Housing Subsidies and Child Poverty: Current Policy and Opportunities

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Today

1. What does federal housing assistance and HCVP look like in New York, including current gaps in the program?
2. How do housing subsidies like HCVP affect the poverty rate?
3. What are the effects of housing subsidies on the poverty rate under current law?
4. How might transforming the HCVP into an entitlement program affect the poverty rate?
5. What are the anti-poverty effects associated with an HCVP entitlement program combined with other policy reforms, like proposed CTC and EITC expansions?
6. Other considerations and takeaways

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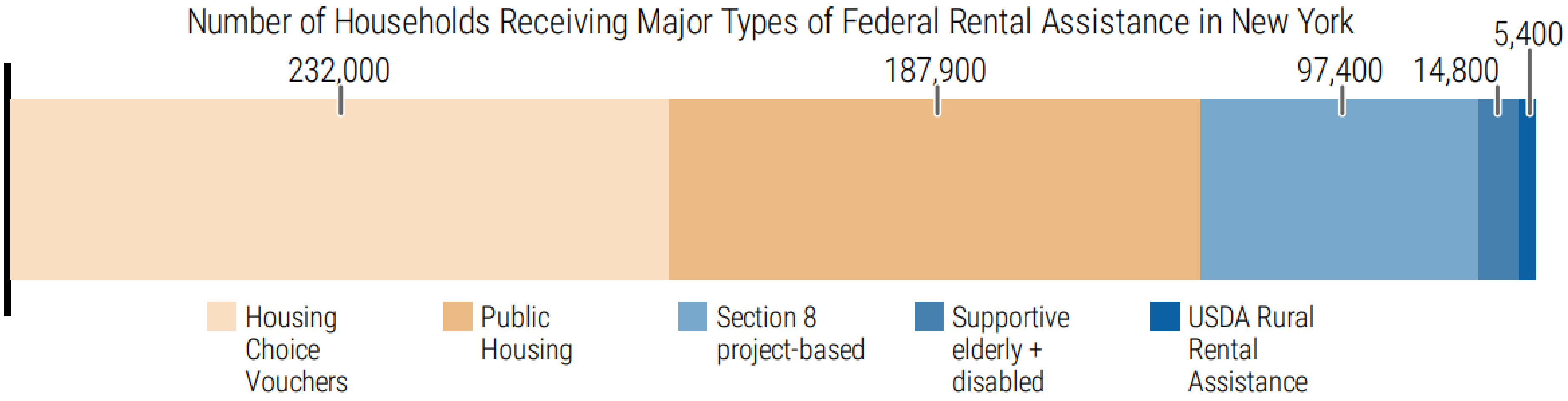
What does federal rental assistance look like in NY?



Roughly 536,000 New York households receive some form of federal rental assistance.

Subsidies from the **Housing Choice Voucher Program (HCVP)** are most common, reaching roughly 329,400 households.*

*The data was collected by the Center on Budget and Policy Priorities: https://www.cbpp.org/sites/default/files/atoms/files/12-10-19hous-factsheet-ny.pdf

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The Housing Choice Voucher Program (HCVP)

- Run by the Department of Housing and Urban Development (HUD), the HCVP is the largest federal housing subsidy program for low-income households.

- According to HUD, **"families who pay more than 30% of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care."**

- Under current policy, the HCVP protects recipients from rent burden by locking their rent at 30 percent of their adjusted income.
  - Recipients pay 30% of their adjusted income on rent, while the remainder is subsidized through the voucher. If their rent increases, their subsidy also increases; if their income increases, their subsidy levels decrease.

- Subsidizing rent in excess of 30% of household income both alleviates rent burden and ensures that rent remains an affordable part of a household's budget.

Gaps in the Current HCVP

Rental assistance from the HCVP, however, is not available to all New Yorkers facing rent burden.

In 2019, before the pandemic, close to half of renters in New York State were rent burdened – spending more than 30% of their household income on rent. This translated to **1.7 million** families across the state facing rent burden. At the same time, 329,400 households receive HCV.

*Estimates produced by the Fiscal Policy Center: https://fiscalpolicy.org/wp-content/uploads/2019/04/NYS-RentBurdens_Apr2019_MAIN-3.pdf

Across New York State, 7 out of 10 households that are eligible for a voucher[1] **do not receive one** because vouchers are not available for all qualifying households.

- [1] Low-income households have incomes that do not exceed 80 percent of the local median income. Source: https://www.cbpp.org/housing-choice-voucher-fact-sheets#New_York.

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Why do 7 in 10 eligible low-income households in NY not receive HCV?

- HCVP is administered by local housing authorities, where interested families must apply to participate (presenting an initial geographic limitation in reaching all eligible families).

- Annually, Congress provides funding for HCVs through the appropriations process, but there isn't enough funding provided to guarantee vouchers to all eligible renters. This means that money for the program and vouchers is limited, resulting in waitlists.

- Eligible families can get on the HCVP waitlist (where available) – but for those who eventually receive an HCV in New York, the average wait time is 31 months.[1]

- Consequently, most remain unassisted (and even assisted families can have difficulty using vouchers).

[1]The data was collected by the Center on Budget and Policy Priorities: https://www.cbpp.org/research/housing/families-wait-years-for-housing-vouchers-due-to-inadequate-funding

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Proposals to Expand the HCVP

- However, there have been proposals to transform the federal HCVP program into an entitlement program (i.e., all who are eligible are guaranteed a voucher, no matter how many people need it) vs. the current system where vouchers are rationed).

- Another way to think about entitlement programs is that there is no limit on the number of people who can participate – if you're eligible, you can participate (e.g., Social Security, UI, and SNAP).

- There are also opportunities to expand state-level policies that meet similar needs.

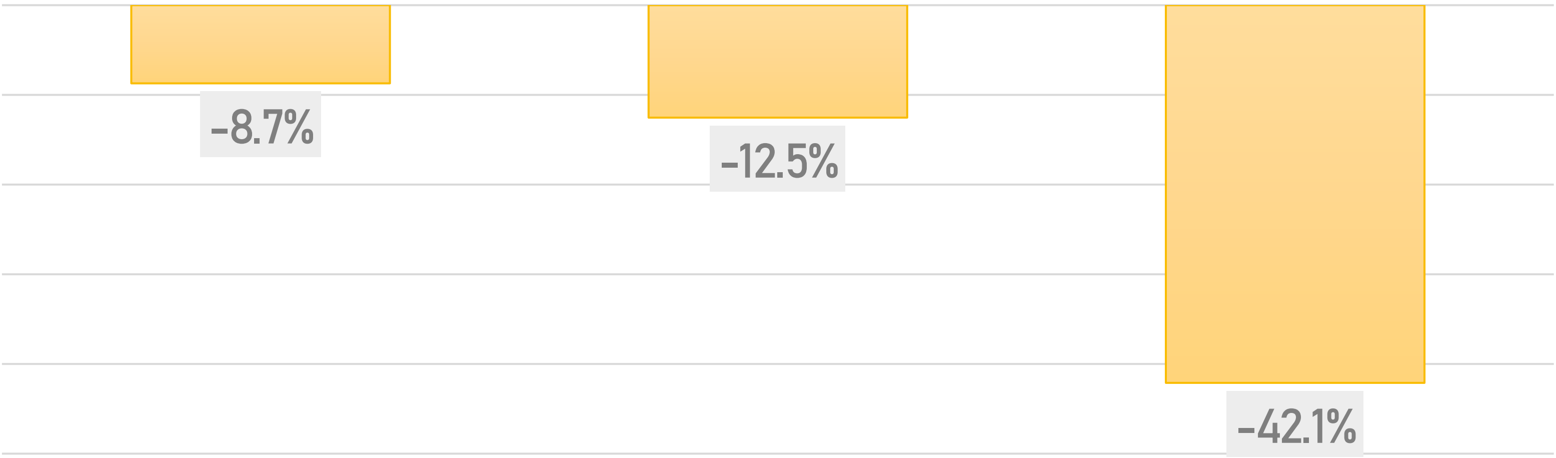
- Such expansions could have a direct effect on the poverty rate.

What is the effect of existing housing subsidies on the poverty rate (nationally)?

We can use the Supplemental Poverty Measure to estimate the effect of housing subsidies (inclusive of the HCVP) on the poverty rate, and we find that the effects of subsidies are substantial for recipients but more modest when you look across the whole population.

	Overall	Among Eligible	Among Recipients
Child poverty rate without housing subsidies	14.9%	46.3%	66.6%
Child poverty rate with housing subsidies	13.6%	40.5%	38.6%

Percent reduction in the poverty rate associated with housing subsidies



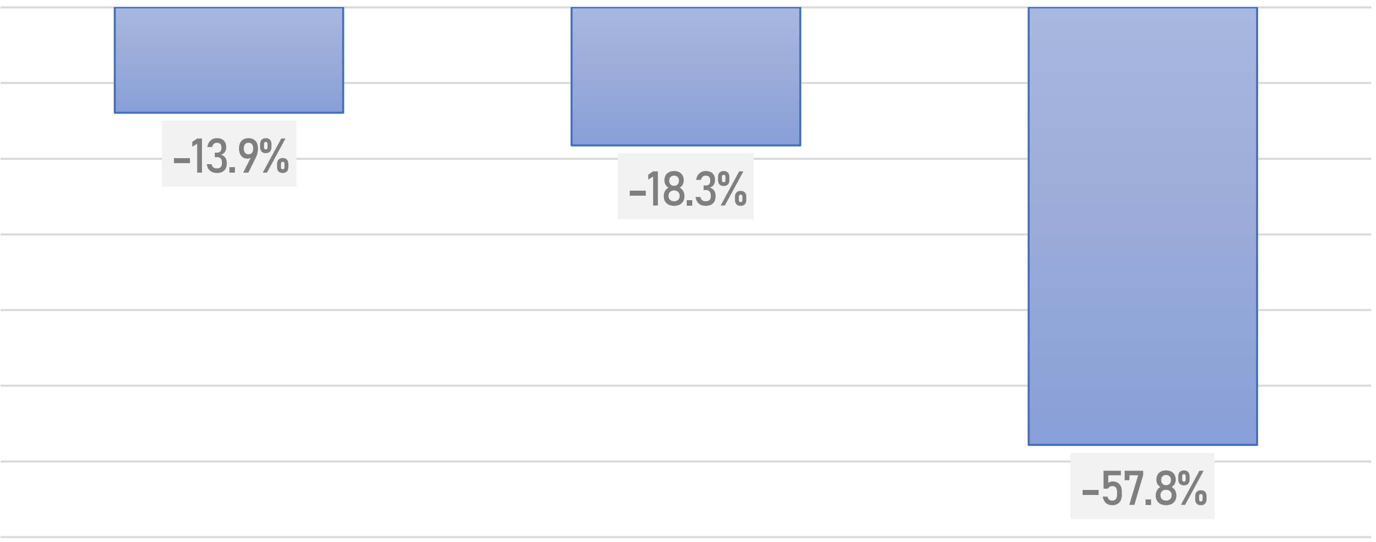
*Note that this is data representative of 2018 to show the effect of policy in more standard/pre-pandemic period.

What is the effect of existing housing subsidies on the poverty rate (New York State)?

And the same pattern holds when we look at New York State.

	Overall	Among Eligible	Among Recipients
Child poverty rate without housing subsidies	18.9%	43.1%	54.2%
Child poverty rate with housing subsidies	16.3%	35.3%	22.9%

Percent reduction in the poverty rate associated with housing subsidies

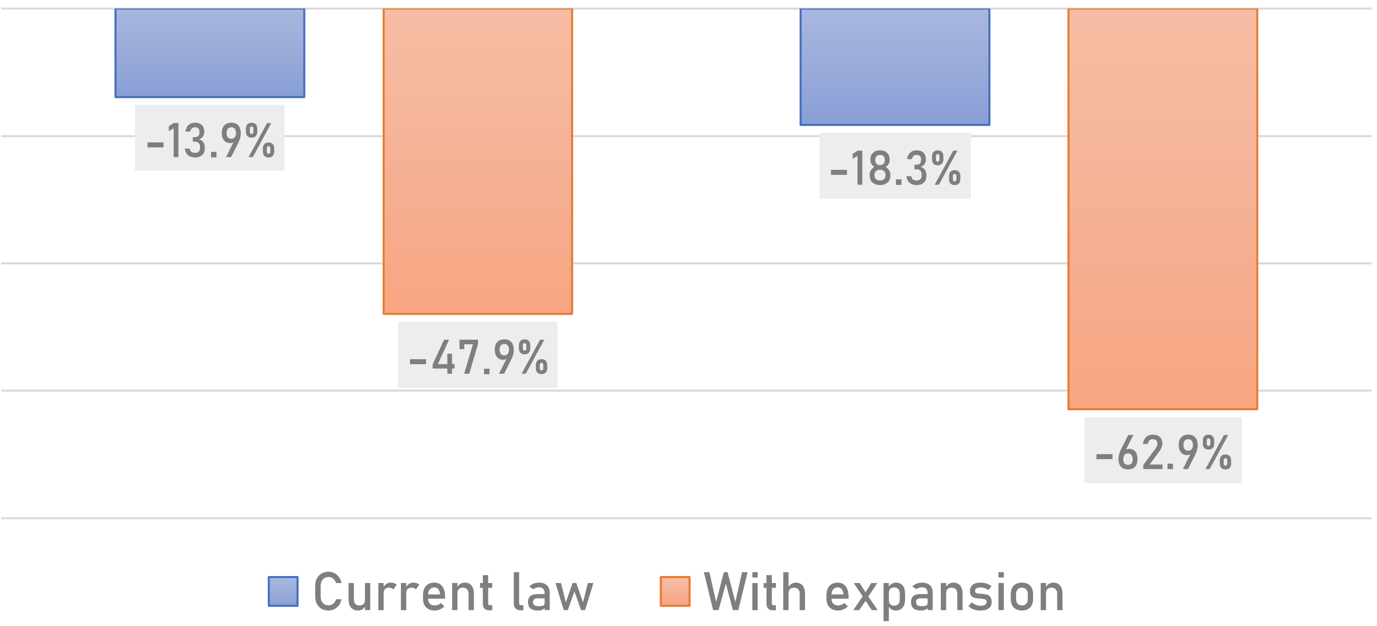


*Note that this is data representative of 2018 to show the effect of policy in more standard/pre-pandemic period.

How might transforming the HCVP into an entitlement program affect the poverty rate in New York State?

	Overall		Among Eligible	
Child poverty rate without housing subsidies	18.9%		43.1%	
	Current law	Expansion	Current law	Expansion
Child poverty rate with housing subsidies	16.3%	9.9%	35.3%	16.0%

Percent reduction in the poverty rate associated with housing subsidies



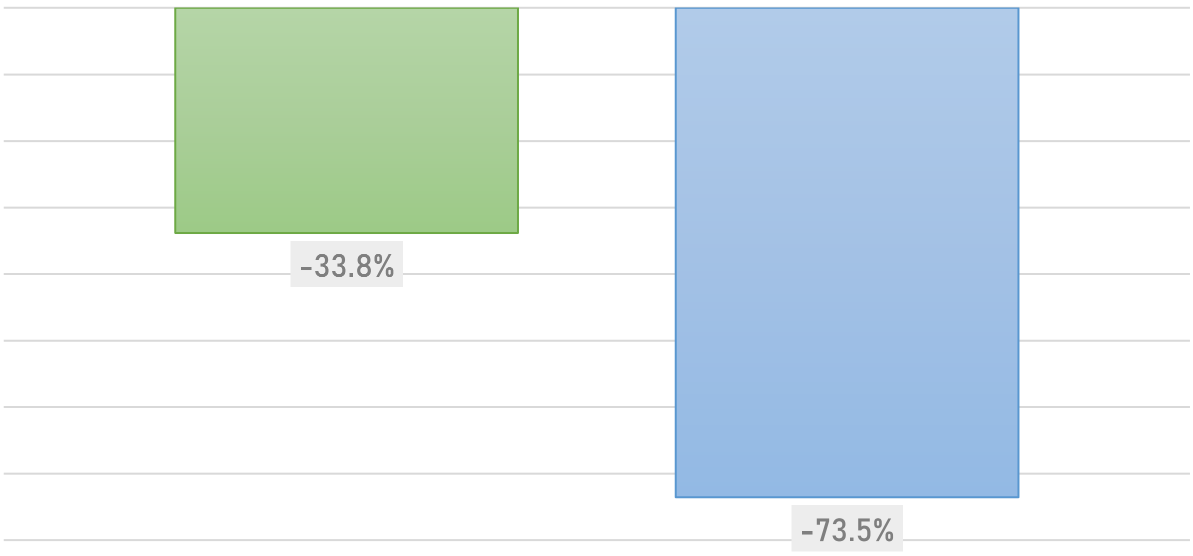
*Note that this is data representative of 2018 to show the effect of policy in more standard/pre-pandemic period.

What are the anti-poverty effects associated with an HCVP entitlement program combined with other reforms (nationally)?

We also estimated the combined effect of the HCVP expansion and proposed reforms to the federal CTC and EITC. Combined, these reforms could cut the national child poverty rate by more than 70%.

Child poverty rate with existing housing subsides (pre-HCVP expansion)	13.6%	
Child poverty rate after reforms	With HCVP expansion	With HCVP expansion, federal CTC expansion, and federal EITC expansion
	9.0%	3.6%

Percent reduction in the poverty rate associated with policy reforms

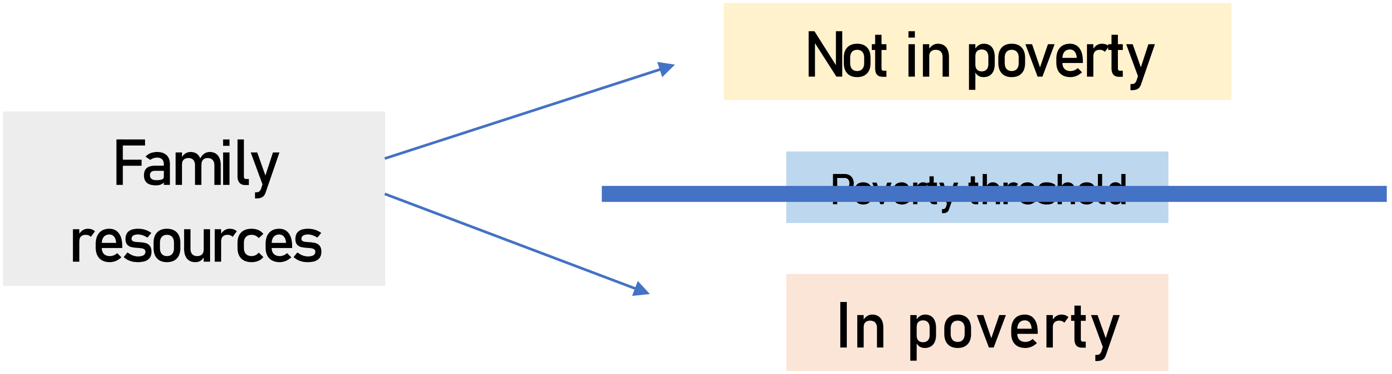


*Note that this is data representative of 2018 to show the effect of policy in more standard/pre-pandemic period.

Other Considerations and Takeaways

- These models have not incorporated any behavioral responses to these policies.
- These policies might also have other effects on the housing market that we have not addressed.
- Must also consider housing discrimination and source-of-income protections when discussing the HCVP and other housing vouchers.
- However, there are evident opportunities to fix gaps in the HCVP program that would allow it to reach more low-income families in need and reduce the child poverty rate in New York State.

Appendix - How do housing policies like HCVP affect the poverty rate?



Under the Official Poverty Measure, family resources include pre-tax cash income.

Under the Supplemental Poverty Measure (SPM), family resources include post-tax cash income AND in-kind benefits from programs like SNAP and the Housing Choice Voucher Program.

Under the SPM, the value of the housing assistance is capped at the lesser of the regional Free Market Rent for an apartment of the family's size or the "shelter and utilities portion" of the poverty threshold. (Can discuss further in Q&A if of interest!)

**Note that there are other differences between these measures, such as variations in the poverty line based on regional cost of living and accounting for nondiscretionary spending in the family resource measure.*