



RESEARCH REPORT

Housing as a Safety Net

Ensuring Housing Security for the Most Vulnerable

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September 2017



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Acknowledgments

This report was funded by the Ford Foundation. We are grateful to them 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 www.urban.org/support.

We thank several colleagues and readers for their insights as we developed this series of reports. Erika Poethig and Solomon Greene provided important input throughout the process of developing the four reports. Ingrid Gould Ellen, Barbara Sard, Mary Cunningham, and Solomon Greene each gave thoughtful and valuable feedback on previous versions of this report. Lily Posey and Alyse Oneto provided excellent research and editorial support. Any errors are the sole responsibility of the authors.

Housing as a Safety Net

Our existing housing system fails to provide our nation's most vulnerable households access to safe, affordable, stable housing. Instead, millions of low-income households pay large portions of their income on rent or live in substandard conditions—triggering chronic economic instability that at best undermines economic security and well-being, and at worst pulls low-income families deeper into poverty.

This report examines the current housing landscape specifically for extremely low-income families and offers options for improving housing stability for this population, recognizing that secure housing is a cornerstone of economic well-being. It is one of four reports that explore different aspects of the current American housing system in an effort to identify opportunities to transform the system to be more equitable and inclusive (box 1).

In the pages that follow, we first highlight the growing evidence base about the importance of housing for the well-being of low-income families and children, the extent of housing insecurity among low-income families, and the connections between housing insecurity and economic insecurity. We focus on the poorest, most vulnerable households defined as “extremely low income” by the US Department of Housing and Urban Development (HUD): those with income up to 30 percent of area median income (AMI).¹ In 2016, HUD's income limits for 30 percent of AMI for a four-person family ranged from roughly \$6,000 in Puerto Rico to nearly \$40,000 in Connecticut.² As a point of comparison, the 2016 national poverty guideline for a family of four was \$24,600.³ Although some extremely low-income households are homeowners, they are more likely to be renters for whom homeownership is not generally a viable path. For that reason, we focus on renters.

We then identify three broad sets of systems-level housing policy reforms that would create a more robust safety net for these vulnerable households. Areas for reform include strengthening legal and consumer protections for low-income renters and families, reforming how rental assistance is provided, and increasing federal and local investments in rental assistance. These opportunities and policy directions were identified through a combination of literature review and interviews with Urban Institute researchers and experts,⁴ and are intended to be a starting point for discussion about ways that diverse stakeholders can catalyze a more equitable and inclusive housing system.

BOX 1

Housing for Equity and Inclusion

This report is part of a four-part Housing for Equity and Inclusion series that explores our current housing assistance and production system and presents wide-ranging opportunities for systems change with an eye toward inclusion, economic security and mobility, and environmental sustainability. These four reports aim to inform actors in housing policy and philanthropy as they work to identify solutions and approaches to building a 21st-century housing system that is robust, equitable, and secure for all households regardless of race or income.

We define the housing system broadly as the set of public and private investments, regulations, and legal and policy frameworks that shape safety, stability, and affordability in housing and diversity, engagement, and cohesion in neighborhoods, towns, cities, and regions. We view systems change as a fundamental shift in how federal, state, and local actors prioritize and pursue the development of affordable housing and inclusive neighborhoods.

Housing as a Safety Net explores housing instability and the shortage of housing affordable for extremely low-income people and the implications for their long-term economic security. It offers three entry points for reform: strengthening the legal and consumer protection framework for all renters, increasing housing assistance for low-income renters, and transforming the way housing assistance is provided.

Housing as a Platform describes the relationships between housing and neighborhood quality and a range of individual and family outcomes, as well as the ways the system fails to ensure low-income households' long-term wellbeing.

A Building Block for Inclusion appraises the significant costs wrought by postwar suburbanization and a focus on the owner-occupied detached single-family home. It lays out strategies to create greater diversity and access to opportunity in neighborhoods, cities, and regions, leveraging growing demand for compact, walkable, sustainable cities through broader participation and deeper consensus building.

Housing as an Asset Class examines the incentives built into rules, regulations, and programs. It outlines potential reforms that would motivate market action among developers and investors, spurring the production and preservation of affordable housing for low- and middle-income households.

Housing Stability Is Critical to Economic Security

To be productive and healthy, families and children need safe, stable housing in neighborhoods that offer access to opportunities for employment and to high-quality schools and services. For millions of low-income households, this is not an option. Instead, they face unsustainably high rent burdens, frequent moves or displacement, or homelessness—which exacerbates family, economic, or educational instability and leaves little hope of reaching a path to long-term financial stability.

The Importance of Housing Stability

Housing stability suggests not only a roof over one's head, but housing that meets several important criteria. For example, housing should be affordable, meet minimum quality thresholds, and be located in a safe environment. With this in mind, housing *instability* can take many different forms. Researchers and practitioners typically characterize housing instability as some combination of living in substandard conditions, severe rent or housing cost burdens, being doubled-up or in overcrowded conditions, couch surfing, being evicted, moving frequently to reduce housing costs or avoid homelessness, and homelessness itself. Any of these can be dangerous for health and well-being for adults and especially for children.

Substandard housing (e.g., rodents, lack of a functioning kitchen or plumbing, exposed electrical wiring, water leakage or mold, cracks or holes in walls and floors, lead exposure) can be unsafe, and lead to illness or injuries. Overcrowding has been shown to negatively affect children's school achievement, behavior, and physical health (Solari and Mare 2012). Lack of a safe, stable place to live may prevent adults from finding or maintaining meaningful employment and damage children's educational prospects by leading to conditions that are not conducive to sleep, homework, or play, and by limiting adults' ability to prioritize their children's care (Cunningham and MacDonald 2012).

Cost burden, typically benchmarked as paying no more than 30 percent of income for housing costs (primarily rent and utilities for renters, or mortgage payments, taxes, insurance, and utilities for homeowners), is by far the most common form of housing instability. As discussed in detail below, more than half of all renters and about a third of all homeowners pay housing costs that exceed the 30 percent level, which is intended to ensure that households have sufficient resources available to dedicate to nonhousing needs, such as food, childcare, education, transportation, and healthcare.⁵ Research on the impacts of high rent burdens is limited, but suggests that severely rent-burdened households will cut back on other expenses to prioritize housing, or accept poor-quality housing in an

attempt to minimize housing costs (Cohen, Wardrip, and Williams, 2010). Housing tends to be a significant expense for households of any income, but low-income households with high rent burdens may have increased stress and face hunger, evictions, debt, and frequent moves and school changes in response to housing loss, to avoid eviction proceedings, or as temporary situations become unsustainable.⁶

A shortage of affordable housing may also lead low-income households to fall prey to exploitative landlords and accept unsafe, low-quality housing, often in violent neighborhoods with failing schools (Desmond 2016). Unsustainably high rent burdens become the norm—locking people into constant financial and personal crises related to finding and maintaining housing while attempting to buy food and meet other basic needs. These families may be left with few financial or emotional resources to nurture children or to pursue other life goals.

Frequent moves also often characterize housing instability, whether in response to evictions, couch-surfing, or, in the worst cases, by falling in to homelessness. Frequent moves and homelessness can disrupt routines and support networks, place extreme stress on household relationships, lead to missed days of work or school, or undermine efforts to achieve financial or educational stability (Coulton, Theodos, and Turner 2009; Desmond 2016). For children, frequent moves—particularly when accompanied by changing schools during a school year—are damaging. In addition to missing days of school because of moves, changing schools requires students to quickly adapt to new curricula and teachers (Obradović et al. 2009). This may mean falling behind their peers and losing opportunities to develop close connections with nurturing adults. As a result, special educational needs may not be immediately noticed or addressed. These issues can compound in schools serving a highly mobile low-income population.⁷ As teachers spend more time reviewing or reteaching prerequisite skills for the first time to bring new students up to speed, fewer new skills can be taught. Additionally, schools with highly mobile students may reduce teacher morale and hasten teacher turnover, which can negatively affect students (Cunningham and MacDonald 2012).

Finally, neighborhood quality plays an important role in long-term well-being and economic outcomes for low-income families. Housing that is affordable to extremely low-income households is primarily found in neighborhoods with high poverty and crime rates, and limited access to high-quality schools. The empirical evidence is increasingly clear that living in a high-poverty neighborhood can be harmful, above and beyond the effects of poverty itself, particularly for young children. The combination of exposure to crime, social and economic isolation, reliance on poor-quality schools and services, stigmatization, and a dearth of positive role models in high-poverty neighborhoods can affect health, behavior, and life chances (Wilson 1987; Ellen and Turner 1997; Briggs 1997; Jencks and Mayer

1990; Sampson 2012; Turner, Nichols, and Comey 2012; Chetty and Hendren 2015). Chetty and Hendren's (2015) recent research suggests that each year that a low-income child spends in a high-poverty neighborhood can affect his or her economic outcomes later in life, with more dire consequences for boys compared with girls. The implications of this are especially relevant to communities of color, who are disproportionately exposed to high-poverty neighborhoods compared with whites (Wilson 1987; Massey and Denton 1993; Jargowsky 1996, 2003; Kingsley, Johnson, and Petit 2003; Sharkey 2013).

For some people, housing instability may be episodic or temporary, brought on by job loss or household disruptions, and may improve with time. But for many extremely low-income people, housing instability is chronic and compounding. The lowest-income households may have little hope of finding affordable housing or accessing rental assistance because both are in short supply. For these households, the inability to find housing that meets minimum affordability and quality expectations is not merely a symptom or characteristic of the experience of poverty, but can directly lead to or perpetuate poverty (Desmond 2016). Behavioral science research shows that living in poverty itself carries a high psychological toll: internalized feelings of stigma and shame can negatively affect self-confidence and self-efficacy (Batty and Flint 2010), and the daily stress of chronic poverty can significantly affect behavior and decisions by increasing people's "cognitive load" and depleting their mental bandwidth (Mullainathan and Shafir 2013).

The Housing Affordability Crisis

The housing affordability crisis in the United States is well documented (Getsinger et al. 2017; JCHS 2017). In 2016, rental vacancy rates nationally hit their lowest point in three decades at 6.9 percent (JCHS 2017). In 2014, none of the nation's 100 largest counties had sufficient rental housing to meet the needs of the lowest-income families. Even after accounting for federal rental assistance, only 46 units were affordable and available for every 100 extremely low-income households nationwide; the number would drop to just 21 for every 100 extremely low-income households were it not for rental assistance from HUD and the US Department of Agriculture (box 2). One of the counties that came closest to meeting the housing needs of its poorest households (Suffolk, Massachusetts) had 61 units available per 100 extremely low-income households, despite only 13 of these being affordable without federal assistance (Getsinger et al., 2017). Suffolk's relative success is partly because of early implementation of HUD programs compared with other areas, and to the local commitment to preserving affordable housing in an increasingly tight rental market.⁸

In short, rental markets nationwide are tightening, more and higher-income households are renting instead of purchasing their homes, the private market does not create an adequate supply of housing that is affordable to the lowest-income households, housing assistance is scarce, and low- or minimum-wage work cannot sustain housing costs, leaving few units available to low-income renters. As a result, finding affordable housing is simply not possible for the majority of the nation's lowest-income households.

The affordability crisis is undeniably driven by the shortage of jobs offering wages that meet rising housing costs. Workers earning the federal minimum wage would need to work 117 hours a week to earn sufficient income to afford the average rent for a two-bedroom apartment. In the most expensive cities, workers would need to earn from \$33 to \$58 an hour to afford a two-bedroom apartment (Aurand et al. 2017). This suggests that, in high-cost cities, households with two people employed full-time at the federal minimum wage would come close to affording a two-bedroom unit but still fall short.⁹ As of early 2017, a total of 21 states relied on the federal minimum wage of \$7.25 an hour, and 29 states plus the District of Columbia set wages above the federal minimum.

Given the severe shortage of affordable units and stagnant wages during the Great Recession, it should not be surprising that, between 2007 and 2011, the number of low-income households with severe rent burdens, inadequate housing, or both increased from 5.9 million to nearly 8.5 million. HUD considers either condition, for households without housing assistance, to be “worst-case housing needs.” In 2013, over 7.7 million renters had worst-case needs, including 73 percent of extremely low-income households (Steffen et al. 2015). Even among extremely low-income renters in assisted housing, more than a quarter paid more than 30 percent of their income on rent in 2014 (Getsinger et al. 2017). As of 2015, nearly half of all renters—regardless of income—paid more than 30 percent of their income on rent (JCHS 2017).¹⁰

This extreme shortage of affordable rental housing is in part because there are more renters on the housing market than ever before, with the share of renters expected to increase over time. This includes older and wealthier households that in previous decades would have been more likely to purchase their homes. Renters ages 55 and older accounted for over 40 percent of the growth in renters between 2004 and 2014, and the share of older Americans who own a home is projected to decrease from 80 percent to 74 percent by 2065.¹¹ In addition, households with incomes in the highest quartile accounted for nearly half of all new renters between 2013 and 2016 (JCHS 2017). The increased rental demand can squeeze out the lowest-income people. This phenomenon is expected to continue. An estimated 22 million new households will form between 2010 and 2030, and 59 percent of these new households will be renters.¹²

Another driving factor in the affordability crisis is the private market's inability to create an adequate supply of housing that is affordable to the lowest-income households without significant public investment. In fact, the share of housing affordable to the nation's poorest households that is sustained solely by the private market is nowhere near sufficient. In 2014, more than half of units affordable to extremely low-income households were federally subsidized (Getsinger et al. 2017). In the worst cases, households may fall into homelessness. Homelessness, particularly family homelessness, has increased substantially since the 1980s. According to federal estimates, in 2016, Washington, DC, reached a new milestone, with individuals living in families representing a larger share of the homeless population living in the District than homeless single adults.¹³ The homelessness system—which provides temporary and emergency assistance to homeless individuals and families—has grown sixfold since the late 1980s and currently serves approximately three quarters of a million people annually (Cunningham et al. 2015).

Research suggests that a lack of affordable housing drives homelessness and that housing subsidies can help reduce or prevent it (Quigley, Raphael and Smolensky 2001; Cunningham et al. 2015). But rental assistance is scarce, and provision has not kept up with need. As of 2016, about 5.2 million households lived in federally assisted housing, about three quarters of whom were extremely low income. But over 19 million households are eligible for assistance based on their income (JCHS 2017).¹⁴ Rental assistance to families with children is at its lowest point in more than a decade, having fallen by 250,000 (13 percent) since 2004 even as the number of extremely low-income families with children has risen (Mazzara, Sard, and Rice 2016).

What the Crisis Means for Economic Security

Research documenting the lives of extremely low-income households makes it clear that navigating chronic housing instability and poverty amounts to a cycle of constant, compounding financial and personal crises that at best complicate efforts to remain healthy and productive and advance economically, and at worst undermine these efforts entirely (Desmond 2016; DeLuca, Clampet-Lundquist, and Edin 2016; Edin and Shaefer 2015). Perhaps most compellingly demonstrated by Matt Desmond's portrayal of low-income renters in Milwaukee in *Evicted: Poverty and Profit in the American City*, households who contribute 70 or 80 percent of their income to rent are locked in a cycle of hardship, debt, and vulnerability that is nearly impossible to escape without external support.

This is in part because of the exhausting day-to-day realities of living with chronic housing instability and poverty. Time spent searching for housing or attempting to meet basic needs, moving

frequently, amassing debt, making difficult budget decisions that can mar credit and rental histories, and falling prey to exploitative landlords and the complexities of housing courts. Desmond describes a range of personal and institutional roadblocks that prevent extremely rent-burdened low-income families in one city from achieving stability for themselves or their children. Low-income African American women, in particular, may be trapped in a cycle of eviction and hardship. Desmond likens African American women's experience with eviction to black men's experience with the criminal justice system: "Poor black men may be locked up, but poor black women are locked out" (Desmond 2014, 1).

In a separate study, Desmond and Carl Gershenson (2016) argue that housing instability is not just a reflection of job insecurity, but a contributor to it. Low-income workers who recently experienced an eviction or forced move were 11 to 22 percentage points more likely to subsequently lose their job compared with similar workers with stable housing. The authors conclude that supporting housing can in turn support employment.

In the end, for extremely low-income Americans, many of them women of color and their children, housing has become a source of chronic instability and crisis as opposed to the foundation to support economic security, resulting in stunted economic and educational opportunities and long-term prospects.

Limitations of Our Current System

The path to the current affordability and instability crisis has been complex. Several structural limitations of our housing system undermine its ability to bring people out of poverty, and may in fact produce or deepen poverty among low-income households. In this section, we outline some of these weaknesses to identify entry points for change.

Not Enough Subsidies for Rental Housing

Building or maintaining housing that is affordable to households earning less than 30 percent of the AMI is often not profitable and may generate a deficit by not providing enough rental income to cover builders' and landlords' debt and operating costs.¹⁵

Building new housing for extremely low-income households requires deep subsidies, even in comparison with subsidies required to supplement rents for low-income tenants in existing units. The Urban Institute's "Penciling Out" feature illustrates the complexities of financing affordable housing developments, noting "there is a huge gap between what these buildings cost to construct and maintain and the rents most people can pay."¹⁶ Today's financial and regulatory environment makes it costly to build rental housing of any kind. Scarce land, demanding building codes, land-use regulations that require substantial parking and landscaping, mandates for infrastructure contributions, lengthy processes for public review, and a tight market for construction labor all add up. Even if builders could secure inexpensive land and build low-cost structures with speedy and predictable local government approvals, they have few incentives to make these apartments available to low-income households over the long term.¹⁷

Older, existing housing stock also carries significant costs for upkeep, taxes, and insurance that owners are expected bear. For some units renting at levels affordable to extremely low-income households, the property maintenance and operating costs may outpace returns from rent payments. As a result, owners, particularly in weaker markets, may allow properties to fall into disrepair. In these markets, tenants may have the worst of all possible worlds: poor-quality rental housing with elevated health and safety risks, in neighborhoods with few housing options and suffering from disinvestment and crime—but paying market rents that consume large portions of their income (Desmond 2016).

Underfunded Rental Assistance

Housing assistance is not an entitlement program, and rental assistance programs have consequently long been underfunded relative to the need for assistance. The Center for Budget and Policy Priorities estimated that in 2016, more than 5 million households received federal rental assistance, and an additional 11.1 million low-income renter households without rental assistance had severe housing cost burdens (CBPP 2017). All told, Harvard's Joint Center for Housing Studies reports that just under a quarter of the very low-income renter households who are eligible for HUD rental assistance actually receive it (JCHS 2017).

Because of its scarcity, most federal rental housing assistance is provided through local lotteries, with waiting lists maintained by individual public housing authorities (PHAs). It is difficult to calculate how many households may be waiting for assistance, but one 2016 estimate by the National Low Income Housing Coalition (NLIHC) places approximately 4.4 million households on PHA waiting lists for voucher or public housing units, and waiting lists can extend for years if turnover from existing subsidized units is slow (Aurand et al. 2016). Public housing authorities often close their waiting lists for years because of slow turnover of units, and lotteries for placement on new waiting lists may draw tens of thousands of applicants. A 2016 NLIHC survey of 320 housing authorities found that over half of Housing Choice Voucher waiting lists were closed to new applicants in late 2015 and early 2016, and 65 percent of the closed lists had been closed for a year or longer (Aurand et al. 2016). When the Seattle Housing Authority opened their waiting list in 2013, it received 24,000 applications for 2,000 spots; in 2015, the King County Housing Authority received 22,600 applications for 2,500 spots.¹⁸

Unbalanced Ownership Subsidies

Advocates for assistance to low-income renters often point out the contrast between this underfunded discretionary system and the entitlement embedded in the tax code that benefits mainly high-income homeowners through mortgage interest and property tax deductions from federal and sometimes state income taxes. In 2014, the federal government spent \$51 billion on low-income rental assistance compared with \$130 billion in forgone tax revenue via the mortgage interest deduction (MID) and property tax deduction (CBO 2015).

Approximately 70 percent of the homeownership tax benefits go to the top quintile of earners, with only 8 percent going to the middle quintile and 2 percent to the bottom 40 percent of earners (Steuerle et al. 2014). As income increases, so does the average size of the benefit because wealthy households

generally hold larger mortgages and deductions are taken at a higher marginal tax rate (Eng et al. 2013). Taking all federal housing spending into account, the average benefit for a household making \$200,000 or more is \$7,014. Conversely, a household making \$20,000 or less receives an average benefit of only \$1,471 (Sard and Fischer 2013). Similarly, the federal government spent \$190 billion in 2015 to help Americans rent or buy homes, with 60 percent of the expenditures benefitting households with income above \$100,000 (Fischer and Sard 2017).

Not only are homeownership deductions large and typically directed to prosperous households, but they also may contribute indirectly to housing affordability problems for renters and low-income homeowners. Deductions tend to provide incentives for the purchase of larger homes and increased debt (McKernan and Ratcliffe 2010). This drives up house prices, especially in high-cost, high-income regions and neighborhoods. Households who benefit from the deductions live disproportionately in select neighborhoods of metropolitan areas with constrained housing supplies (Turner et al. 2013). This in turn inflates residential land values and encourages overconsumption of owner-occupied housing in these neighborhoods. Prospective homeowners priced out of the market then compete for rental housing, raising rents in those areas.

Fragmented Affordable Rental Housing System

Affordable housing development, operations, and tenant-based rental subsidies can help alleviate the housing affordability crisis but tend to be highly complex and fragmented. For example, the largest source of subsidy for rental housing production, the Low-Income Housing Tax Credit (LIHTC), is operated through the tax code and managed locally by an allocating agency, typically the state housing finance agency. Developers compete for future tax credits they convert into up-front development funds by selling the credits via syndicators to investors. Despite this complexity, the LIHTC has contributed to the development of 2.5 million affordable units nationwide since 1986, and in 2010, the program accounted for about half of all multifamily housing produced. Notably, however, the LIHTC program on its own does not bring rents low enough for extremely low-income households. The program's maximum rents are based on affordability for households with income between 50 and 60 percent of area median income. As might be expected, LIHTC units house fewer extremely low-income tenants as a result: about 40 percent of LIHTC tenants have income below 30 percent of the AMI, compared with about 75 percent of households served by federal rental assistance programs (O'Regan and Horn 2012).

Tax credits alone cannot subsidize a project deeply enough to accommodate extremely low-income tenants, and developers typically require additional subsidies from multiple sources to create and operate housing affordable to extremely low-income families. Properties seeking to serve extremely low-income residents need to blend LIHTC and other subsidy sources, which can add costs and administrative burdens in the development process and in ensuring compliance with income limits and other program rules. For example, data on the characteristics of LIHTC unit tenants and the rental assistance they receive are limited but suggest that in 2012, about half of LIHTC tenants received federal or local rental subsidies to help pay their rent (Hollar, n.d.).¹⁹

Rental assistance programs tend to be fragmented, which can lead to inefficiencies. Nationwide, about 3,800 public housing authorities (PHAs) operate rental assistance programs (Sard and Thrope 2016). Public housing authorities are governed by an array of complex regulations set by HUD, but have leeway to set some policies at the local level. Multiple housing authorities within any given metro area may apply different lottery, application, and waiting list procedures, different criminal background requirements, and different occupancy standards. If local PHAs have additional flexibility through the Moving to Work program, there may also be different income and rent calculations. On average, each metro area has about six PHAs operating voucher or public housing programs, and in 35 of the 100 largest metro areas, voucher programs are operated by 10 or more agencies (Sard and Thorpe 2016).²⁰ For example, the Boston metro area has 58 housing authorities.²¹ In some circumstances, multiple entities operating in the same regional market may lead to healthy competition and knowledge sharing. But this fragmented service delivery system may also be confusing for assisted households and landlords, is difficult for HUD to oversee effectively, and can introduce extreme variability in program quality within the same regional market.

Housing Choice Vouchers are the most common form of rental assistance and arguably the most administratively burdensome, primarily because the program typically involves a three-way contractual relationship between a housing authority, the renter, and a landlord. Individual voucher holders must identify units that meet program requirements, and then housing authorities inspect the units, verify households' eligibility and compliance with program requirements, ensure that units are priced within acceptable levels for their housing markets, calculate tenant and housing authority portions of rent payments (which may fluctuate with changes in household income or composition), and make partial rent payments directly to landlords.

Searching for housing with a voucher can be difficult because of the array of requirements for both tenants and landlords, and voucher holders may feel a stigma associated with receiving voucher assistance. For voucher holders—presumably able to move freely to any jurisdiction with a local housing

authority operating a voucher program—differences in policies across housing authorities can in practice complicate or extend housing searches or limit their neighborhood options based on local housing authority policies. Discrimination against voucher holders by landlords can also limit voucher holders’ ability to find housing. In most markets, landlords are legally permitted to deny voucher holder applicants based solely on their use of vouchers (PRRAC 2016).

As discussed in more detail in the *Housing as a Platform* companion report, rental assistance is also shadowed by a troubling legacy of racial segregation and economic isolation that is well documented and has yet to be fully corrected (Brennan and Galvez 2017). Public housing units were often deliberately placed in high-poverty, predominantly nonwhite neighborhoods, while homeownership subsidies and policies were targeted to suburbs and whites (Goetz 2003). To this day, assisted households and units tend to be racially and geographically isolated, with limited access to jobs or high-quality schools (Pendall 2000; Devine 2009; McClure, Schwartz and Taghavi 2015).²²

BOX 2

Federal Rental Assistance Programs

Federal housing programs provide a range of assistance, including grants or tax credits that provide incentives for the production of rental housing, the mortgage interest deduction, and rental assistance programs that subsidize rents based on household income. The US Department of Housing and Urban Development (HUD) and the US Department of Agriculture (USDA) administer rental assistance programs that generate income-based rents for residents. By linking rents to residents’ income, these programs are fundamentally different from the Low-Income Housing Tax Credit, which increases the supply of rent-restricted housing but does not ensure affordability at the household level.

The main federal rental assistance programs are as follows:

- *Housing Choice Vouchers.* Housing Choice Vouchers, or “Section 8,” provide rental assistance to more than 5 million people in 2.2 million households. Vouchers can be used in a variety of neighborhoods and offer more locational choice than other rental assistance programs. It is targeted for low-income tenants, and 75 percent of voucher must go to extremely low-income households. Once a household receives a voucher from the local public housing authority (PHA), they typically have 60 days to find a unit that meets federal quality standards and whose landlord will accept a voucher. Most households pay the higher of 30 percent of income or \$50 in rent.
- *Public housing.* Public housing units are owned and managed by PHAs. Tenants sign leases and pay rent directly to PHAs. Approximately 1.1 million public housing units exist in the United States, and the subsidy stays with the units, not the household. Households must have income below approximately 80 percent of the AMI to qualify for public housing, but housing authorities often give preference to households that are homeless, over age 55, or have income

below 30 percent of the AMI. As with vouchers, most households pay the higher of 30 percent of income or \$50 in rent.

- *Project-Based Section 8.* Project-based Section 8, also referred to as project-based rental assistance (PBRA), subsidizes housing for more than 1.2 million households. Households must have income below approximately 80 percent of the AMI to qualify, but at least 40 percent of units in each development must go to extremely low-income households. The developments are operated by private for-profit or non-profit owners and subsidized through multiyear agreements with HUD. The funding for rental assistance payments is subject to annual congressional appropriations. Households pay the higher of 30 percent of income or \$25 in rent.
- *Project-based vouchers.* Although most Housing Choice Vouchers are tenant based, PHAs may opt to link a portion of their vouchers to specific housing units. Because new PBRA contracts are not available, PHAs may use project-based vouchers to subsidize developments that would otherwise not be financially feasible, such as permanent supportive housing. Developments typically have 20-year contracts with the PHA for the units. Households renting a unit with a project-based voucher typically pay 30 percent of income for rent and utilities and are subject to the same income limits as any other voucher household.
- *Section 202 Housing for the Elderly.* HUD's Section 202 program serves very low-income seniors and disabled persons and provides interest-free capital and operating funds to nonprofit organizations that develop and operate housing and related facilities. Funding also covers project rental assistance, so that seniors pay only 30 percent of their income to rent.
- *Section 521 Rural Rental Assistance.* Administered by the USDA, Section 521 supplements tenants' rent payments so that households' rent contributions stay under 30 percent of income for eligible households living in units constructed or renovated through the direct loan program Section 515.

Source: See the Policy Basics series at "Housing," Center on Budget and Policy Priorities, accessed September 6, 2017, <https://www.cbpp.org/topics/housing>.

No Right to Housing

Although international human rights law establishes a right to housing, the United States has not ratified any international treaties recognizing a right to housing, and the US Constitution does not establish such a right. On the contrary, many US cities have laws that suggest an individual responsibility to remain housed and tend to criminalize homelessness. Among 187 cities surveyed by the National Law Center on Homelessness and Poverty (Bauman, n.d.), 39 percent prohibit living in a

vehicle, 33 percent prohibit public camping in the city, and 18 percent have citywide prohibitions on sleeping in public. Despite advocates' efforts to discourage the criminalization of homelessness, the number of these laws has increased since 2006.

Establishing a federal right to housing might place issues of housing affordability and quality at the forefront of federal policy debates, force a national-level assessment of how to meet the basic housing needs of low-income citizens, and give renters stronger legal protections against eviction and displacement while continuing to respect the property rights of apartment owners. But federal law has traditionally shied away from intervening in private housing markets.²³ An exception is the 2009 Protecting Tenants at Foreclosure Act, which created new rights for tenants living in foreclosed properties, including the right to stay under the same lease terms even if the property's ownership changes because of foreclosure. The act expired in 2014, but legislation has been introduced to revive it, and several states have adopted laws making similar protections for tenants in foreclosed properties permanent. Some advocates saw the Protecting Tenants at Foreclosure Act as a possible entry point for additional federal involvement in housing, and several advocacy groups continue to pursue a federal right to housing, but the Supreme Court has repeatedly ruled against these efforts. To date, the push for a right to housing in the United States has been more effective as a catalyst for organizing and raising awareness than it has been in securing legal gains (Andrews et al. 2016).

Opportunities for Systems Change

How might we pursue a more balanced and equitable system, given this mismatch between the growing crisis of housing affordability and instability for extremely low-income people and the inadequacy of policies and funding to address their housing needs?

Drawing from literature reviews and discussions with Urban Institute housing policy experts, we identify three broad areas for reform that relate to the structural limitations of our current housing system and present systems change opportunities for each. These opportunities are starting points for further discussion among policy, research, advocacy, and philanthropy stakeholders about possible entry points for collective action at the local, state, and federal levels.

The first is to *strengthen the legal and consumer protections* for renters, which acknowledges the power of the private rental market and landlords in the lives of low-income renters, the majority of whom do not receive rental assistance. The second is to *invest in housing assistance for low-income renters*, which acknowledges the need to make rental assistance available to more households through investments at the federal, state, and local levels. The third is to *transform the way housing assistance is provided* to better leverage federal rental assistance to achieve economic security.

Strengthen Protections for Low-Income Renters

Absent an explicit right to housing under federal law, what legal supports or protections can be established to help low-income renters? State and local governments can develop legal, regulatory, and economic frameworks that support housing stability for their poorest residents, and many areas have done so. But the quality and adequacy of state and local tenant protections varies.

Legal Services for Low-Income Renters

State or locally funded “right to counsel” legislation would provide much-needed legal representation to low-income people in housing cases. Desmond (2016) strongly advocates for publicly funded legal services for low-income families who appear in court for housing-related cases, noting research that most landlords have legal representation in civil proceedings and most tenants do not.

A recent study of New York City housing court proceedings supports this assertion. The New York City Office of Civil Justice found that nearly 99 percent of landlords appearing in the city's housing courts are represented by attorneys, compared with only 27 percent of tenants. A survey of unrepresented tenants found that about 60 percent were low income, and among the low-income tenants, more than 70 percent were women and over 60 percent were families with children (NYCOCJ 2016). Greiner, Pattanayak, and Hennessy (2013) demonstrate the potential importance of legal representation. In a randomized trial of tenants facing evictions, those who received an attorney from a legal aid provider were twice as likely to retain possession of their unit, compared with tenants who received limited self-directed assistance.

New York City has emerged as a leader in providing funding for civil legal representation, including tenant legal services. City funding for civil and tenant legal services increased tenfold between 2014 and 2016. Advocates continue to mobilize in support of city council legislation that would provide legal counsel in housing court to low-income people (earning up to 200 percent of the federal poverty level). If passed, New York City would become the first jurisdiction in the country to do so.²⁴

Research regarding the potential costs or savings to New York City's housing system of publicly funded legal services for tenants has been mixed. Analyses by the city's Independent Budget Office and City Council found that the investment in legal services would not be fully offset by savings in other service systems, while a study commissioned by the New York City Bar Association found the initiative would save the city \$320 million annually, mainly through savings to the homeless service system and retention of affordable housing (Right to Counsel NYC Coalition, n.d.).

Eviction Reforms

Most states allow landlords to evict tenants without cause. But many local jurisdictions are passing "just cause" eviction laws, which require landlords to demonstrate that tenants violated specific expectations of tenancy (such as nonpayment of rent, a lease violation, or an illegal activity in a unit) prior to eviction. In recent years, Seattle, Boston, and 15 cities in California have passed such laws. Landlord groups often oppose such laws, arguing that they function as a form of rent control or that they chill development of more housing and therefore constrain supply. But advocates and proponents argue they provide a critical tool to preserve affordable housing and prevent displacement, particularly in hot housing markets.²⁵

Just cause eviction laws are among a range of tools to strengthen the rights of low-income tenants. Right of redemption, for example, provides tenants who owe back rent or other debt to landlords with an opportunity to pay debt and prevent an eviction. In Maryland, tenants facing evictions proceedings can avoid eviction by paying the full amount due to landlords, as long as they do not have multiple similar proceedings within a 12-month period.²⁶ Other potential reforms could include stronger limits on the types of lease violations that warrant evictions or minimum timelines for eviction proceedings. Extended timelines can improve tenants' capacity to obtain legal counsel or otherwise prepare an adequate defense or to identify new housing.

Rent Regulation

Rent regulation—also referred to as rent control or rent stabilization—is another potential tool to preserve affordable housing and prevent displacement of low-income tenants. Although the form and coverage of rent regulations vary widely across the jurisdictions that have adopted them, they consistently place a limit on the amount a landlord can raise rents.²⁷ In some places, rent regulation is accompanied by standards by which a landlord may terminate a tenancy. In others, rent regulation only applies to existing tenants and is lifted when the unit is vacated. In most places, caps on rent increases only cover buildings built before a certain time to prevent such controls from discouraging new construction. Without new rent-regulated stock coming online, the number of regulated apartments declines.

The effect of rent regulation on the overall affordability, quality, and stability of housing in the private market is hotly contested.²⁸ Rent regulation can constrain housing affordability by preventing the most affordable units from being “freed up” for those who need them most or reduce quality by discouraging landlords from investing in maintenance or repairs. For example, allowable rent increases may not be proportionate to maintenance or operational cost increases, discouraging basic unit or property upkeep, or landlords may have little incentive to maintain or improve properties that are unlikely to generate more profit as a result of the investments. At the same time, rent regulation can allow low-income tenants to remain in markets where affordable rentals are scarce and offer some protections from rapid cost increases in hot markets. But larger differences between regulated and market rents are incentives for property owners to pursue deregulation, possibly by encouraging current residents to vacate or by taking a building offline for demolition and new construction. More research is needed to determine which features of rent regulation can help fill affordability gaps and prevent displacement while mitigating the potentially adverse aspects.

Code Enforcement

Extremely low-income renters living in private-market housing are more likely to live in substandard housing conditions and in distressed or blighted buildings concentrated in low-income neighborhoods, but may have little recourse to compel landlords to maintain properties without placing themselves at risk of eviction or retaliation. Whereas properties must pass housing quality inspections to receive voucher subsidies, the main protection against substandard housing conditions for renters without housing assistance is local code enforcement. Strengthening routine code enforcement of rental properties in low-income neighborhoods may be one mechanism to ensure that properties do not fall into disrepair or that multiple neglected properties do not exacerbate neighborhood blight, and to create a more level playing field for families with vouchers (Lind and Schilling 2016).

But code enforcement can present difficult trade-offs for tenants, landlords, and policy. Desmond (2016) describes how tenants who fall behind on rent can lose their ability to pressure landlords to maintain units to meet minimum health and safety standards. Some landlords who provide market-rate housing to low-income tenants may offer renters flexibility with rent payments or allow tenants to fall behind on rent in exchange for flexibility on housing conditions or unit maintenance. These informal arrangements may in some cases be beneficial to both parties but may also leave vulnerable tenants at risk of exploitation and substandard living conditions. Even for renters who are up to date on rent payments, code enforcement can lead to displacement if, after making necessary repairs to bring properties up-to-code, landlords increase the rent. Or blighted properties may be deemed unfit for human habitation, forcing tenants who have few resources to find new housing. In these cases, code enforcement should be strengthened in tandem with legal protections or emergency housing assistance to prevent households from being pushed into homelessness because of code enforcement. More research is needed to understand how code enforcement can affect landlords and tenants at the lowest end of the rental market and how to ensure that rental units meet minimum safety and quality expectations without inadvertently destabilizing extremely low-income renters.

Infuse Housing Education and Advocacy into Other Service Systems

Low-income tenants may need information about available housing assistance, their rights as tenants, and eviction policies and practices. Or they may need help navigating the process of accessing housing supports. Relatively few extremely low-income families receive housing assistance, but most touch one or more institutions or service systems: health care providers, the child welfare system, social service systems (e.g., Temporary Assistance for Needy Families or the Supplemental Nutrition Assistance

Program), schools, or the criminal justice system. With this in mind, these systems could offer referrals or be entry points for intervention, advocacy, or education for low-income renters experiencing housing instability.

For example, case managers or health care providers can systematically screen for housing problems and provide referrals or other mechanisms for households to access legal assistance or information about their rights as tenants. Or caseworkers can intervene on behalf of families in emergency situations. This would ideally include providing direct housing assistance (discussed in more detail below) or working with households to more effectively mitigate housing-related crises. In most communities, this would require an expansion of housing counseling, housing assistance, and legal assistance programs available to low-income families.

One emerging local example is part of a set of pilot partnerships that launched in 2016 through The Boston Foundation's Health Starts at Home initiative. Homeless and unstably housed families with young children will be identified through medical care providers and connected to services intended to help them access subsidies or otherwise stabilize their housing.²⁹ Direct housing subsidies will be available for a subset of participating households, but the program also seeks to stabilize unassisted households by helping them navigate the rental housing market.

At the federal level, the McKinney-Vento Education of Homeless Children and Youth Assistance Act requires schools to identify and support homeless students and provides funding for homeless family liaisons and transportation to minimize the impact of homelessness on school stability for homeless children. Although the liaisons are often stretched to capacity, they are already a point of contact for families experiencing housing instability and could benefit from greater referral information to provide families in need of legal support, housing counseling, or other assistance.

Finally, in some cases, simple clarity and education about eviction practices and tenants' rights may help low-income renters avoid eviction proceedings. Local organizing and education campaigns can help renters understand state or local laws on tenant notification, right of redemption, and other protections. At a national level, additional research on the range of local approaches to key tenant protections can help identify replicable models, areas where protections are the weakest, and the impacts of tenant protections on local homelessness or other systems.

Increase Investments in Rental Assistance

Additional resources are needed to adequately house the roughly 15 million households who may be eligible to receive assistance if it were available (JCHS 2017). In this section, we lay out some potential ways to expand funding for rental assistance and channel more investment to housing for extremely low-income households.

Universal Housing Assistance

As advocated by the Bipartisan Policy Center's Housing Commission (BPC 2013) in response to the growing housing affordability crisis, redirecting and increasing housing assistance funding to provide universal housing assistance for extremely low-income households would have a profound impact on households experiencing instability and on local housing markets. Desmond (2016) echoes this recommendation. This is just one of several Bipartisan Policy Center recommendations relevant to the Housing for Equity and Inclusion reports (box 3).

Universal rental assistance could be delivered through an expansion of the Housing Choice Voucher program or through the creation of a new rental assistance vehicle, such as a tax credit concept proposed by the Turner Center for Housing Innovation (2016). The Turner Center's proposal would provide entitlement assistance to all cost-burdened households with income less than 80 percent of the area median income, at an estimated cost of \$76 billion, similar to the annual cost of earned income tax credit or the Supplemental Nutrition Assistance Program. An alternative proposal would provide entitlement assistance across the same income spectrum, but would simply reduce rent burdens rather than eliminate them. The Turner Center estimates that this approach would provide universal rental assistance at a cost of \$41 billion. A related proposal from the Center on Budget and Policy Priorities would also fund additional rental subsidies through a new tax credit, but has not proposed making the subsidy universal (Fischer, Sard, and Mazzara 2017). As a tax expenditure, any of the tax credit options could be funded through reforming the mortgage interest deduction and redirecting the savings, or a portion thereof, from homeownership to rental assistance.

In 2012, Zillow.com surveyed over 100 experts in economics, real estate, and housing markets. Roughly 90 percent opposed the mortgage interest deduction as it currently stands, with a majority favoring either elimination or gradual phase out (Turner et al. 2013). Forgone tax revenue via the mortgage interest and property tax deductions totaled \$130 billion (CBO 2015). Eliminating the mortgage interest deduction would free up approximately \$70 billion a year. Eliminating it for the

highest-income groups, eliminating vacation home deductions, replacing the itemized deduction with a nonrefundable tax credit, and lowering the amount of mortgage debt eligible for deduction are other alternatives that would reform the MID without a complete elimination.

The National Housing Trust Fund is a possible vehicle to collect new federal housing dollars and allocate them to state and local areas. The Housing and Economic Recovery Act of 2008 (HERA) established the Housing Trust Fund to provide grants to states to be used to increase and preserve affordable rental housing and increase homeownership for the lowest-income and homeless households. Funding available through the trust fund relies on funds generated by government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac, which were placed in conservatorship after the establishment of HERA and did not make contributions to the fund until 2015. As of 2016, HUD had distributed \$173 million in funds to US states and territories.³⁰

BOX 3

Bipartisan Policy Center Proposals

In February 2013, the Bipartisan Policy Center's Housing Commission released the report *Housing America's Future: New Directions for National Policy*. The commission's stated objective was to "ensure that the nation's housing system enables individuals and families to exercise choice in their living situations, as their needs and preferences change over time." To this end, the commission proposed several policy reforms, summarized below:

1. Shift risk in the housing finance system to the private sector. Over a multiyear period, wind down Fannie Mae and Freddie Mac and replace with a "public guarantor." This entity would set industry standards, conduct oversight, and provide investors with a limited catastrophic guarantee to be a last resort for capital. Return the Federal Housing Administration to its prerecession role mainly providing loans to first-time homebuyers.
2. Encourage the free flow of mortgage credit. Direct the US Treasury Department to reduce burdensome regulatory requirements.
3. Maintain the option of homeownership for households with adequate credit via regulation, liquidity, private-market incentives, and housing counseling. Slightly increase funding for the US Department of Agriculture's Section 502 Direct Loan program to encourage rural low-income homeownership.
4. Reform the rental assistance system. Guarantee universal housing assistance to extremely low-income households through a reformed Housing Choice Voucher program; allocate additional funding through the HOME Investment Partnerships Program for short-term emergency assistance for low-income renters; and allocate all federal rental assistance through

a new performance-based and outcome-focused system allowing greater flexibility to high-achieving providers and replacing any substandard providers.

5. Increase the supply of rental units to meet the needs of 5 million additional low-income and extremely low-income households. Expand the Low-Income Housing Tax Credit by 50 percent, and provide additional federal funds for capital improvements and upkeep of public housing.
6. Support “aging in place.” Direct the US Department of Health and Human Services and the US Department of Housing and Urban Development to integrate health care and other supportive services with senior housing. Coordinate across all federal agencies to support aging in place.

See BPC Housing Commission, “Housing America’s Future: New Directions for National Policy” (Washington, DC: Bipartisan Policy Commission, 2013).

Expand State and Local Funding Sources and Regulatory Approaches

The bulk of housing assistance comes from federal dollars in the form of rental assistance or Low-Income Housing Tax Credits. Some states and local areas have created additional subsidy programs and revenue sources. Minneapolis and Seattle, for example, have property tax levies targeted to developing and preserving affordable housing, while Austin has passed voter-approved bonds. New York City has a long history of investment in affordable housing.³¹ Areas with tight housing markets and acute affordable housing shortages would benefit most from investing directly in affordable housing production. They are also the most expensive markets to provide subsidies in. State or local taxes, fees, or levies on luxury properties, short-term rentals, or mortgage transactions may provide revenue streams at the local level to supplement federal assistance.

Local governments in some states also provide incentives for or impose conditions of approval on private developers to directly create affordable units or raise fees that can be combined with other sources to produce affordable units. Many states, however, have proscribed such use of local land-use authority, or local governments may face political resistance, making it important to enact state legislation to permit or require inclusionary zoning and impact fees. Pendall (2017) discusses other local funding sources, such as linkage fees for commercial development.

Invest in Housing through Other Service Systems

Housing instability may lead to increased costs to the child welfare, health, social service, or criminal justice systems. The Family Options Study found that families given access to long-term housing

subsidies had reduced residential stability, which lowered emergency shelter costs and improved multiple measures of adult and child well-being, along with reduced food insecurity (Gubits et al. 2016). More evidence is needed, but it stands to reason that housing assistance for low-income households may improve outcomes or, in the long term, reduce costs across service systems. Yet, these systems do not typically directly provide or fund housing support for their unstably housed or homeless clients. Brennan and Galvez (2017) consider related recommendations to better align the various service systems that touch low-income, unstably housed people. Here, we explore new ways to increase housing resources for extremely low-income families directly from the service systems and institutions that observe and treat the symptoms of chronic housing instability. What are some possible mechanisms to incorporate housing assistance directly through nonhousing service systems that serve unstably housed people and families?

HUD-funded rental assistance that targets special populations experiencing housing instability is regularly provided through housing authorities or their partners, often through referrals from other service systems. For example, since 1992, the Family Unification Program has provided housing vouchers for families and young adults involved with the child welfare system. Since 2008, HUD has provided Veterans Affairs Supportive Housing vouchers, which couples vouchers with services provided by the Department of Veterans Affairs through medical centers and community-based clinics. In each case, HUD funds the housing assistance and housing authorities administer the programs, relying on partner systems to identify and support participants.³² Given the potential impact of direct housing assistance on these vulnerable populations, the child welfare and veteran services systems may be able to redirect additional funding to housing assistance through their own appropriations processes. States may also provide opportunities for funding special rental assistance programs for households served by agencies whose primary mission is not housing but would be strengthened through resolving households' housing instability.

Transform How Rental Assistance Is Provided

Housing assistance—whether through vouchers or public housing units—meets basic goals to ensure housing affordability, stability, and minimum housing quality to more than 5 million households. Nevertheless, housing assistance is provided through a complex network of housing authorities and provides deep subsidies to a fortunate subset of eligible households while the remainder receive no assistance. How can existing rental assistance be provided more efficiently and effectively to serve more households and further the goals of economic and geographic mobility?

Regionalize Housing Authorities

Multiple housing authorities operating within the same housing markets can result in increased administrative costs and may limit geographic mobility by creating administrative obstacles to low-income households' movement across jurisdictions or through conflicting rent or occupancy policies. Consolidating small or dispersed housing authorities and administering vouchers or public housing units through regional or state housing authorities could reduce administrative costs and streamline service delivery and remove artificial barriers to mobility. The Center for Budget and Policy Priorities estimates that the average PHA provides federal rental assistance to 850 households, but housing portfolios vary widely by state. Smaller PHAs carry greater costs than larger PHAs. An Abt Associates study of administrative costs for a sample of 60 PHAs found that the smallest PHAs (50 or fewer vouchers) had per unit operating costs 91 percent higher than PHAs with 250 or more vouchers (Turnham et al. 2015). Some states, including Connecticut, Massachusetts, Montana, New Jersey, and Delaware, administer some share of vouchers or public housing units through state-level agencies.

Consolidating PHAs at the metropolitan, regional, or state level would allow for more efficient program administration and encourage more fluid movement across jurisdictions (Sard and Thrope 2016). HUD has made some movement on this front, through its proposed PHA consortia rule. The rule was originally proposed in 2014 and, as of 2016, had not yet been finalized.

“Cash Out” Voucher Assistance

Of the 5 million households served through direct rental assistance, nearly 2 million use Housing Choice Vouchers to subsidize their rental costs (CBPP 2016). The program is the most promising opportunity to meet both housing stability goals for low-income households and provide opportunities for recipients to move to areas that offer high-quality schools or other amenities that may support long-term economic security. “Cashing out” rental assistance could convert some or all voucher assistance payments from a monthly payment from PHAs to landlords to direct cash transfers to eligible households for their housing or other expenses, eliminating the stigma associated with using a voucher and effectively eliminating the requirement that low-income households find landlords willing to accept vouchers.

Transfers could be provided through social or health service systems, such as a housing allowance connected to Temporary Assistance for Needy Families or the Supplemental Nutrition Assistance Program payments, through local homelessness systems, or through school-based housing counselors.

Providing assistance in this way could also allow households to apply assistance to housing costs not typically covered by voucher assistance, such as application fees, rental deposits, or moving fees.

Savings from eliminating PHA administrative costs could free up funding to support additional households or for counseling, coaching, and case management provided through nonprofits to support households' ability to achieve economic and neighborhood mobility. For example, nearly 800 PHAs administer only voucher programs and do not manage any public housing units (Sard and Thrope 2016). A demonstration program testing the potential costs and benefits of cashing out the voucher program in these jurisdictions, or in a sample of diverse settings, could shed new light on ways to allocate scarce resources.

Vary Subsidy Levels and Time Limits for Household Needs

Not all households may require deep housing subsidies. Some may benefit from shallower subsidies or shorter assisted periods. But more rigorous testing of varying subsidy levels or assistance models are needed to identify promising approaches. Given the long-standing insufficiency of federal investment in rental assistance, testing whether and in what contexts shallower assistance works could provide useful insights into the most effective use of limited housing resources. A demonstration could test whether households with older children, or “work-able” people without children or disabilities, may be successful with short-term assistance coupled with employment or education services. Deeper or long-term subsidies may then be reserved for seniors, households with young children (birth to 5 years old, for example), or for households with members who are disabled.

Some PHAs—notably housing authorities with “Moving to Work” designation—have already been experimenting with rapid re-housing, time limits on assistance, shallow and tapering subsidies, and work requirements. If effective, these innovations could free up resources to serve more families, while ensuring that the most vulnerable families continue to receive deeper subsidies.³³ But there is little evidence documenting how these interventions were implemented or how well they work. More rigorous testing of varying subsidy levels or assistance models are needed to identify promising approaches. Evaluation of Moving to Work agencies' programs could provide this evidence, or these concepts could be further tested through additional federal, state, or local demonstrations.

Conclusion

Millions of US households experience housing insecurity, whether in the form of homelessness, severely unaffordable housing costs, or substandard conditions. The lack of secure housing has ripple effects on economic security and health, among other outcomes. At current funding levels, federal rental assistance cannot serve all households who qualify, yet the private market does not supply adequate and affordable rental homes to meet the needs of those with extremely low income. Thus, there is a need for housing systems change to ensure that the most vulnerable households can be decently housed.

Policy proposals that would strengthen housing assistance for the poor have been debated for some time, but making progress on them has been challenging. The renewed momentum to critique and refine bold ideas presents an entry point for action, even as the federal appetite for new appropriations is low. For households attempting to make ends meet on income near the federal poverty level, a housing crisis will remain as long as the nation does not address the need for structural changes to our housing production and safety net systems. Recognizing a right to housing and adequately funding rental assistance programs are options to address the ongoing instability facing our nation's poorest households, but the political will for a change of that magnitude would not come easily. Other ideas in the report offer more attainable changes. The next step is to engage new coalitions and partnerships to vet these ideas further, identify the most powerful tools for ensuring the housing system functions as an effective safety net for the most vulnerable households, and—perhaps most importantly—develop strategies that move bold systems changes from concept to reality.

Notes

1. HUD currently defines low income, very low income, and extremely low income as 80, 50, and 30 percent, respectively, of the AMI. HUD also allows for adjustments to these limits in areas with unusually low or high housing costs or incomes (HUD 2016).
2. See “30% of Median Income Limits,” US Department of Housing and Urban Development, accessed August 8, 2017, <https://www.hudexchange.info/onecpd/assets/File/2014-HUD-Median-Income-Limits-30%25.pdf>; and “2014 Poverty Guidelines,” US Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, December 1, 2014, <https://aspe.hhs.gov/2014-poverty-guidelines>.
3. Annual Update of the HHS Poverty Guidelines, *82 Fed. Reg.*, 8831 (January 31, 2017).
4. We conducted interviews with Urban Institute senior fellows Mary Cunningham, Solomon Greene, and Susan Popkin and senior research associates Brett Theodos and Joseph Schilling to gather their insights on role of housing stability in economic security for low-income households and opportunities for system change.
5. See the *PD&R Edge* article assessing the Brooke Amendment and 30 percent rule for rent burden: “Rental Burdens: Rethinking Affordability Measures,” *PD&R Edge*, https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html.
6. For example, low-income families with children that have affordable housing, whether subsidized or not, spend \$151 more a month on food than families with severe housing burdens. See Susan J. Popkin and Lisa Dubay, “Can Housing Assistance Help Protect Children from Hunger?” *Urban Wire* (blog), Urban Institute, February 2, 2014, <http://www.urban.org/urban-wire/can-housing-assistance-help-protect-children-hunger>. See also “Desperate Trade-Offs among the Working Poor,” *Urban Wire* (blog), Urban Institute, November 22, 2013, <http://www.urban.org/urban-wire/desperate-trade-offs-among-working-poor>.
7. See, for example, Lower Manhattan’s Public School 188 in Elizabeth A. Harris, “Where Nearly Half of Pupils Are Homeless, School Aims to Be Teacher, Therapist, Even Santa,” *New York Times*, June 6, 2016, <http://www.nytimes.com/2016/06/07/nyregion/public-school-188-in-manhattan-about-half-the-students-are-homeless.html>.
8. Matthew Johnson, “Stepping Up: How Cities Are Working to Keep America’s Poorest Families Housed,” Urban Institute, June 16, 2015, <http://www.urban.org/features/stepping-how-cities-are-working-keep-americas-poorest-families-housed>.
9. See “Inventory of US City and County Minimum Wage Ordinances,” University of California, Berkeley, Center for Labor Research and Education, accessed August 8, 2017, <http://laborcenter.berkeley.edu/minimum-wage-living-wage-resources/inventory-of-us-city-and-county-minimum-wage-ordinances/>; and Janelle Jones and David Cooper, “State Minimum Wage Increases Helped 4.3 Million Workers, But Federal Inaction Has Left Many More Behind,” Economic Policy Institute, January 9, 2017, <http://www.epi.org/publication/state-minimum-wage-increases-helped-4-3-million-workers-but-federal-inaction-has-left-many-more-behind/>.
10. “Selected Housing Characteristics: 2014 American Community Survey 1-Year Estimates,” US Census Bureau, accessed August 8, 2017, http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_14_1YR_DP04&prodType=table.
11. For a discussion of shifting homeownership trends, see Kenneth Megan, “Millennials in Retirement: Rising Home Equity But Declining Homeownership,” *Millennials in Retirement* (blog), Bipartisan Policy Center, February 17, 2016, <http://bipartisanpolicy.org/blog/millennials-in-retirement-equity-homeownership/>.

12. Laurie Goodman, Rolf Pendall, and Jun Zhu, "A Lower Homeownership Rate Is the New Normal," *Urban Wire* (blog), Urban Institute, June 8, 2015, <http://www.urban.org/urban-wire/lower-homeownership-rate-new-normal>.
13. One day in January 2016, there were 4,667 homeless children and parents and 3,683 single adults counted in Washington, DC. See Aaron C. Davis, "There Are Now More Homeless Kids and Parents in DC Than Homeless Single Adults," *Washington Post*, May 11, 2016, https://www.washingtonpost.com/local/dc-politics/there-are-now-more-homeless-kids-and-parents-in-dc-than-single-adults-for-the-first-time/2016/05/11/d4d256c2-16f5-11e6-9e16-2e5a123aac62_story.html.
14. See also Erika C. Poethig, "One in Four: America's Housing Assistance Lottery," *Urban Wire* (blog), Urban Institute, May 28, 2014, <http://www.urban.org/urban-wire/one-four-americas-housing-assistance-lottery>.
15. Pamela Blumenthal, Reed Jordan, Amy Clark, Ethan Handelman, and Rebekah King, "The Cost of Affordable Housing: Does It Pencil Out?" Urban Institute, accessed August 7, 2017, <http://apps.urban.org/features/cost-of-affordable-housing/>.
16. See Pamela Blumenthal, Reed Jordan, Amy Clark, Ethan Handelman, and Rebekah King, "The Cost of Affordable Housing: Does It Pencil Out?" Urban Institute, accessed August 8, 2017, <http://apps.urban.org/features/cost-of-affordable-housing/> for an affordable development simulation.
17. There is some evidence that market-rate properties using inclusionary zoning can generate a profit for developers, albeit at lower returns than for exclusively higher-end housing. See Kriston Capps, "Affordable Housing Is a Moral Choice (and the Numbers Prove It)," *CityLab*, October 19, 2015, <http://www.citylab.com/housing/2015/10/affordable-housing-is-a-moral-choice-and-the-numbers-prove-it/411235/>.
18. See Daniel Beekman, "SHA Holding Lottery for Section 8 Housing Waitlist in Seattle," *Seattle Times*, March 19, 2015, <http://www.seattletimes.com/seattle-news/politics/sha-holding-lottery-for-section-8-wait-list-in-seattle/>.
19. Hollar's (n.d.) analysis showed that data were missing for about a third of LIHTC properties nationwide, but among the 23 states that did have information about additional rental subsidies provided to a unit or tenant, just over half received assistance.
20. See also Martha Galvez, "Defining Choice in the Housing Choice Voucher Program" (PhD dissertation, New York University, 2011).
21. Martha Galvez, "Defining Choice in the Housing Choice Voucher Program" (PhD dissertation, New York University, 2011).
22. See also Martha Galvez, "Defining Choice in the Housing Choice Voucher Program" (PhD dissertation, New York University, 2011).
23. In contrast, federal law does govern the right of tenants in federally assisted housing. Federal protections vary from program to program but generally provide additional protections above state and local law. For example, "good cause" is required to evict tenants in public housing, and, in most cases, tenants facing eviction are entitled to grievance hearings. For an example, see NHLP (2016).
24. See Jessica Soutanian-Braunstein, "Intro 214 'Right to Counsel' Bill Garners Citywide Support," *CityLand*, October 13, 2015, <http://www.citylandnyc.org/intro-214-right-to-counsel-bill-garners-support-from-across-the-city/> for explanation of Intro 214 bill.
25. See Meghna Chakrabarti, "Evictions In East Boston: Landlords on What a 'Just Cause' Ordinance Would Mean," *All Things Considered*, 90.9 FM, Boston, December 15, 2015.
26. See "Failure to Pay Rent," The People's Law Library of Maryland, last updated February 27, 2017, <https://www.peoples-law.org/failure-pay-rent>.

27. For a map of current rent control laws by state, see “Rent Control Laws by State,” National Multifamily Housing Council, accessed August 8, 2017, <http://www.nmhc.org/Research-Insight/Rent-Control-Laws-by-State/>.
28. See Peter Tatian, “Is Rent Control Good Policy?” *Urban Wire* (blog), Urban Institute, January 2, 2013, <http://www.urban.org/urban-wire/rent-control-good-policy>.
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32. See “Family Unification Program (FUP),” US Department of Housing and Urban Development, accessed August 8, 2017, http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/family; and “HUD-VASH Vouchers,” US Department of Housing and Urban Development, accessed August 8, 2017, http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/vash.
33. Based on the Urban Institute’s analysis of 2016 Moving to Work plans and reports for the 39 existing Moving to Work agencies.

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