



December 8, 2023

To: Austin City Council

From: Mary Bogle (Urban Institute), Halah Ahmad (Jain Family Institute), Jack Landry (Jain Family Institute), Owen Noble (Urban Institute), and Lauren Fung (Urban Institute)

Re: Summary of Austin Guaranteed Income Pilot Findings and Lessons for Policy and Practice

In 2022, the City of Austin’s Equity Office began a pilot of small monthly allotments of unrestricted cash for individuals and families who are unstably housed and live in high-poverty ZIP codes. This memo outlines current policy efforts to address the housing crisis in Austin, along with policy recommendations relevant to participant housing security and a future phase of cash assistance distribution in Austin. Accompanying this memo are two fact sheets, which provide study findings that substantially support our recommendations. The first summarizes outcomes for participants at the conclusion of the pilot (12 months). The second describes the effects of pilot cash on the social networks of participants. All publications, including this memo, are based on data from (1) policymaker interviews, (2) participant interviews, (3) interviews with participating nonprofits and other key informants, (4) a policy scan and literature review, and (5) a participant survey data at enrollment, six months, and program end.

Efforts Toward Housing Availability in Austin and Travis County

One of the primary motivations for the city’s guaranteed income pilot was to experiment with cash assistance as an approach to support people experiencing severe rent burden and housing insecurity.

The pilot is the smallest of the city and county’s recent efforts to create and preserve affordable housing in the Austin metro area and support more than 5,000 unhoused individuals across the county. These city- and county-level efforts include:

- Two [bond measures](#) passed [since 2018](#), worth a combined \$600 million, that position Austin to build thousands of additional deeply affordable units in coming years
- Hundreds of [new units](#) for unhoused residents through the purchase and renovation of former hotels
- Extended emergency rental assistance through city and county funds worth up to \$5 million

Austin Housing Crisis at a Glance	
24%	Increase in average rents from 2019 to 2022
2	Austin’s rank among the worst cities in the US in terms of ratio of cost-burdened renters to Housing Choice Vouchers
41	Of 200 neighborhoods experiencing or at risk of displacement and gentrification
5,455	Number of unhoused individuals as of May 2023
36%+	Of renters are cost burdened
18K	Pandemic eviction filings
9K	Eviction filings in the past 12 months (3 percent rate across the city)

¹ The City of Austin sought the research support of the Urban Institute to determine how unrestricted cash infusions might affect housing stability and other outcomes. We also conducted a qualitative study of policymaker perspectives and have begun an independent policy analysis with researchers from the Jain Family Institute, experts on various forms of cash assistance within the social safety net.

- More coordinated [data collection](#) efforts on Housing Choice Voucher (HCV) recipients, rent-burdened households, and people experiencing homelessness
- The creation of a community coalition, Finding Home ATX, to unify county, city, and nonprofit efforts to end homelessness; the coalition has raised more than \$450 million toward its affordable housing goals in public and private dollars
- A new county-funded diversion center to support unhoused residents with mental health and recovery services in efforts to reduce the criminalization of substance abuse disorders²
- Zoning code revisions to enable greater housing density and incentives for affordable units, while also creating a [risk mitigation fund](#) to incentivize landlords and realtors to rent to HCV recipients

As the city continues its push to preserve, create, and increase equitable access to affordable housing, guaranteed income in the form of direct or unrestricted cash, if designed and implemented intentionally, has the potential to fill key gaps in Austin’s current housing policy landscape. The following sections consider what unique or additive role a guaranteed income program may serve within the city and county’s safety net, particularly for affordable housing. The recommendations are also designed to fit within the constraints of federal regulations, as many of the largest safety net programs may be ripe for reform but have rules set at the federal level with limited local discretion. Finally, our recommendations are designed to be independently implementable, and we do not prioritize among them.

Recommendation 1: Use Guaranteed Income as Emergency Financial Assistance to Prevent Evictions and Increase Housing Stability, Especially for Austin Residents on the Housing Voucher Waitlist

One of the key benefits of cash assistance is its efficiency and flexibility. As families face financial and housing insecurity, they cannot swap benefits or supports like food stamps for money to pay their rent. Households facing housing instability may have many temporary informal expenses, such as paying a friend to double up temporarily or traveling to live with family. Likewise, for many services the city or county offers, waiting periods are significant, leaving a stretch of time during which a flexible cash grant could serve as the “net” preventing individuals from falling into homelessness. As one policymaker put it, “The systems that we have are set up to be systems that work for the system but are not set up for the people who use them.”

Targeting a guaranteed income program to households as a form of fast-acting emergency financial assistance can stabilize their housing situation and prevent homelessness. A [large body of research](#) has found that emergency financial assistance prevents homelessness. [One study](#) using a randomized controlled trial found that recipients of \$2,000 in emergency cash assistance were 92 percent less likely to become homeless than the control group. This intervention is far cheaper than providing homeless services to people who have lost their housing and likely provides far greater indirect government savings by averting the downstream consequences of homelessness, such as reduced earnings, poor health, and engagement with the criminal justice system. This approach also has the potential to reduce the risk of chronic homelessness. As one interviewee observed, if unhoused individuals receive shelter or housing within 45 days of losing their home, they have a greater likelihood of regaining stable housing.

The need for fast-acting assistance is heightened because many other benefits have long wait times between benefit application and receipt, such as those highlighted by interviewees below:

- [County child care vouchers](#): 12–18 months
- **Housing Choice Vouchers**: 6 or more months to find housing (by default, approved HCV recipients have 3 months to find housing, with a 30-day extension; anecdotal [reports](#) suggest much longer wait times)

² The criminalization of substance abuse disorders can leave individuals with a criminal record and unpaid fees in collections, creating an additional barrier to financial security, education, employment, and housing.

- **Supportive services:** after receiving an eviction notice and completing a [coordinated assessment](#) for shelter or permanent supportive housing (PSH), the wait time to receive services is typically 4–6 months
- **Supplemental Nutrition Assistance Program (SNAP) benefits:** [35 percent](#) of applicants wait longer than 1 month; in 2023, applicants reported wait times of [up to 3 months](#) for application review

BOX 1

HUD to Test Replacing Housing Vouchers with Cash

One solution to the difficulty renters face using HCVs is to transform the program into direct cash grants for renters. Cities like Austin do not have the authority or technical support to test this concept appropriately, so researchers from the US Department of Housing and Urban Development (HUD) have begun to engage philanthropic investors to invest in [demonstration project partnerships](#) between researchers and public housing authorities (PHAs) to explore the concept with full support from the agency. Private funders are necessary, as HUD is not legally able to distribute federal dollars as direct cash assistance. While any larger-scale federal policy shift is likely more than 10 years away, one HUD official stated that research may begin in as little as 6 months. Austin housing officials may wish to develop a research partnership that meets HUD criteria to explore the pros and cons of providing low-income households with direct cash instead of vouchers to meet their rental needs.

Recommendation 2: Test One-Time Cash Payments to Housing Voucher Recipients

Many families who are lucky enough to receive a housing voucher struggle to use it. Nationally, the best available data show that [40 percent of households](#) that receive a voucher never successfully lease a unit. In addition, interviewees suggested that several hundred HCV recipients who were unhoused struggled to find eligible apartments.

One reason many households struggle to find suitable housing is that a voucher only helps with the cost of paying rent. Households trying to find a new place to live face numerous other expenses, such as application fees, transportation to tour units, security deposits, move-in fees, and the expense of moving their things to a new place. None of these expenses are covered by a voucher but present formidable barriers to moving, especially for households with very low incomes.³

Providing one-time cash payments to new voucher recipients could help pay for these expenses and improve voucher utilization. This program can fit within the confines of federal regulations and would build on Austin's [existing efforts](#) to improve the utilization of Emergency Housing Vouchers by offering bonuses and risk mitigation funds to landlords. Even for households that manage to rent a unit, being short on cash could force them to select a less desirable unit. For instance, households may be conservative about applying for apartments to preserve money for application fees, or they may find an apartment that does not require a security deposit because it is already in poor condition. A one-time cash injection could help voucher holders find a more desirable unit that better suits their needs and facilitates upward mobility.

Unrestricted cash has many benefits relative to a bureaucratic system that forces recipients to use money only for approved moving-related expenses. First, the hassles of an approval process can deter families from using the resources. Reimbursement is not a workable solution for liquidity-constrained households, and having someone else pay on your behalf is clunky and burdensome. Many expenses are

³ [Emergency Housing Assistance vouchers](#) for individuals experiencing or at risk for homelessness, a special program authorized by the American Rescue Plan, did allow for housing authorities to pay for some of these costs.

informal and would not easily fit typical expense categories. For instance, someone might compensate their friend with a car for driving them around to see different apartments. Second, cash has uses beyond direct moving expenses that can still facilitate finding an apartment. Low-income households often struggle with providing for their basic needs; when these are not met, it is hard to concentrate on less pressing priorities such as finding a new apartment.

Recommendation 3: Pilot the Use of Small-Area Fair Market Rents in Housing Choice Vouchers to Address Displacement from Gentrifying Areas

Austin's HCV program has struggled to respond to rapidly rising rents across the city and does not account for price differences across neighborhoods. Between 2019 and 2022, fair market rents (FMRs) in Austin [increased by about 10 percent](#), from \$1,315 to \$1,451 for a two-bedroom unit. However, [Zillow data show](#) significantly higher rental prices during the pandemic, rising from an average rental price of \$1,426 at the start of 2019 to \$1,876 by the end of 2022. This change represents a 24 percent increase, leaving the Zillow-calculated average rent almost \$400 higher than the fair market rent set by HUD. Some neighborhoods saw even sharper increases. For instance, Zillow data indicate that a ZIP code in Old West Austin had a rent increase of more than 33 percent during the pandemic, with an average rent of almost \$2,700 at the end of 2022—almost double the fair market rent for voucher holders.

When housing vouchers do not support the cost of an average Austin apartment, voucher holders are forced to search for apartments in lower-cost areas of the city, which leaves renters with fewer options for high-quality services and sequesters people with low incomes in neighborhoods of concentrated disadvantage. Some interviewees also reported being unable to find suitable housing anywhere within Austin city limits using a voucher, with one Austin policymaker describing this problem as “vouchers to nowhere.”

Many shortcomings of the HCV program are downstream from federal regulations. However, federal rules allow local housing authorities to set small-area FMRs, which could address some of the shortcomings of the current voucher fair market rents. Rather than setting a single payment standard for voucher holders across the city, small-area FMRs use payment standards that are responsive to local market conditions, allowing the housing authority to pay more for rent in higher-cost areas. [Research from other jurisdictions](#) that have [implemented this policy](#) shows that it allowed voucher holders to gain access to neighborhoods with lower rates of poverty, unemployment, and crime. Current HUD rules make the small-area FMR system optional for most housing authorities, and the Austin Housing Authority has yet to opt into this program.

While these shifts would give voucher recipients better access to higher-opportunity neighborhoods, it could also strain already tight HCV budgets and potentially decrease the total number of households to which Austin can offer a voucher. This is an important trade-off to consider, but research from other jurisdictions has found that the policy [did not always increase](#) the total costs of assistance. While ZIP code-level fair market rents increase the amount the housing authority pays in higher-cost neighborhoods, it also decreases the amount they pay in lower-cost areas. In some Austin ZIP codes, HUD data indicate that fair market rents would decrease by more than \$500. Paying less for assistance in some neighborhoods would offset the increase in expenditures for supporting voucher holders in higher-cost areas. Additional research and coordination with the PHA could help ensure that this shift is financially feasible and implemented equitably. Austin can also facilitate moves to more expensive, higher-opportunity areas without moving to a small-area FMR system by aggressively using its authority to pay 10 percent above HUD-determined fair market rents and 20 percent for certain households.

Recommendation 4: Provide More Counseling for Participants on Benefits Interactions

Intake and supportive services for future direct cash programs in Austin should provide more counseling for participants on benefits interactions. Receiving guaranteed income can sometimes reduce recipients' benefits in other safety net programs or even make them ineligible for certain programs. For instance, [SNAP](#)

[regulations](#) state that income from “assistance programs based on need” counts as unearned income, which will typically reduce the value of SNAP benefits by \$0.30 for every dollar of direct cash payment. Similarly, the Austin Housing Authority’s prior [administrative plan](#) stated that “welfare assistance is counted in annual income” and that welfare assistance counts as “payments to individuals or families based on need that are made under programs funded separately or jointly by federal, state, or local governments.” [New HUD guidance](#) states that beginning in 2024, guaranteed income payments that end within 12 months can be excluded from annual income determinations.

Some of the pitfalls of benefits interactions can be addressed at the systems level. For example, even under new HUD guidance, PHAs and multifamily owners may accept annual income determinations for potential renters made by other public benefits programs, such as Temporary Assistance for Needy Families (TANF) or SNAP. This means that until all other public benefits also exclude guaranteed income payments in annual income determinations, certain PHAs and owners may still opt to include them. Thus, coordination and training for local implementers is necessary to avoid uneven implementation of the new HUD latitude for direct cash payments. Local officials can also pursue waivers that explicitly exempt the unrestricted cash transfers from being counted as income for programs where such waivers are easily obtained, such as SNAP and TANF, mitigating the issue just described as well as participants’ concerns.

It is important to note that participants should still receive benefits counseling and that some participants may still decline direct cash payments, since certain benefits may be harder to re-qualify for if lost. For example, researchers from the Stockton Economic Empowerment Demonstration (SEED) in Stockton, California, found that individuals receiving Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) were [more likely to decline guaranteed income](#) since qualifying for SSI/SSDI is notoriously difficult. Waivers for these programs are still not available.

Recommendation 5: Use Guaranteed Income as an Opportunity to Coordinate Assistance with Other Programs

One of the strengths of Austin’s guaranteed income program is minimal bureaucratic hassle. Both recipients and nonprofit partners reported positive experiences with enrollment. While it is critical to maintain minimal administrative burden on participants, the program could benefit from improved coordination of services for recipients. Some nonprofit outreach partners did not actively engage participants after enrolling them in the pilot program. However, participants may be more likely to take advantage of additional services than people not enrolled in the program, as the direct cash helps address their most immediate survival needs. As our outcomes data show, this gives people room to prioritize longer-term goals, such as securing higher-paying jobs or finding higher-quality housing they can afford. While they should never be mandatory, offering additional services to guaranteed income recipients can improve the overall value of the program.

There are numerous permutations to a “cash plus services” approach that would support housing stability and quality. For instance, participants who are currently unhoused or unstably housed may request more assistance with finding or brokering stable housing. If provided with a consistent cash supplement, tenants with otherwise limited income sources should be better candidates for apartments since they now have a significantly higher income with which to pay rent. However, most landlords are unlikely to be familiar with the program since only a small fraction of Austin residents receive it. Organizations that have existing relationships with landlords could explain the program and how it improves prospective tenants’ ability to pay rent. Outside the housing domain, some municipalities are experimenting with pairing guaranteed income with employment and training programs. For example, Los Angeles County offers [TAYportunity](#), a combined guaranteed income and employment program for transition-age youth (TAY) ages 18 to 24 who wish to explore new training, apprenticeship, job, or entrepreneurship opportunities.

Conclusion

Austin's commitment to testing the role of a consistent flow of modest cash payments on housing stability positions the city well for contributing innovative solutions to the nation's affordable housing crisis. This is because cash is not only a flexible resource for families, who often make better choices for how to spend it than government officials can, but also a flexible policy tool for filling key gaps in America's housing policy landscape. As Austin's next phase of guaranteed income distribution unfolds, testing specific policy questions—which build on the city's already thoughtful design, administration, and learning priorities from the pilot—will enable city policymakers and program managers to identify the best application of direct cash transfers to increase the housing and economic security of financially strapped Austin residents.

This memo was prepared at the request of and with funding from UpTogether, with funding from private donors and public funding, to inform the implementation of Austin's Guaranteed Income Pilot. We are grateful to UpTogether and to all our funders, who make it possible for Urban to advance its mission. The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at urban.org/funding-principles.