

First Step to Expanding Affordable Housing: More Research

Urban Institute Researcher Corianne Scally weighs in on the forces that are shaping affordable housing in 2018, and why the industry needs more evidence regarding the most efficient programs and solutions.

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The number of Americans with severe housing insecurity increased by roughly 40 percent from 2005 to 2015, while the number of households receiving federal support dropped 15 percent, according to the U.S. Department of Housing and Urban Development (HUD)'s Worst Case Housing Needs 2017 report. At the same time, a new report by Urban Institute—The Case for More, Not Less—shows that currently only one in five eligible renter households receives housing assistance.

Recent changes to tax legislation, the proposed fiscal year 2018 budget and Speaker of the House Paul Ryan's A Better Way plan are largely expected to negatively impact the low-income housing sector. The administration's budget proposes cuts to non-defense discretionary programs—an initial cut of about 13 percent in 2018 (\$57 billion) would be followed by annual 2 percent cuts through 2027—which Urban Institute research estimates will result in 1.8 million households losing housing assistance.

Corianne Scally, a senior research associate in the Metropolitan Housing and Communities Policy Center at Urban Institute and author of the report, discussed with *Multi-Housing News* the affordable housing environment in this challenging context.

Is the number of citizens eligible for housing assistance growing?

Scally: Since eligibility varies by housing assistance program, HUD tracks what they call households experiencing worst-case housing needs. These are very low-income renters without housing assistance that either pay 50 percent of their income for rent or live in substandard housing. The number of renter households with worst-case housing needs has grown from just under six million in 2005 to 8.3 million in 2015, for an average increase of about 231,000 per year. At the same time, the number of households receiving housing assistance fell from 6.5 million to 5.5 million.

Are there any solutions to fix the shortcomings listed in the report? What steps should be taken in this direction?

Scally: The greatest shortcoming is that housing assistance is not available to everyone who needs it, while proposed cuts threaten those who do have it. If we do not preserve funding for existing units and rent subsidies, as well as expand funding, the problem will simply grow. Increasing appropriations is the most obvious solution, but there are also other mechanisms that could help.

The National Housing Trust Fund—funded by an assessment on earnings by Fannie Mae and Freddie Mac, primarily in the home mortgage market—should help provide new units and housing assistance to low-income renters, but it is just launching after a 10-year delay. Some also advocate for recapturing some of the federal taxes lost when homeowners deduct the interest they pay on their mortgages and earmarking the recaptured funds to expand affordable rental housing opportunities.

What tools do organizations, nonprofits or even beneficiaries of federal assistance have for eliminating the risk of housing instability?

Scally: Eliminating housing instability can only be done by addressing the root causes of why people struggle with affordability, face eviction, double-up with friends and family, or even become homeless. Fostering a safe and supportive environment is a necessary first step, as many people

experiencing housing instability are also exposed to other sources of trauma (e.g. violence) and insecurity (e.g. food). For those who are able to work, boosting earning potential and wages, along with access to affordable childcare and transportation options, can be a way forward.

Many affordable housing providers and community partners work with residents to provide these important work supports. For those who cannot work—including people living with disabilities, aging adults and individuals battling chronic mental health problems—reducing housing instability means providing better housing and care options. Homeless housing and service providers promote Housing First models to get people off the streets and into housing immediately. Others focused on aging populations or people with disabilities use supportive housing models that provide services on-site to promote independent living in a stable, affordable environment.

Is there enough evidence to show which programs and policies are efficient?

Scally: We need more evidence from innovative demonstrations and rigorous evaluation of what works. For example, we need more robust evidence on how improving housing stability reduces costs in other systems, like health care and criminal justice; improves other outcomes for individuals and communities; and reduces government costs. Evidence needs to expand on children and families, people with disabilities, older adults and those experiencing a level of instability that may not leave them homeless but still vulnerable to frequent moves, unsafe housing and harmful trade-offs.

Work requirements are also a hot topic today, but we do not know how they might affect the small number of people receiving housing assistance and able to work but are currently not doing so. We also do not know how to effectively boost incomes enough to eliminate the need for housing assistance.

Which of the aspects related to affordable housing would you say need to be addressed first?

Scally: Boosting incomes and housing supply are both necessary to help the large number of households eligible for housing assistance but not receiving any. Leaders in the private, public and nonprofit sectors need to continue to come together to find creative solutions to these problems, from removing barriers to construction that drive up costs to innovative cross-sector funding opportunities. To reach the lowest-income households, government assistance is important.

How will HUD's decision to extend the deadline for the submission of an Assessment of Fair Housing until 2020 impact the affordable housing sector?

Scally: The tools produced by HUD to help state and local governments address their need to affirmatively further fair housing are intended to address longstanding barriers to creating affordable housing opportunities. Not only is residential segregation by income and race socially distressing, it is economically harmful to communities and regions.

If you believe that housing is a platform to opportunity—determining access to education, employment, infrastructure and services—fair housing makes sense. Many jurisdictions understand this and will continue to analyze barriers their residents have in accessing affordable housing and other opportunities. They will also think about how to overcome these hurdles. Hopefully, they will not wait for HUD deadlines to kick in before pursuing their own solutions and using affordable housing to foster individual opportunity and community-wide prosperity.

In this context, how do you see the affordable housing environment going forward?

Scally: Some enacted and proposed reforms may reduce housing assistance, leading to fewer people getting the help they need to afford their rent. Results could also include increased homelessness and more households going hungry and ignoring their medical needs in order to avoid eviction. These would be terrible consequences. We should pay close attention to these proposals and resulting changes to help avoid harmful policies in the future and embrace those that work best for the most vulnerable households in America.