direct deposit and improved credit scores, as important in making some landlords more comfortable with leasing to them. (Bogle et al. 2022).

A city official in Austin hypothesized a direct link between choice and better outcomes:

> “[Subsidies] help directly with rent but they don’t unlock the flexibility that a guaranteed income program could. For example, I’ve heard a story about [one pilot participant] who was able to get tires put on [his] car so that [he] could actually drive Uber, and make money to pay the rent. You know, that’s a more self-sufficient and sustainable type of model. This is not to say that rent assistance doesn’t work or isn’t good, but I just think that the guaranteed income program gives more flexibility, and that it’s better for people to solve their own problems and create situations where they can be more sustainable, right? Because we can’t give you real assistance every month for your entire life, right?”

This same leader added, “We are wasting money on a lot of other programs and initiatives. If we can demonstrate that this works, there’s an opportunity for us to reroute and reallocate a lot of those dollars to where we will have a bigger impact. Currently money is being invested in a lot of social service safety net stuff that I’m not always convinced is getting us the best results.”

A story from Baltimore’s new guaranteed income pilot illuminates how the freedom to allocate flexible cash may help low- to moderate-income people recover from unanticipated financial shocks in a number of beneficial ways that extend far beyond housing. Ariana Williams, a 24-year-old, lost her temp job as an insurance agent just prior to joining the pilot. Consequently, she lost her apartment and had to move in with an aunt, who was struggling with health issues and facing possible foreclosure. Once Williams started receiving guaranteed income from the city, she moved out of her aunt's home and into an apartment she now shares with her 1-year-old daughter, boyfriend, and older sister. She also started a new part-time job. Aside from rent, Williams says much of her new income stream has gone toward things such as food and diapers, as well as toward offering her aunt a bit of the financial help she needs to ward off her home foreclosure.[25]

Besides their tendency to create cliff effects, in-kind safety net programs, such as housing vouchers, are often criticized for being paternalistic and shaming.[26] Others point out that overly restrictive programs that cast suspicion on the motivations of recipients are a natural outgrowth of centuries of "welfare state" thinking that always casts suspicion on the motivations and moral standing of "the poor" (Trattner 2007).

As a leader from the Arlington's Guarantee pilot said,

> There are a lot of constraints around [public] benefits. You have to prove your worthiness. The money has to be tracked and only to be spent on certain things, but there are so many other things in life that are holding people back: your car breaks down, you need child care to work or go to school, having to pay medical copays, riding down debt, improving credit, saving long term for college for kids. None of those things are covered under public assistance programs.... We are looking at deliberate ways to increase people's autonomy and let people make their own goals for that money. We want to increase a feeling of belonging in the community. We have a moral imperative to show folks [who are lower income and doing essential low-wage work] that we value them and they belong here. This is fundamental. We also have an economic mandate for the viability of our community.

Another leader from Austin commented,

> Even within the guaranteed income realm, concerns over how the cash is offered are prevalent. Contrasting unconditional cash with conditional cash, which is offered as a reward for good behavior, like ensuring children's good school attendance.

Sean Kline, the associate director of Stanford University's Basic Income Lab, said, "There are positive outcomes from conditional cash, there are positive outcomes from unconditional cash. But I think for me, making it conditional misses a really fundamental value around trust, dignity, agency, freedom."[27]

Less Exposure for Marginalized Populations to Voucher Discrimination

By providing housing via a voucher and setting rules for the voucher's use, the government is essentially limiting households to neighborhoods where landlords are willing to participate in the program, and these neighborhoods are often not the ones that will lead to better outcomes for families. Some landlords use rejection of HCVs as a proxy to discriminate against racial or ethnic minorities. Nationally, 52 percent of voucher holders are Black, 24 percent are white, and 19 percent are Latino.[28] Fifty-three percent of voucher holders live in urban areas, with the balance living in suburban and rural jurisdictions. In major urban centers like Atlanta, New Orleans, and Washington, DC, 90 percent or more of HCV holders are people of color.[29]

It can be especially difficult for voucher holders to find landlords who will rent to them in tight rental markets and in neighborhoods that offer opportunity—those low in crime, with high-quality schools and other amenities, such as supermarkets, parks, and access to jobs. This burden falls disproportionately on people of color.[30] One pilot stakeholder we interviewed pointed directly to these issues when discussing her city's policy and equity aims for essentially "cashing out" housing support to some of the most marginalized and rent-burdened groups in Austin: "In this market and in this climate, people who have vouchers, they're not first-choice renters. And ultimately what happens is that you have a lot of families who have received their voucher, but are just sitting on it, because no apartment will lease to them. And so I think many policymakers [are thinking], 'Oh, my God, we've [put] a million dollars on vouchers. We feel really good.' But they are vouchers to nowhere."

This "vouchers to nowhere" concern is confirmed by the largest, most comprehensive test of housing voucher discrimination to date. Cunningham and colleagues (2018) conducted 4,000 "paired tests" of cash-using renters and voucher-using renters to assess landlord acceptance rates of Housing Choice Vouchers. The study shows that voucher-using renters, who are disproportionately people of color, have an extremely difficult time securing housing, with problems ranging from identifying an available unit and reaching landlords, to finding landlords willing to accept vouchers, to meeting with landlords to view available housing. The study also reveals that many landlords refuse to accept vouchers altogether, although voucher denial rates vary widely. For example, voucher denial rates were highest in Fort Worth (78 percent), Los Angeles (76 percent), and Philadelphia (67 percent), but substantially lower in Newark (31 percent) and Washington, DC (15 percent). Consistent with the perspectives of the Austin stakeholders quoted above, rejection rates were higher in lower-poverty neighborhoods, suggesting that voucher holders who want to find housing in an "opportunity" area—perhaps close to high-quality schools, jobs, and transportation—will face even more rejection. For the most part, testers who found a landlord who would accept vouchers and show them an available unit were treated similarly to control testers who did not have a voucher, with a few exceptions: voucher holders could schedule apartment showings but were more likely than their matched control testers to be stood up by the landlord. Although findings from this study generally support the idea that cash could help alleviate voucher discrimination, it's also worth noting that landlords who did accept vouchers appeared to scrutinize the cash users a bit more—for example, asking about income and employment more often—suggesting they understood the value of the voucher in increasing a household's ability to pay the rent, which may offer at least one market advantage to voucher holders. (Cunningham et. al. 2018)

Cashing out housing vouchers could also help renters of color overcome landlord racial biases. Local housing discrimination studies have found a subset of landlords that reject vouchers when offered by Black or Hispanic families but accept them from white families. Local statutes that prohibit discrimination in the housing market help, but only some of these laws specifically mention vouchers.[31]

BOX 3

Chicago Resilient Communities Pilot

Administering agencies: Office of the Mayor and the Department of Family and Support Services

Cash assistance amount: $500 a month

Pilot duration: 12 months from first payment

Number of pilot participants: 5,000

Funding sources: This pilot is entirely publicly funded, a unique feature as it was the first publicly funded municipal guaranteed income pilot to secure a Section 8 housing voucher exemption. The $31.5 million budget is sourced from American Rescue Plan Act funds and local bonds.

Stated goals: As a program begun during the COVID-19 pandemic, the principal goal is the equitable economic recovery of Chicago residents by providing financial relief. Other stated goals are to improve residents' well-being, transform the city's human services, and build a field of practice. The Chicago Resilient Communities Pilot sees guaranteed income not as a policy lever to be used on its own, but as an innovative addition to a municipality's social safety net system. The pilot is also an opportunity to inform ways to innovate the current social safety net system and better serve residents.

Pilot motivation: As a part of the Chicago Recovery Plan, the Resilient Communities Pilot aims to support communities in an equitable economic recovery.

Pilot participation criteria: Eligibility for the Chicago Resilient Communities Pilot was far broader than for most similar programs. The program design called for a wide range of economic statuses, both in the pursuit of the equitable recovery goal but also to understand impacts of guaranteed income for a variety of socioeconomic realities. Participants were picked from a lottery system, had to be a resident of the City of Chicago, be 18 years or older, have experienced economic hardship related to

COVID-19, and have a household income that fell at or below 250 percent of the federal poverty level (currently $27,750 for a family of four).

Evaluation: The pilot is being evaluated by the University of Chicago's Inclusive Economy Lab using a survey that asks participants questions about their general, financial, and neighborhood well-being.

Connection to housing: The Chicago Resilient Communities Pilot has no explicit or implicit connection to affordable housing. This pilot has a significantly larger and more socioeconomically diverse participant pool than many similar programs. Pilot participants range from unhoused or homeless people to stably housed people. The evaluation includes indicators of housing status, quality, and mobility. Implementers acknowledge that $500 a month is not enough financial assistance to aid residents in combatting an affordable housing crisis fueled by a lack of affordable supply. They see housing stability and mobility as an outcome that is no more or less important than other outcomes, such as food access and a sense of overall financial security. The evaluators are interested in how guaranteed income impacts housing stability and access for participants across socioeconomic statuses, ranging from unhoused to stably housed, in public housing or not.

Increased Housing Access for Excluded Workers

A hallmark of most guaranteed income efforts is their inclusiveness. Although eligibility criteria are often applied (boxes 2 to 4) to ensure access for those who need the funds most, municipal and state implementers often lean into the equity and cost-benefit implications of aiming cash infusion specifically at "excluded workers" who, because of their immigration, tax, or formerly incarcerated status, are typically excluded from accessing housing and other federally funded public benefits, including even short-term emergency rental assistance. Exclusionary federal eligibility policies are common for these populations, whether or not a national emergency is occurring. For example, because of the reality of and confusion over public charge rules, many immigrant families are prevented from accessing public benefits, housing or otherwise, even though millions of undocumented workers in the US pay federal income taxes. This exclusion was particularly harsh at the onset of the pandemic, when relief efforts, including stimulus payments and pandemic unemployment assistance provided through the Coronavirus Aid, Relief, and Economic Security Act, excluded undocumented individuals or US citizens and legal immigrants in mixed-status families. About 5.1 million US citizens and legal immigrants were excluded because they were children or spouses of unauthorized immigrants.[32] In an effort to right this inequity, jurisdictions like the District of Columbia, Houston, and New York State used their general funds and philanthropic contributions to provide immediate cash assistance to these and other workers who were excluded from reaping their share of relief from an economic system they contribute to regularly.

A frequently applied design standard found in guaranteed income programs, including the three pilots featured in this brief, is to explicitly include and even seek out participant populations who are excluded from federal cash transfers. In fact, some cash infusion programs are purpose-built to include the excluded. A recently launched guaranteed basic income pilot in New Mexico focuses solely on giving 330 undocumented or mixed-immigration status families $500 a month for 12 months. This decision was based in part on data from a survey of 1,000 Hispanic adults, including nearly 250 immigrants, in which more than half the respondents said they have $1,000 or less saved for financial emergencies, and more than a quarter had gone through that savings, or acquired debt, during the pandemic. Hispanic New Mexican parents were more than twice as likely as white parents in the state to have lost wages since the pandemic began, and more than three times as likely to be unsure about whether they could make their next housing payment.[33]

More Efficient and Cost-Effective Housing Help for Those in Urgent Need Now

Some in the housing advocacy and research fields argue that, given the often slow pace and high costs of affordable housing development, allocating a greater balance of limited resources to direct cash subsidies for rent-burdened households could be a far more efficient and cost-effective means of getting housing relief to families experiencing the deleterious effects of ongoing rent burden. As one pilot leader said, "I think [approaching] housing affordability with rent assistance programs, [such as HCVs and emergency rental assistance], has been really helpful. But I think if you talk to families about the rent assistance program, it is a bureaucratic nightmare and a hardship."

The argument goes that getting a direct payment to a cost-burdened family addresses their cost differences right now, rather than leaving them languishing on waiting lists, funneling their payments to landlords, or giving them "vouchers to nowhere." Roger Valdez, director of the Center for Housing Economics and a research fellow at the Foundation for Research on Equal Opportunity, a leading proponent of cash as a housing solution, writes,

> Direct cash payments mean fewer operating costs, financing costs, and construction costs assumed by funding agencies and taxpayers. Cash payments for housing would mean letting the private sector take on more of the risk and costs but still help families who need housing without having to buy land and build. A finely tuned cash-based program could also allow families to set aside money in a savings account if their income increases over time, allowing them to capture some of the subsidy for a future home purchase or for college expenses.

> Now these payments and other costs savings would mean the cadre of attorneys, consultants, and tax credit syndicates would lose money for their own operations. But is that a priority? Instead a cash benefit system could be part of an overall improvement in efficiency and empower families with more cash, cash that could, with support, mean getting them out of poverty in the long term. We've forgotten that subsidized housing, in most cases, ought to be about ending the cycle of poverty, not perpetuating an expensive unit-building, bureaucratic machine.[34]

Valdez and others acknowledge, however, that this application of cash doesn't preclude construction of new subsidized housing, hypothesizing that it could even create savings to fund more units. And indeed, housing is a good example of how cash-based social policy can only fill one lane in resolving America's burgeoning income inequality and cost-of-living problems. Structural problems and market failures in the housing market for renters with low incomes will not be solved by small allotments of cash infusion; the supply side problems are simply too immense. The US has a shortage of 7 million rental homes affordable and available to extremely low–income renters, whose household incomes are at or below the poverty level or 30 percent of area median income. Only 36 affordable and available rental homes exist for every 100 extremely low–income renter households. Extremely low–income renters face a shortage in every state and major metropolitan area (Aurand et al. 2022).

BOX 4

Arlington's Guarantee

Administering agency: Arlington Community Foundation

Cash assistance amount: $500 a month

Pilot duration: 18 months for each cohort

Number of pilot participants: 200 participants chosen randomly

Funding source: The Arlington's Guarantee pilot is privately funded, primarily by national foundations. The budget for the pilot is $2.16 million with $1.8 million going directly towards cash assistance.

Stated goals: The pilot's goal is improved economic mobility for the lowest-income residents of Arlington County. Its mobility work is shaped around three goals: increased income and assets, personal power over one's life, and a sense of belonging to the community.

Pilot motivation: As part of its economic mobility portfolio, which aims to assist the county's lowest-income residents and prevent displacement, the Arlington Community Foundation wants to contribute to lessons about guaranteed income as a policy lever.

Pilot participant criteria: Participating households must have income under 30 percent of the area median income for family size at prepandemic measures, at least one working adult, and a child or children under 18 years old. Seventy-five percent of the participants were chosen randomly from a pool of county housing grant recipients. The remaining participants were undocumented households and individuals returning to the community after incarceration.

Evaluation: The Arlington's Guarantee pilot evaluation is based on a participant survey that periodically measures participants' social, economic, and financial well-being. An interim report on the progress of Arlington's Guarantee can be found on Urban's website (Bogle, Braswell, and Williams 2022).

Connection to housing: Pilot leaders chose housing grant recipients as a key target population because of their demand side alignment with Arlington's housing affordability work under Arlington Community Foundation's Shared Prosperity Initiative, which focuses on systems-level strategies like buydowns, expanding rent subsidies, and state and local policy changes. The hypothesis of the Arlington Community Foundation and its partners is that because these very low–income households are working and stably housed, the household heads are well positioned to use the breathing room provided by the unconditional cash to focus on sustainable upward mobility.

How Much Cash, for How Long, and for Whom?

Questions about how much, how long, and for whom loom large over all cash infusion strategies. Although there are promising data on the potential for cashing out housing subsidies, more research is needed to determine whether such a strategy is up to facing the structural challenges afflicting America's housing market, much less the deeply rooted income inequality and racial disparities that force millions of Americans to struggle daily while a small percentage enjoys true prosperity. As Amy Castro, the University of Pennsylvania researcher who leads the Stockton study, explains, "The public momentum and public discourse on unconditional cash is moving much faster than the data is."[35]

Most of the guaranteed income pilots launched in recent years provide about $500 to $1,000 a month and last about one to two years. Many interviewees from the three pilot sites profiled above remarked that the amount of cash assistance given in pilots is often small in comparison to a recipient household's housing burden or accumulated housing debts. Research confirms that modest and time-limited allotments of cash may necessarily limit the impact cash assistance can have in the face of housing affordability (Cooney and Shaefer 2021). With regard to duration of the assistance, the pandemic has highlighted how many families remain one financial shock away from falling behind on rent and becoming homeless, whether from loss of employment or an unexpected hospital visit. According to a Pew Research Center survey, 41 percent of households do not have enough liquid savings to cover a $2,000 expense.[36]

As for who can benefit most from guaranteed income efforts, the wide-ranging eligibility criteria for the pilots reflects the varied lessons pilot designers hope to learn from their experiments, including about how guaranteed income strategies might intersect housing solutions. For example, the Arlington's Guarantee pilot design deliberately targets residents whose incomes fall below 30 percent of area median income. And the majority of participants in this pilot already have housing support from the county, in keeping with the intent of pilot leaders to free families to focus on using the cash to advance other aspects of their well-being, including their economic mobility. Says one Arlington stakeholder, "If I was doing this over again with a focus more on housing, I would … increase the benefit amount…. But I think housing issues are more structural, and I don't know if guaranteed income can solve that kind of issue."

The Chicago Resilient Communities' pilot design, on the other hand, sets the threshold for income eligibility much higher at 250 percent of area median income. Data from this pilot may provide important insights on whether guaranteed income could be an effective way to reach ALICE households (Asset Limited, Income Restrained, Employed). ALICE families work, but they are often unable to cover their basic needs and frequently do not qualify for categorical benefits like HCVs.[37]

Discussing the virtues and limitations of cash as a solution to any social problem, including housing, a pilot leader from Chicago noted: "As [recipients] start to meet more of [their] needs on a monthly basis, I think that opens up time and brain space to work on other things, whether that is moving somewhere with more space, or a better school. I don't know if it solves housing insecurity, but it won't solve housing stability. There are additional structural, place-based things that need to change for people to have safe, reliable, and affordable housing."

But as the leader of the guaranteed income pilot in Baltimore noted, for people who are just one shock away from homelessness like Ariana Williams, "The line between sufficient income and insufficient income is not as big as we all think."[38]

Conclusion

Clearly the role of cash-based social policy in addressing challenges like the affordable housing crisis cries out for further exploration. However, more research and data on how cash can specifically help to solve America's thorniest policy problems are needed. As discussed above, cash infusion can offer housing consumers greater latitude to sidestep bureaucratic tangles, overcome some aspects of landlord discrimination, and solve their own problems even beyond shelter faster, but the power of cash infusion to bring sky-rocketing rental costs down or boost the supply of affordable housing is likely very limited.

Current and historic guaranteed income pilots, which target a diverse array of special populations, such as young mothers and formerly incarcerated people, offer a treasure trove of valuable findings. However, there is a great need for more implementation studies to drill down on the interaction of cash with particular public benefit programs, not just for purposes of avoiding cliff effects, which is already being thoroughly explored, but for demonstrating how cash might supplement or supplant in-kind approaches altogether.

The child tax credit expansion of 2021 cut the child poverty rate in half, setting up a host of improvements in child and family well-being, and yet it was not renewed, partly on account of harmful and unfounded assumptions about the inability of people with low incomes to spend wisely. If broad empirical arguments fail to persuade more policymakers to consider guaranteed income as a viable social and economic policy, perhaps targeted examination of how cash can solve categorical problems like housing instability will elevate its status as a potentially crucial lever in the tool box of American policymakers who wish to honor the dignity, choices, and self-determination of the people they represent.

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